North Queensland Bulk Ports Corporation

ANNUAL REPORT 2014-2015

SMART PORTS · BRIGHT FUTURE

NQBP's ports provide trading access for a wide range of cargo. During the past five years the following volumes (millions of tonnes) passed through NQBP's ports:

2	GENERAL CARGO
2	GRAIN
5	SUGAR
7	FUELS
140	BAUXITE
590	COAL

OVER 50% QUEENSLAND TRADE

OUR PORTS CONNECT QUEENSLAND AND AUSTRALIA TO THE WORLD WITH TRADING LINKS TO OVER 25 COUNTRIES

CHINA INDIA
JAPAN KOREA TAIWAN FRANCE
PHILIPPINES INDONESIA SOUTH AFRICA
DENMARK UKRAINE SPAIN
BRAZIL POLAND THAILAND
SWEDEN TURKEY ITALY VIETNAM ARGENTINA
GERMANY ENGLAND NETHERLANDS MALAYSIA
CHILE MEXICO USA

ABOUT THE REPORT

This report is a summary of the performance of North Queensland Bulk Ports Corporation Limited (NQBP) for the 2014-15 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.

A summary of NQBP's performance against its 2014-15 Statement of Corporate Intent (SCI) is also included.

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.

NQBP is one of Australia's largest port authorities, 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 these ports.

With a total asset base of $626 million, NQBP's seaport facilities handle a range of bulk cargoes including coal, bauxite, sugar, molasses, grain, petroleum, fertiliser and general cargo.

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SMART PORTS.
BRIGHT FUTURE.

Australia is an island nation. Our seaports have contributed strongly to the prosperity of local communities, the State of Queensland and the Nation for more than 100 years. Seaports will remain Australia's economic gateway for future generations.

NQBP's ports are ideally positioned for smart and sustainable growth. This is owing to its capable people, ready access to transport corridors and shipping channels, as well as proximity to mining, industrial and agricultural sectors and Asia's growing markets.

NQBP holds a vision for a bright future for Australia; one where trade, communities and the environment thrive and we look forward to working together to achieve it.

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

By thinking differently and smarter. Innovative in our ideas and methods. Building a BRIGHT FUTURE. Leading by example.

They are at the heart of what we do. We are passionate about creating great solutions and delivering great service for our mutual benefit.

We act at all times with integrity, honesty and respect. We always put safety first.

We care about the environment, the community and our people. We strive to create a safe, sustainable and inclusive environment for our people and the community.

Delivering better outcomes together. Our people make the difference by always aiming high and having fun.

We make things happen, asking what it will take and delivering. We look for solutions rather than impediments. We are responsive.

THE BOARD PERSPECTIVE

It has been a year of change at NQBP as we respond to the trading conditions of our customers and position ourselves for the opportunities we can see ahead.

The Board has been very clear on its desire for NQBP to be responsive to the needs of its customers, to be more cost effective and to support the communities served by our ports. In addition, the Board has made good progress on the internal transformation of NQBP to ensure we have the capable, skilled and focused workforce, systems and processes that support the facilitation of trade into the future. We aspire to have smart, sustainable ports that help create a very bright future for Queensland.

Our achievements in 2014-15 are a testament to the diligent work of our customers, our staff and the sustained work of the Board to drive performance.

TRADE

Total trade and shipping through NQBP's ports grew by 8.3% and 4.7% respectively in 2014-15 compared with the previous year. This growth was achieved against a backdrop of falling commodity prices and changing economic conditions, and is a credit to our customers' commitment to maintaining the viability and growth of their businesses.

Coal and bauxite were significant contributors to trade growth with a 9.5% and 4.4% increase respectively. Other key trades recorded a decline in throughput with sugar exports falling 10.9%, grains by 6.8% and fuel products by 2.9%. Declines in agricultural commodities such as sugar and grains were, in part, influenced by seasonal factors, while the slight decline in fuel throughput reflected improved efficiencies in the mining sector.

NQBP has given particular focus in 2014-15 to better understanding the supply chains of our customers, the markets they are trading in, and keeping abreast of commodity price movements – particularly coal which represented 81% of our trade activity. We are optimistic about future demand for Queensland minerals and produce, with an expectation of growth rates of 2-3% across the spectrum of traded products in 2015-16.

FINANCIAL RESULTS

Total revenue for 2014-15 was up 2.1% to $102.9 million, with operating revenue (excluding abnormals) up by 13.6% to $95.9 million.

NQBP recorded a $7.4 million net loss after tax for the year, due primarily to our decision to write off our investment in coal expansion projects impacted by the prolonged downturn in the coal market, and the impact of the revaluation of our assets in accordance with Australian accounting standards. Our underlying profit (before adjustment for abnormal events) was $20.4 million, a slight reduction of 2.5% from last year. Overall, this was a solid result given the tough trading year.

The Board has taken a very firm view on reducing costs to provide capacity for future growth plans and, more importantly, to ensure our customers have the most cost-effective service that we can provide. It has been pleasing to see the restructure of the business occur. We go into 2015-16 with enhanced capability and operational efficiency, and an organisation that is fully-focused on delivering our strategy and vision.

Our cost structure compares very favourably with that of adjacent ports and confirms that NQBP is cost competitive (on port-related costs) for all products traded through our ports. We will become even more attractive to trade at our general cargo port at Mackay as we achieve improvements to road, bridge and rail access to and from the port over the next five years.

OTHER PERFORMANCE HIGHLIGHTS

It is pleasing to reflect on the year's performance across our business, which you will find in this Annual Report. The following have been particular highlights for the Board:

- Our focus on cost structure and pricing which has yielded immediate benefits for customers by minimising increases to port charges to below CPI.
- Our work done on the Abbot Point Growth Gateway Project has been important in assisting the Queensland Government to respond quickly in supporting major project development at this port. We are committed to continuing to provide professional port and project management expertise to this important priority port.
- Our involvement and leadership in the *Reef 2050* initiative and our work on sustainability that has built upon the outstanding work that NQBP has done in this area during past decades.
- Our substantial work on supply chain understanding and identifying where we add value to our customers. In addition, we have greatly increased our customer awareness and responsiveness in 2014-15, an area that we wanted to improve. We are encouraged by the feedback we are receiving on our initiatives in customer engagement.

There is a transformation occurring across our business, and what we have achieved in 2014-15 has set the platform for our new vision and strategic direction.

The results we have achieved in 2014-15 are a testament to the diligent work of our customers, our staff and the sustained work of the Board to drive performance.

The NQBP Board: (left to right) Peter Tait, Adrian Chambers (resigned 23 April 2015), Kasper Kuiper, Gerry Johnstone (resigned 30 April 2015), Peter Milton (Chairman), Alan Grummit, Suzanne Brown, Stephen Golding.

NEW VISION AND STRATEGIC DIRECTION

Significant attention was given during the year to a review of the organisation, the purpose of Queensland ports, community expectations and opportunities to deliver value to our stakeholders. This effort realised a new vision statement which sets NQBP on a path to being truly sustainable and generating prosperity for current and future generations.

To support that vision, the Board has set four pillars of action: facilitate trade, regional development, port sustainability and become smarter in how we create and implement opportunities. It is a very exciting and challenging prospect to deliver this over our five to 10-year planning horizon.

LOOKING AHEAD

The year ahead is full of activities that support the strategic direction the Board has set.

Closer relationships with customers will continue to be central to helping business grow, for the benefit of Queensland.

We are continuing to develop better operational responses to growing demand. This includes using the capability and marine expertise of our pilots, providing enhanced customer service at our security points and in our marine services, and ensuring that we market port services to current and potential trade customers.

Our commitment to grow the Port of Mackay, as a port with existing capacity for growth, will be a strong part of our work to develop the region and the community of Mackay. The establishment of the Port as a major regional logistics hub will be challenging but a very important objective for our organisation. We must also drive investment in and around the Port to increase its efficiency and attractiveness to trade.

The Board is very pleased to have laid out a clear strategy for port sustainability, and this will see us publish our Sustainability Plan in 2015-16 and demonstrate the significant work we will be undertaking to ensure that our ports are leading in this important aspect of corporate citizenship.

Internally, we will continue to be innovative, forward-looking and embrace technology to ensure we remain responsive and creative in meeting the needs of our customers, staff, community and shareholders. The capability, commitment and passion of our executive, management team and staff continues to grow and is very pleasing to witness, and flows through to our customer and community engagements.

A TEAM EFFORT

It is important to thank all those who have contributed to what has been achieved in 2014-15.

Our customers have been outstanding in their resolve to build their businesses in the face of tight commodity prices and changing economic circumstances. The Board appreciates their ongoing advice and support to our ports, and we will continue to support our customers to realise their potential.

Our new Chief Executive Officer, Steve Lewis, and the women and men of NQBP have worked together to give energy and form to the aspirational vision and key strategies that the Board has set. We are proud to manage three ports along the Great Barrier Reef and are committed to their long-term sustainability, and also at our port at Weipa where we will apply the same sustainability principles.

Central to our vision of a sustainable future is our desire to have a workplace where everyone can feel safe and well. We will continue to drive ongoing improvement in health and safety so that we are an industry leader in this area.

I thank my fellow Board Directors for their wisdom, strength and commitment to the success of NQBP. I would also recognise the contributions of recently departed Directors, Adrian Chambers and Gerry Johnstone, who both provided their unique insights to Board deliberations during their time as Board Directors. The Board continues to be visionary and focused on playing its part in the success of NQBP.

NQBP strongly believes that all our ports and the communities they serve have a bright future. We are excited about the year ahead and committed to ensuring that we continue our focus on customer service, regional development, community engagement and creating value from doing our work smarter and more effectively.

P. Milton

Peter Milton
Chairman

BUSINESS PERFORMANCE

NQBP delivers sustainable shareholder value through responsible management, investment and operational excellence. In 2014-15 overall trade increased 8.3% to 178.5 million tonnes and operating revenue was up 13.6%, supported by improvements in supply chain efficiencies.

New records were set in both coal and bauxite exports, reaching 143.7 million tonnes and 31.8 million tonnes respectively. This was also the first full year of NQBP's pilotage operation out of Hay Point and Mackay.

NQBP achieved a significant increase in total comprehensive income of $148.6 million over the 2013-14 result of $24.6 million. This result was earned by maintaining underlying net profit, despite tough trading circumstances, in addition to recording a significant revaluation adjustment to its asset base.

The prolonged downturn in the coal market impacted on a number of expansion projects. As NQBP has determined that there is insufficient certainty relating to the demand for these developments, it has decided to write-down its investment in these projects by $27.2 million. This write-down, when combined with the accounting impact of the revaluation of assets, has had a significant impact on NQBP's results, recording a net loss after tax of $7.4 million.

As a result of the revaluation of NQBP's major assets during the year, the value of the assets was increased by $257.9 million with an adjustment to the asset revaluation reserve. This is a significant increase in the value of NQBP's asset base.

NQBP continues to operate a healthy balance sheet with strong cash flows and overall debt at 13% of total debt plus equity.

TABLE 1: BUSINESS PERFORMANCE 2014-15

BUSINESS PERFORMANCE		2014-15 ACTUAL	2014-15 BUDGET	2013-14 ACTUAL
Trade throughput	Mtpa	**178.5**	179.5	164.8
Lost Time Injury Frequency Rate (LITFR)	Rate	**5.1**	5.0	0
Total Income	$m	**102.9**	123.0	100.8
Earnings Before Interest, Taxes, Depreciation and Amortisation	$m	**40.0**	42.9	45.1
Net Profit/(Loss) After Tax	$m	**(7.4)**	20.7	24.8
Underlying Net Profit After Tax	$m	**20.4**	19.5	20.9
Total Comprehensive Income	$m	**173.2**	20.7	24.6
Total Assets	$m	**626.0**	425.4	421.1
Net Assets	$m	**426.6**	248.6	266.8
Current Ratio (excluding provision for dividend)		**2.21**	1.90	2.12
Debt/Debt Plus Equity Ratio		**0.13**	0.21	0.20
Return on Assets	%	**(1.3)**	7.9	8.7
Return on Equity	%	**6.4**	8.2	8.7
Operating Cash Flows	$m	**18.5**	26.7	49.8
Dividends Provided	$m	**0**	15.4	18.7

HIGHLIGHTS

NQBP embarked on a significant business transformation in 2014-15 with a new vision and a clear focus on creating sustainable benefits for current and future generations.

Chief Executive Officer, Steve Lewis, was appointed in July 2014 with a Board mandate to add greater value to customers, reduce costs, think smarter and be regionally focused and community engaged.

CUSTOMERS AND SUPPLY CHAIN

- Maintained port throughput despite a challenging year for customers. This is a credit to NQBP's customers and to the cost efficiency of NQBP's port operations.
- Identified investments in road, rail, overhead wires and bridges to enhance the supply routes in and out of NQBP's ports, making them more attractive to trade and reducing transport costs for customers.
- Added customer value through cost efficiencies from a corporate restructure, more streamlined processes and greater workflow efficiency.

PORT EXPANSION AND DEVELOPMENT

- Supported the Queensland Government in progressing the Abbot Point Growth Gateway Project. NQBP studies and environmental data informed decisions about development options.
- Worked closely with the Department of State Development on the Abbot Point Growth Gateway Project throughout the approvals phase.

PORT INFRASTRUCTURE AND MAINTENANCE

- Undertook substantial upgrades to a fire suppression system to provide for current and future growth of fuel cargo through the Port of Mackay.
- Overhauled maintenance planning and introduced the asset maintenance management system (MEX) to track costs and asset condition.
- Introduced a cloud-based system (Yardi Voyager) to manage property and land to improve efficiencies and decision making around land utilisation.

COMMUNITY INFRASTRUCTURE

- Delivered safety and amenity improvements at the Bowen Wharf, a well-known community attraction.
- Continued detailed consultation with stakeholders to improve boating facilities in Weipa. This will deliver a new and safer facility for the community. Work is scheduled to start in 2015.
- Repaired and upgraded the Mackay Breakwater to improve its resilience against future extreme weather. This project is scheduled to open to the public in August 2015 and will provide a better asset for the community and improve the use of the marina.

ENVIRONMENT

- Contributed to development of the *Reef 2050* initiative, an important part of the roadmap for protecting the Great Barrier Reef.
- Actively participated in the Mackay-Whitsundays Healthy Rivers to Reef Partnership.

STRATEGIC REPORT

From 2015-16, NQBP will report against the organisation's new Strategic Plan, which sets the platform to lead the sustainable development of Queensland ports in order to meet the current and future needs of its customers, communities and stakeholders.

The NQBP Board has established four key pillars that underpin this new Strategic Plan:

1. **FACILITATE TRADE**
2. **REGIONAL DEVELOPMENT**
3. **SUSTAINABILITY**
4. **INNOVATION**

At the core of the updated strategy is a customer-focused vision founded upon supporting the growth of Queensland and building a strong and sustainable future within communities and alongside the Great Barrier Reef.

NQBP is also focused on strengthening its role as a major trade and logistics facilitator for Queensland and is committed to working with potential and current customers to identify opportunities to grow existing operations and generate new business.

For this report, the following table sets out NQBP's performance against the 2014-15 strategy and Statement of Corporate Intent.

PLANNING FOR SUSTAINABLE DEVELOPMENT OF PORT FACILITIES

STRATEGY	STRATEGIC OUTCOME	PROGRESS/RESULTS
Maintain robust long-term port master plans that guide development and ensure optimal management of the ports' footprints	Guide sustainable development at ports and enables better planning	Adopted Long-Term Port Development Plans earlier as precursors to the master plans
	Progress statutory master plans for priority ports	Supporting Department of State Development (DSD) in its undertaking of the Abbot Point Statutory Master Plan

Outlook

- Develop a clear process for potential developers to advance project approvals
- Finalise port infrastructure plans
- Establish an advance approval regime to align with State Government prepared master plans

Work with government agencies and Queensland Transport Logistics Council (QLTC) to improve supply chain outcomes for Central Queensland	Advocate and facilitate the required infrastructure and policy to improve the efficiency of the supply chains within which NQBP operates	Priority list of infrastructure submitted to DSD and endorsed for RegionsQ funding Four of the advocated significant bridge upgrades on the Peak Downs Highway have been funded Significant pilotage supply chain efficiencies successfully trialled with relevant customers
	Develop a blueprint to improve supply chain efficiencies for cargo movements from port to mine in the Northern Bowen Basin and Galilee Basin catchments	Blueprint endorsed by the Board in October 2014 Received broad agreement from government agencies and QLTC

Outlook

- Optimise pilotage and logistic efficiencies inside and outside of NQBP's ports to improve both infrastructure and customer productivity
- Drive multi modal investment and upgrades to marine, rail and road networks
- Drive the designation of an Oversize and/or Over Mass (OSOM) transport corridor

STRATEGIC REPORT CONTINUED

FACILITATE CUSTOMER INVESTMENTS

STRATEGY	STRATEGIC OUTCOME	PROGRESS/RESULTS
Work with key customers and supply chain stakeholders to facilitate port expansion and improve the efficiency of the supply chain	Improve customer satisfaction and increase engagement to assist their business outcomes and identify business growth opportunities for NQBP	New customer engagement framework now in place and metrics developed
	Work with existing and potential proponents to progress staged development of coal terminals at the Port of Abbot Point	NQBP is providing assistance to the State to progress the engineering design, and environmental assessment of the Abbot Point Gateway Growth Project
	Provide new tug berths for operators at Port of Mackay	New facilities identified at the Mackay Marina resulting in no capital outlay
	Assist in the expansion of existing terminal stockpiles at Dalrymple Bay Coal Terminal (DBCT)	Additional land requirements identified and approvals are being sought by DBCT
Outlook • Develop Port of Mackay as a prime location for intermodal distribution centre • Develop Mackay's property portfolio into an integrated logistics and trade precinct • Identify and support the delivery of essential common user infrastructure and assets that support port expansion • Deliver a logistics improvement program at all ports		
Improve commercial performance of investments and returns from existing infrastructure by increasing utilisation and implementing new pricing framework	Improve return on operational assets (RoOA)	A RoOA of 7.3%, impacted by asset revaluation at 30 June 2015. Target was 9.5%
	Provide greater diligence and customer engagement on pricing	New 2015-16 pricing framework implemented
Outlook • Promote and market ports to drive increased trade and improve utilisation of existing assets • Develop Client Engagement Program to facilitate increased port business and customer value		

DRIVE PERFORMANCE TO IMPROVE CUSTOMER OUTCOMES AND SHAREHOLDER RETURNS

STRATEGY	STRATEGIC OUTCOME	PROGRESS/RESULTS
Build and promote NQBP's environmental credentials by continuing to develop and implement world's leading environmental best practice	Minimise frequency of dredging by determining optimal capital and maintenance dredging at each port	Further investigation of sedimentation commenced to inform development of framework around future dredging requirements
	Monitor, measure and report on relevant environmental factors including air, noise and the marine environment	A comprehensive environmental monitoring program (EcoPorts) has been ongoing throughout the year with a focus on air, noise, water quality, seagrass and coral Environmental monitoring reporting undertaken and available for stakeholders/public on NQBP website
	Provide transparent and objective information to the community on port activity	Delivery of information via social media, YouTube and NQBP's website

Outlook

- Identify options for capital and maintenance dredging and beneficial reuse opportunities
- Develop and implement a long-term sustainability plan to position NQBP as a leader in port sustainability
- Expand NQBP's scientific research and monitoring program
- Implement sustainable reporting and benchmarking for all ports

Optimise NQBP's property portfolio to drive returns from under performing and non-productive assets while maximising customer value proposition	Improve the returns on property portfolio	Market analysis report completed
	Develop unproductive land holdings	New leasable parcels made available for marketing

Outlook

- Develop the Mackay property portfolio into an integrated logistics and trade precinct

Implement new Whole of Life Asset management frameworks to deliver reliable, effective and cost efficient facilities	Upgrade the resilience of the Mackay Breakwater against cyclones	Breakwater upgrade scheduled for public opening in August 2015 (officially opened 23 August)
	Ensure Bowen Wharves, which provide tug berthing arrangements, continue to meet the operational requirements of service providers and thus port users of Abbot Point	Evaluation of commercial operational requirements over the medium to long-term under way
	Work with stakeholders on options for the long term management of the Bowen Wharves	Options being evaluated

Outlook

- Further improve asset management frameworks to best meet business requirements and optimise whole-of-life costs

Employees are valued and they are recognised for their ongoing contribution to the success of NQBP	Negotiate new Enterprise Bargaining Agreement (EA) with pilots with productivity measures included	New Pilot EA successfully negotiated on time and with productivity targets
	Deliver productivity initiatives contained in the Port EA	Port EA to be finalised
	Improve staff capability	Development plans completed for all staff

Outlook

- Implement new workplace and development framework to attract and retain the best people
- Enhance organisational capability to meet business and customer needs
- Drive staff and organisational innovation through Smart Ports thinking

Continuous improvement of safety management systems to protect the health and wellbeing of NQBP's employees	Ensure the safety of vessels through NQBP's ports	Significant progress made to develop a training and competency system for pilots to feed into pilotage safety management system
	Improve systems in place to manage the safety and health of NQBP's employees, contractors and others at its ports	New safety management system for the ports implemented

Outlook

- Enhanced systems and processes to drive greater efficiencies and optimise technological solutions

EXECUTIVE TEAM

STEVE LEWIS

Chief Executive Officer

Steve Lewis joined NQBP as Chief Executive Officer in July 2014.

Steve has extensive knowledge of Australian ports, having previously served as the Port of Dampier's CEO for 11 years. He has had more than 30 years of involvement within the transport sector including as a member of federal and state committees on transport. Steve 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 Operating Officer

Jeff joined NQBP upon its inception in July 2009, having served as the CEO of Mackay Ports Limited since May 2007.

Jeff joined the port sector after 20 years' experience in chief and senior executive roles in local government in Queensland. He has a strong interest in regional and economic development and is a member of the Diversify Mackay Leadership Alliance.

BERNIE WILSON

Chief Financial Officer

Bernie 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.

Bernie is a graduate of the Australian Institute of Company Directors.

PETER SINNOTT

Company Secretary/ General Counsel

Peter joined NQBP in 2012. Prior to this, Peter was Legal Director at Rio Tinto Alcan.

Peter has more than 20 years' experience in private practice and corporate in-house roles, specialising in commercial and corporate law. He is a graduate of the Governance Institute of Australia.

GRANT GASTON

Acting General Manager Business Development

Grant first joined NQBP in 2008 as a consultant.

He has almost 20 years of experience in civil engineering. Prior to joining NQBP he was a senior structural engineer responsible for overseeing civil and structural projects in Queensland and Victoria.

He is a registered Professional Engineer of Queensland and a graduate of the Australian Institute of Company Directors.

OPERATIONAL PERFORMANCE

WEIPA

31,848,964
TONNES ANNUAL THROUGHPUT 2014-2015

30,510,975 TONNES
ANNUAL THROUGHPUT 2013-2014

2015 651 SHIPS

2014 600 SHIPS

ABBOT POINT

28,730,365 **TONNES** ANNUAL THROUGHPUT 2014-2015

22,895,551 TONNES ANNUAL THROUGHPUT 2013-2014

2015 325 SHIPS

2014 289 SHIPS

HAY POINT

114,976,504 **TONNES** ANNUAL THROUGHPUT 2014-2015

108,307,702 TONNES ANNUAL THROUGHPUT 2013-2014

2015 1,087 SHIPS

2014 1,024 SHIPS

MACKAY

2,899,805 **TONNES** ANNUAL THROUGHPUT 2014-2015

3,073,517 TONNES ANNUAL THROUGHPUT 2013-2014

2015 173 SHIPS

2014 223 SHIPS

= 100 SHIPS

= 2015 ANNUAL THROUGHPUT

= 2014 ANNUAL THROUGHPUT

PORT OF HAY POINT

The Port of Hay Point is Queensland's largest port by volume, with more than 110 million tonnes of coal exported annually. Located 40 kilometres south of Mackay, it is one of four designated Priority Ports in Queensland.

The Port comprises two separate coal terminals: Hay Point Coal Terminal (HPCT) and Dalrymple Bay Coal Terminal (DBCT). These terminals service coal mines located in the Bowen Basin, in Central Queensland, and are linked to the mines by an integrated rail-port network.

NQBP is directly involved in supporting terminal operations through 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.

PERFORMANCE

Port of Hay Point operating costs were reduced by $1 million in 2014-15.

There has been an ongoing focus on buffer lands and the Louisa Creek area, including maintenance, acquisition and management of properties.

STRATEGIC ADVANTAGES

- PROXIMITY TO BOWEN BASIN
- AVAILABILITY FOR OFFSHORE MANAGEMENT
- SIGNIFICANT QUANTITIES OF BUFFER AND COMMON LAND
- LONG-TERM LAND HOLDING AT DUDGEON POINT FOR FUTURE MAJOR DEVELOPMENTS
- SAFE SHIPPING NAVIGATION

Terminal operators at both HPCT and DBCT achieved record throughput during 2014-15. During the final quarter of the year, Hay Point Services commenced commissioning of the HPX3 Expansion Project, which increased the Port's capacity from 44 to 55 million tonnes per annum.

Following the integration of pilotage services into the NQBP business from Maritime Safety Queensland in November 2013, the past year has seen the Marine Pilots undertake a number of productivity improvements in conjunction with the terminals at Hay Point, with throughput improvements being realised and integrated in the operational environment.

Repairs required as a result of damage sustained to the Half Tide Tug Harbour during Tropical Cyclone Dylan in 2014 were completed under budget.

ANNUAL THROUGHPUT

Total coal exports in 2014-15 through the Port of Hay Point increased on previous years' records with DBCT recording its highest ever throughput.

The total throughput for the Port was 114,976,504 tonnes comprising 71,551,704 tonnes through DBCT and 43,424,800 tonnes through HPCT.

A total of 1,087 bulk carriers visited the Port during 2014-15.

OUTLOOK

The outlook for the Port of Hay Point is directly connected to the demand, price and production cost of metallurgical coal in the Bowen Basin. NQBP remains ready to support terminal operators and terminal owners in meeting future export demand. Key areas of focus over the short to medium term include:

- continuing development and focus on client engagement
- working with terminal owners and operators on planning and expansion projects
- optimising pilotage outcomes
- providing sustainable channel maintenance outcomes
- providing smarter, leaner, value for money solutions with a focus on the customer.

PORT OF MACKAY

The Port of Mackay consists of four berths within a harbour sheltered by breakwaters. Major commodities traded through the Port of Mackay include grain, fuel, 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 Port's proximity to developing mines in the Bowen and Galilee coal basins, as well as other infrastructure projects and agricultural enterprises, positions the Port of Mackay as an ideal supply chain partner.

PERFORMANCE

The Port of Mackay has benefited from significant private sector investment in recent years of around $200 million, as well as material investment by NQBP to address a number of legacy infrastructure and tenure issues. This has increased the Port's performance and provided flexibility and capability to attract increased trade in the future.

The Mackay southern breakwater suffered significant damage from Tropical Cyclone Dylan in January 2014. This occurred at a time when general breakwater maintenance works were already being undertaken. Further upgrades to increase the resilience of the breakwater against future weather events have been undertaken at a combined total project cost of around $18 million.

Fuel cargo handling has increased significantly through the Port of Mackay during the past two years. In order to service this trade, NQBP delivered a significant upgrade to the Port's fire suppression systems. The first phase upgrade began in February 2014 and phase two was completed in April 2015 at a cost of approximately $6 million. Work on phase three (booster pump installation) has started and is expected to be completed by October 2015 at a cost of $1.5 million.

STRATEGIC ADVANTAGES

- FLEXIBLE COMMODITY INFRASTRUCTURE
- GATEWAY FOR AGRICULTURAL AND MINING COMMODITIES
- EXPANSION OF BREAK BULK CARGO TO SUPPORT THE MINING INDUSTRY
- HARBOUR SHELTERED BY BREAKWATERS

In addition to the work undertaken by NQBP, a number of companies have upgraded existing operations and established new projects in the port precinct.

Two independently-owned fuel terminals have established new storage and handling facilities on port land. One of these, Pioneer Energy, completed its new bulk fuel storage and handling facilities in the second half of 2014.

This means the Port of Mackay now has more than 300 million litres of bulk fuel storage capacity across its five major fuel terminals. This number of major fuel terminals and storage capacity highlights the strategic importance of the Port of Mackay to the community and the region's economy.

Tasmania Mines completed a new magnetite storage and handling facility during the first quarter of 2015. During the past two years, magnetite imported through the Port has averaged more than 90,000 tonnes per annum, a 73% increase on the previous long-term average of around 52,000 tonnes. Magnetite imports are expected to grow in future years.

Mackay Sugar and Queensland Sugar Limited's remaining three molasses tanks near Wharf 1 on the middle breakwater were demolished and replaced with a modern storage bladder utilising an undeveloped area within the Port. This new facility will receive and store molasses from surrounding sugar mills for reuse or export through the Port. The tenures associated with the aged molasses tank site plus an adjacent undeveloped area, totalling about 1.3 hectares, were surrendered back to the direct control of NQBP in June 2015. This strategically located area will be used to facilitate break bulk cargo trades and a potential coastal shipping container service.

A new general multi-purpose storage facility was established on a site on Ron Searle Drive that had been vacant for many years, significantly improving the amenity of this area. In addition, negotiations were concluded regarding the relocation of Northern Stevedoring Services (NSS) into a larger site within the secure port area. As part of the relocation, NSS will provide a washdown facility and quarantine-approved premises suitable for containers and large mining/agricultural equipment. These facilities will be a welcome addition to the Port's capabilities to attract such trades.

ANNUAL THROUGHPUT

In 2014-15, the Port of Mackay handled 173 vessels carrying the following cargo for import and export:

OUTLOOK

The Port of Mackay has benefited from significant private sector investment in recent years of around $200 million, as well as material investment by NQBP to address a number of legacy infrastructure and tenure issues. This has increased the Port's flexibility and capability to attract increased trade.

With increasing coal production from the northern Bowen Basin and potentially new coal mines in the Galilee Basin, the Port of Mackay is positioned to not only service the needs of this expanded coal production, but to also service the needs of the existing coal production. This is a result of the Port of Mackay's proximity to these regional coal mining locations, between the major coal ports of Hay Point and Abbot Point.

TABLE 2: PORT OF MACKAY THROUGHPUT 2014-15

CARGO	THROUGHPUT TONNES 2014-15	THROUGHPUT TONNES 2013-14
Cement	**18,012**	36,002
Ethanol	**14,753**	21,165
Fertiliser	**58,947**	38,638
Grain - Sorghum	**240,850**	258,553
Machinery	**4,361**	15,442
Magnetite	**92,171**	91,890
Molasses	**8,367**	7,505
Other goods/break bulk cargo	**15,336**	53,652
Petroleum	**1,368,475**	1,403,749
Raw sugar	**733,580**	797,519
Refined sugar	**254,456**	313,435
Scrap metal	**26,641**	26,289
Sulphuric acid	**8,050**	3,504
Tallow	**6,044**	6,174
Total	**2,899,805**	**3,073,517**

PORT OF ABBOT POINT

The Port of Abbot Point is Australia's most northern coal export port and one with remarkable potential. In naturally deep water, the Port of Abbot Point is located 25 kilometres north of Bowen, at the northern end of the Galilee and Bowen coal basins.

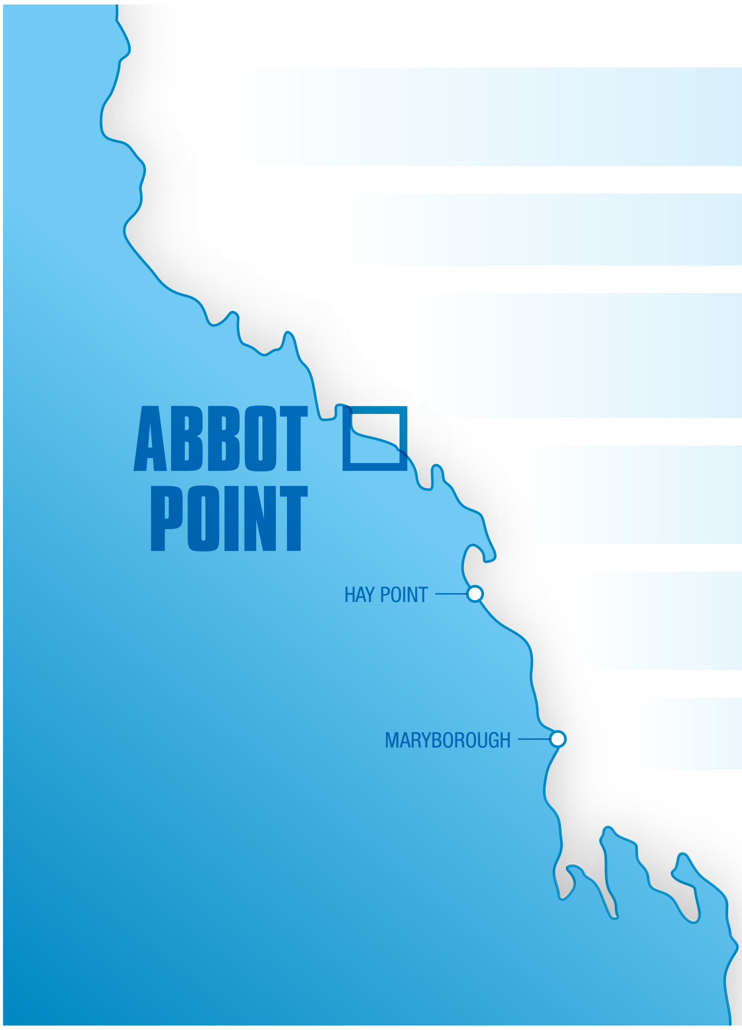
The Port incorporates the Adani Abbot Point Terminal with a current export capacity of 50 Mtpa. Future growth plans include the development of additional terminals to service the emerging Galilee coal basin.

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.

PERFORMANCE

The Port of Abbot Point celebrated 30 years of operation during 2014-15. Terminal operator, Abbot Point BulkCoal (APBC), also celebrated a major production milestone after exporting 300 million tonnes of coal from the port.

During the course of 2014-15, NQBP worked with proponents GVK Hancock and Adani to progress their respective projects.



STRATEGIC ADVANTAGES

- MOST NORTHERN NATURAL DEEP WATER PORT
- PROXIMITY TO ASIAN MARKETS
- GATEWAY TO MAJOR INFRASTRUCTURE – ROADS, RAIL AND SHIPPING CHANNELS
- ADJACENT TO STATE DEVELOPMENT AREA
- ISOLATED FROM URBAN DEVELOPMENT
- REQUIRES SIMPLE PORT PILOTAGE
- EXISTING RESIDENTIAL POPULATION LOCATED AT BOWEN TO SUPPORT OPERATIONS AND GROWTH

Three tugs that service the Abbot Point operations are based at the Bowen Wharf. The Wharf is not only a commercial asset for NQBP, it is a focal point of the Bowen community. In late 2014, NQBP completed significant work at the Wharf that involved:

- upgrading the Wharf's concrete causeway, including creation of clearly delineated walkways
- improving the timber sections of the Wharf and eliminating trip hazards
- installing lighting, improved handrails, barriers and seating
- installing three self-rescue ladders.

ANNUAL THROUGHPUT

The Port of Abbot Point achieved throughput of 28,730,365 tonnes in 2014-15. A total of 325 bulk carriers visited the Port in 2014-15.

OUTLOOK

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.

Future growth plans include the incremental development of additional terminals to provide long-term secure access to export capacity and service credible demand as it emerges, including from the Galilee coal basin.

PORT OF WEIPA

The Port of Weipa is located on the north-west coast of Cape York Peninsula. The Port has major onshore bauxite handling, processing and stockpiling facilities. Its conveyors run to the Lorim Point Wharf for ship loading.

With more than 30 million tonnes of product passing through the Port each year (including bauxite, fuels and general cargo), the Port is critical for northern Australia – both now and into the future.

PERFORMANCE

NQBP acknowledges the achievements of Rio Tinto Alcan Weipa (RTAW), which had another successful year managing and operating the infrastructure dedicated to the out-loading of bauxite for both domestic and export markets. Significant effort has been devoted during the year to improving shipping and scheduling activities and has contributed to increased throughput.

Dredge management remains a key focus for NQBP with another successful dredge campaign completed in line with the authority's exceptional environmental credentials.

NQBP has taken a lead position in addressing safety issues associated with small vessel interaction with commercial fuel operations. This work will deliver, in conjunction with the Department of Transport and Main Roads, Weipa Town Authority and RTAW, a new public boat ramp and car park for the Weipa community that separates small vessels from the commercial operations.

STRATEGIC ADVANTAGES

- SHELTERED FROM EXTREME WEATHER
- WELL-POSITIONED FOR TRADE WITH ASIA
- PROXIMITY TO BAUXITE DEPOSITS
- GATEWAY FOR AGRICULTURAL EXPORT COMMODITIES

In planning the new public boat ramp works, NQBP has facilitated agreement on the timing and methodology of these works to align with multiple piling operations which include the replacement of navigational aid infrastructure, refurbishment of mooring dolphins and the installation of a new public pontoon and walkway to minimise mobilisation and demobilisation costs across all projects.

An ongoing focus on cost management and value delivery to stakeholders has been and remains a key theme in Weipa. This has seen costs being well controlled, with the benefits being passed on to stakeholders and work ongoing to identify and implement service extensions at the Port.

Traditional Owner relationships remain a key focus for NQBP in Weipa. NQBP is working with these groups to achieve the development of a cultural precinct on land currently owned by NQBP.

ANNUAL THROUGHPUT

In 2014-15, the Port of Weipa handled 651 ships carrying a total of 31,848,964 tonnes comprising 31,726,150 tonnes of bauxite, 75,735 tonnes of fuel and 47,079 tonnes of general cargo.

OUTLOOK

The finite life of high quality ore north of the Embley River is likely to see export volumes decrease during the next five years. A proposed new, private Rio Tinto Alcan port, to be located around 40 kilometres to the south, will take up the lost volume pending the construction of the South of Embley Project.

Continued pressure to investigate opportunities to expand port and supply chain infrastructure in northern Australia exists, with increasing demand from Asia for food from Australia's clean green food table. NQBP will continue to work with potential port users to investigate the future demand for commodities from cattle producers, agriculture and the minerals sector to ultimately broaden the Gulf country's capacity to export to Australia's northern neighbours.

Building road and rail infrastructure to connect with the Port is a challenge on Cape York Peninsula, with the high cost of river crossings. As the State continues to upgrade roads, more opportunities will become available to adopt port operations to resume and expand live cattle exports and to explore innovative shipping methods such as transhipping and barge operations.

SUSTAINABILITY

During 2014-15, NQBP has been developing a Sustainability Plan which encompasses a whole-of-business approach and incorporates world leading practice. This Plan will be released in 2015-16 and will form the basis of NQBP's sustainability agenda going forward.

ENVIRONMENTAL MANAGEMENT

NQBP is committed to a high standard of environmental stewardship, performance and management, both of NQPB's activities and those of commercial partners.

Key to the protection of the environment and sustainable management of NQBP's activities, is its internationally-accredited corporate Environmental Management System (EMS) (certified under the International ISO 14001 standard). This standard provides a guide to develop and implement strategies for minimising environmental impacts, while ensuring legislative compliance and promoting continual improvement in environmental performance.

In 2015, NQBP maintained its certification and also improved its system by further aligning the EMS to a risk-based framework.

PORT ENVIRONMENTAL MANAGEMENT

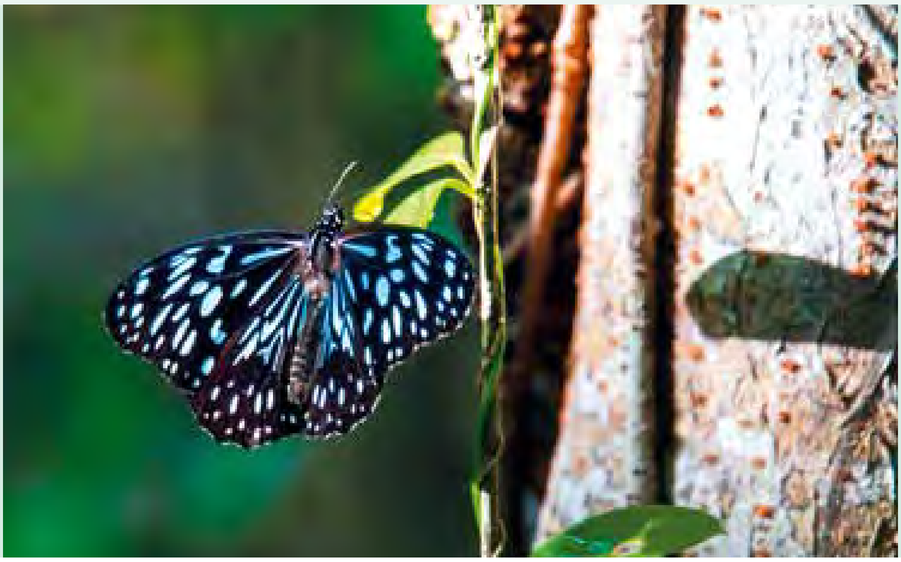
ACTIVITY	DESCRIPTION	PROGRESS 2014-2015
PORT OF ABBOT POINT		
Environmental approvals for capital dredging	Abbot Point is a designated Priority Port in Queensland offering many strategic advantages, including proximity to resources and markets and a natural deep water port. Capital dredging is required to allow for future growth of coal export capacity.	The Department of State Development is currently seeking approvals for the dredging project, with the disposal of dredged material proposed onshore at the former T2 project site. NQBP is providing assistance to the State to progress the engineering design, environmental assessment and approvals process.
Seagrass monitoring and research program	In place since 2008, this program assesses the long-term condition and trend for this valuable fisheries habitat. Gained comprehensive baseline assessment of seagrass communities.	James Cook University (JCU) scientists, commissioned to conduct this monitoring and research, reported a significant increase in seagrass (*Halophila* species) biomass in September and December 2014 after 19 months of decline following cyclones, high rainfall, winds and flooding. Even though inshore monitoring meadows have yet to show substantial recovery, the presence of *Halodule uninveris* and *Zostera muelleri* at some of the inshore meadows are positive signs of initial re-establishment and recovery.
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.	Currently 23 dust monitoring sites, 11 of which operate within Hay Point and the surrounding communities. All dust deposition gauges were replaced in 2015 as part of NQBP's commitment to continual improvement.
AMBIENT MONITORING PROGRAMS		
Water quality monitoring	Undertaken by JCU scientists and designed to increase scientific knowledge of water quality in the region by measuring light, turbidity, temperature, waves, energy movement and chemical and biological values. It will identify trends over time and where relevant, compare to regulatory thresholds or applicable water quality guidelines.	The program commenced in July 2014 and covers an area from near Sarina to Keswick Island, a distance of 55km.
Coral monitoring	This program investigates local fringing coral health, abundance and distribution and includes annual wet-season and dry-season monitoring.	This program commenced in March 2015 at the inshore fringing coral communities at Slade Islet, Round Top Island, Victor Islet and Keswick Island. The initial survey has identified that the corals are in good condition.

PORT ENVIRONMENTAL MANAGEMENT CONTINUED

ACTIVITY	DESCRIPTION	PROGRESS 2014-2015
AMBIENT MONITORING PROGRAMS CONTINUED		
Seagrass and macro benthic monitoring	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.	In 2014, the monitoring also included a broad-scale assessment of algal and macro-invertebrate communities and habitat information. Monitoring undertaken in October and November 2014 identified the distribution of seagrass in the Port of Hay Point as the largest recorded in the past 10 years. High density algae communities were also identified in the offshore and nearshore areas of Hay Point.
PORT OF MACKAY		
Ambient Monitoring Programs – coral and seagrass monitoring	The Port of Hay Point ambient program was expanded to include the Port of Mackay. Both the coral and seagrass monitoring programs include sites at Keswick Island, off the coast of Mackay.	The results from these programs are discussed in the Hay Point section.
Invasive weed management	Removal of invasive weed species to improve the condition of native habitat of the wetlands in the Port of Mackay Conservation Area, at the Kommo Toera Trail near Slade Point.	Worked with Conservation Volunteers Australia. NQBP has also worked with Mackay Regional Council and Reef Catchments to eradicate the Logwood weed on port land near Slade Point.
PORT OF WEIPA		
Maintenance dredging	Safe, sustainable and competitive seaport services for customers requires well planned maintenance dredging program to ensure declared depths are preserved. NQBP holds 10-year long-term Commonwealth and State permits for ongoing maintenance dredging at the Port of Weipa.	The 2014 maintenance dredging campaign for the Port of Weipa was completed between 17 July and 13 August 2014, with no environmental incidents.
Strategic, long-term seagrass monitoring program	One of the largest running seagrass monitoring programs in the world. JCU scientists undertake monitoring and reporting, including assessment of seagrass community health indicators.	Outcomes of monitoring in 2014 identified that seagrass was in good condition and that overall the Port of Weipa marine environment was healthy.

IMAGE: Mackay's Kommo Toera trail.

NQBP is committed to a high standard of environmental stewardship, performance and management.



ECOPORTS

The EcoPorts program provides a clear action plan to manage environmental risks across NQBP's port operations. It is updated and assessed annually to ensure long-term environmental and sustainability goals and commitments are achieved. It includes port environmental monitoring programs, an environmental auditing and training schedule and tasks around community and stakeholder engagement on environmental matters.

The EcoPorts 2014-15 Program included 63 actions that are in progress or completed.

IMAGE: Observing nature at Mackay's Kommo Toera trail.

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 that emissions from coal terminals will be reported by the terminal operators under the National Greenhouse and Energy Reporting System.

TABLE 3: GREENHOUSE GAS EMISSIONS

GREENHOUSE GAS EMISSIONS EMITTED (TONNES)

SOURCE	2014-15	2013-14	2012-13
PORT OPERATIONS AND MANAGEMENT			
Total electricity for power and lighting	985.96	825.65	819.52
Total fuel for fleet vehicles, mowers, boats and plant	130.29	110.49	125.27
Total fuel for rental vehicles	8.00	58.88	4.76
Total fuel from flights	325.05	450.45	443.78
Total fuel from dredging activities	777.81	1,102.46	1,429.33
Total LPG and electricity from Abbot Point Merinda Camp	N/A	N/A	373.83
Subtotal greenhouse gas emissions NQBP responsibility	**2,227.11**	**2,547.93**	**3,196.49**
Vegetation clearing	0	0	0
Estimated greenhouse gas take up through NQBP vegetation sequestration	1,079.00	1,091.95	1,199.64
Total NQBP emissions	**1,148.21**	**1,455.98**	**1,996.84**

Notes: Calculations are based on ecoBIZ Emission Calculator 2014
Vegetation sequestration is based on Greenhouse Abatement Calculator

COLLABORATIVE PARTNERSHIPS

MACKAY-WHITSUNDAY HEALTHY RIVERS TO-REEF PARTNERSHIP

NQBP is one of 27 partners in the Mackay-Whitsunday Healthy Rivers to Reef Partnership, established in late 2014.The Partnership aims to develop a regional environmental report card. NQBP is proud to be a primary funding partner and Chair of the technical working group responsible for formulating the report card, which is overseen by an independent scientific panel.

During 2014-15, NQBP facilitated several workshops to gain an understanding of monitoring undertaken in the Mackay-Whitsunday region across freshwater, estuary, inshore marine and offshore marine environments and integrate them into a form that can report on environmental health.

Data from ambient monitoring programs across the ports of Abbot Point, Hay Point and Mackay will be able to be incorporated into the overall regional datasets that will form the basis of environmental reporting.

PIANC International Working Group

PIANC (World Association for Waterborne Transport Infrastructure) is the international organisation based in Brussels and responsible for advising on standards in the field of navigable waterway traffic. In February 2015, NQBP's Environment Manager, Kevin Kane, participated in a working group to develop an international guideline "A Practical Guide to Environmental Risk Management for Navigation Infrastructure Projects". He is now co-chair of the international working group responsible for writing the guideline, with the next meeting to be hosted by NQBP in September 2015.

IMAGE: NQBP has invested in Mackay's southern breakwater.

Queensland Ports Association

The Queensland Ports Association (QPA) is the industry body that represents all Queensland ports. NQBP chairs the QPA Environment and Planning Committee, which comprises environment and planning managers and specialists from four Queensland port authorities.

The focus of this Committee is to provide advice on technical investigations and reports around matters surrounding the Great Barrier Reef, including the *Reef 2050* Plan and the Dredge Synthesis Statement.

The Committee maintains regular contact with key Commonwealth and State personnel across proposed environmental legislation and policy, master planning, environmental offsets, integrated monitoring frameworks and best practice guidelines.

PORT COMMUNITIES

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 engagement. NQBP consults through Community Reference Groups to build awareness of port operations and future growth plans, to listen to and act upon concerns and feedback, and to discuss community investments.

In 2014-15, NQBP supported a number of community initiatives and events representing a total contribution of $98,000.

COLLABORATIVE PARTNERSHIPS CONTINUED

Environment

As part of its commitment to port communities and the environment, NQBP invests and participates in community environment projects and events.

In 2014-15, NQBP undertook the following:

- Mackay Coastal Clean Up across 40 kilometres of beach, collecting more than 5,500 kilograms of waste
- EcoPorts Environmental Grants of $1,000 each to 10 schools in the Mackay, Sarina and Bowen communities to fund environmental projects
- Great Barrier Reef Foundation sponsorship for two ReefConnections workshops, attracting some of the most eminent experts on reef connectivity
- Continued to fund the Bowen Sea Turtle Assessment and Rehabilitation Inc (BSTAR) to expand facilities for rescue turtles being rehabilitated
- Donation to support the Louisa Creek War on Weeds
- With Mackay Conservation Volunteers, hosted the Kommo Toera Weed Whacker Challenge.

Employment

During 2014-15, NQBP introduced a work experience program in Mackay and hosted a number of students considering a career in engineering, environment, administration or communications. NQBP is proud to provide students with high-quality and relevant training and experience in a diverse, dynamic and contemporary environment.

NQBP offered support to the YMCA Queensland Y Bloom program for students at Mackay State High School. The program involves coaching and mentoring to motivate, guide and support students to discover their potential and understand how their education is applied in the real world.

Youth

During 2014-15, NQBP supported students from Alligator Creek State School to participate in a learn-to-swim program. It also supported Sarina State High School's Marine Wonderland Project with further development of a marine touch tank facility. This facility is an important learning environment for students and community members where the school established and monitors artificial reef environment habitats for species they have collected and catalogued.

Supporting our communities

NQBP focuses on developing long-term relationships with stakeholders and identifies opportunities to create value by supporting community activities. Sponsorships provided by NQBP assisted port community projects and events including:

- Alligator Creek State School Fair
- Bowen Offshore Superboat Championships
- Bowen PCYC Rock n Revs Festival
- Coral Coast Festival, Bowen
- Don River Improvement Trust to deliver the South Sea Islander History Project
- Mackay Marina Run
- Mackay Marine Festival (including Boat Show and Offshore Superboat Championships)
- Mackay Volunteer Marine Rescue to purchase equipment
- River to Reef Charity Ride, Mackay
- Sarina Festival
- Sarina Tourist Arts and Crafts Centre to restore community building
- Stella Maris Christmas Shoebox Appeal
- Weipa Fishing Classic
- Weipa Kindergarten and Preschool to repair the outdoor area.

NQBP also adds value by contributing to regional development. In line with this, NQBP provided sponsorship for the Major Projects Summit held in Bowen, the Bowen Collinsville Business Awards and Resource Industry Network.

WORKPLACE AND PEOPLE

In 2014-15, NQBP undertook a comprehensive workplace review to achieve efficiencies and align the corporate structure with the new strategic direction.

TABLE 4: SUMMARY OF WORKPLACE AND PEOPLE OUTCOMES

OBJECTIVES	INDICATORS	2014-15 NQBP GROUP
WORKFORCE PROFILE	Number of employees	121
	Employee turnover	15.65%
VALUING DIVERSITY A talented, innovative and diverse workforce is vital if NQBP is to achieve its vision for a sustainable future. Improving diversity, inclusion and innovation performance will be a business priority in 2015-16 and beyond.	Percentage of women on the Board	12.5%
	Percentage of women in the workforce	41%
	Percentage of women in management roles	10.5%
	Percentage of women covered by the enterprise agreement (all employees covered under the agreement)	58%
	Percentage of employees from a non-English speaking background	3%
	Number of formal EEO complaints reported to management	0
	Number of formal harassment/bullying complaints reported to management	3
	Number of days lost through industrial disputes	0
DEVELOPING OUR PEOPLE NQBP aspires to be a company where people come to work each day to contribute, learn and develop.	Training expenditure total (excluding on-the-job training)	$344,647
	Number of employees receiving support for accredited tertiary courses	4
	Percentage of employees rated 'met expectations' or 'exceeded expectations' in their annual performance review	92%
HEALTH, SAFETY AND WELLBEING The health, safety and wellbeing of NQBP's employees and visitors is of paramount importance. NQBP has introduced a Smart Ports Safety Strategy to continuously improve systems and performance so that everyone gets home safely each day.	Number of Lost Time Injuries	1
	Lost Time Injury frequency rate	5.1
	Percentage of eligible employees who participated in an annual health check	39%
	Percentage of eligible employees who participated in gym membership reimbursement	13%
	Number of health and safety committee members who are employee representatives	3
COMMUNITY Supporting resilient, local communities is a top business priority and essential for the future of NQBP's intergenerational assets.	Amount spent on community support (donations, sponsorships)	$98,000

IMAGE: NQBP's John Clark in Weipa.

PEOPLE

NQBP is focused on a sustainable future and aspires to be an 'employer of choice'. These principles are being implemented across workplaces through changes to processes and how NQBP leads and manages its people.

To attract and retain talented employees, NQBP continually strives to ensure the workplace is one that motivates people to perform at their best and where collaboration, creativity and energy drive innovation.

NQBP values inclusivity, respect, honesty and integrity when dealing with customers, other stakeholders and employees. Training in anti-bullying, harassment and discrimination reinforces these values among NQBP staff.

During 2014-15, NQBP increased its focus on employment development plans to drive performance and develop the capability of its people. These plans address short and medium-term skill, capability and competency needs.

In line with the objective to improve business efficiency, NQBP's people systems and policies have been simplified.

IMAGE: NQBP's Chantelle Pinnington.

ENTERPRISE AGREEMENTS

The existing NQBP Enterprise Agreement expired in June 2014. Considerable work was undertaken to negotiate a new agreement however, this was not achieved in 2014-15. Negotiations are continuing with the parties hopeful of agreement in early 2015-16.

The year also saw the negotiation of an Enterprise Agreement for Marine Pilots. Agreement was reached between the parties by the due date and has been implemented.

RESTRUCTURE

In late 2014-15, NQBP embarked on a significant reform process, aimed at structuring the business to achieve performance targets for 2015-16 and beyond. As part of the reform process, some employees took the opportunity to accept a voluntary redundancy. The process was undertaken in consultation with employees, who were provided with the opportunity to seek external financial advice prior to making a decision to accept a voluntary redundancy, as well as access to career/job counselling and support.

HEALTH AND SAFETY

Core to NQBP's vision of a sustainable future is its desire to have a workplace where everyone goes home safe and well, every day.

Every person working for NQBP is responsible for safety and this collaborative and accountable culture contributes to health and safety performance which continues to place NQBP above the industry standard in all recordable areas, including:

- number of employees injured
- lost days due to injury
- cost per claim.

TABLE 5: DRIVING SAFETY

ACTION	2014-15 PROGRESS
Workplace inspections	All sites and locations were inspected by more than one work group
Operational and system audits	12 internal operational audits 2 major external operational audits
Hazard Identification and risk management	Significant increase in the use of the safety awareness and risk assessment processes ('Take 5')
Consultation, communication and cooperation	All employees now have online access to staff or health and safety meetings and documentation via the intranet
Training and awareness	Regular training and awareness is conducted at toolbox and safety meetings
Proactive health and safety programs	All employees were given the opportunity to participate in Safe Work Week All employees participated in occupational health monitoring survey

SMART PORTS SAFETY STRATEGY

NQBP's Smart Ports Safety Strategy drives ongoing improvements in health and safety so that it becomes an industry leader in this area.

As part of this sustainable and continual improvement process for the Health and Safety Management System, a Smart Safety Team was established in 2015 to drive a proactive approach to health and safety throughout the business.

This team, dedicated to NQBP's vision of getting people home safe and well every day, has already completed a Current State Analysis which will assist in the development of strategic plans for health and safety.

IMAGE: (Left to right) NQBP's Rob Watkins, John Hinschen and Ben Woodman.

HEALTH AND SAFETY CONTINUED

HEALTH AND SAFETY RISK MANAGEMENT

NQBP's monitoring and measuring procedure ensures that management will undertake a risk review of the health and safety performance and a review of the top ten operational risks.

The information from this review is used to develop positive performance indicators and lagging indicators that will guide NQBP's monitoring of obligations required by legislation, while at the same time pursuing continual improvement.

ACCREDITATION

NQBP's Health and Safety Strategy, adopted in 2014-15, will support future accreditation for the Health and Safety Management System to the Australian Standard. This will be achieved over the next two to three years.

NQBP completed a project to review and align the systems, processes, procedures and supporting documentation for the NQBP Health and Safety Management System which will now be integrated into normal operations throughout the business.

IMAGE: NQBP staff at the Port of Abbot Point.

EMPLOYEE AND REGIONAL HEALTH AND SAFETY

NQBP continues to support the Regional Safety Networks and programs by actively participating in local committees and Workplace Health and Safety Queensland's Safe Work Week activities.

All employees participated in health initiatives, activities and forums during the year. The Safe Work Week program was well supported with voluntary health monitoring for employees and ongoing feedback of individual's health profiles. This program continues to provide an insight into the overall physical profile of employees.

In 2014-15, a number of non-government organisations and Queensland Health provided health prevention seminars, and professionals in physiological and psychological health and wellbeing to offer information and strategies for employees. The voluntary health monitoring program alerted a number of employees to previously undiagnosed health risks and these employees were advised to consult a doctor.

SIGNIFICANT BUSINESS PROJECTS

NQBP continues to review the effectiveness of controls for hazards throughout the business. During this year, significant projects were undertaken to improve the performance, safety and effectiveness of port operations. These included:

- upgrade to Port of Mackay's southern breakwater which will provide safe berths for port and marina users
- upgrade to Port of Mackay firefighting capability
- upgrade to Port of Mackay Wharf 1 infrastructure and lighting
- further work to ensure the safety and amenity of the Bowen Jetty and Wharf
- approval for relocation of the Evans Landing Weipa public boat ramp.

CORPORATE GOVERNANCE

CORPORATE STRUCTURE

On 2 July 2009, Ports Corporation of Queensland Limited (PCQ) and Mackay Ports Limited (MPL) became wholly owned non-operating subsidiaries of North Queensland Bulk Ports Corporation Limited (NQBP) (collectively known as the NQBP Group).

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). PCQ and 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 Employment and Industrial Relations and Minister for Aboriginal and Torres Strait Islander Partnerships; and the Minister for Main Roads, Road Safety and Ports and Minister for Energy 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 42-44 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.

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.

CORPORATE GOVERNANCE CONTINUED

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 meets monthly (except in December) and, in addition to this, it meets at other times should the need arise. During 2014-15 the Board met 12 times. Directors also met for committee meetings and to discuss strategic planning.

The Chairman generally 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
- commercial and governance decisions requiring a Board resolution.

Key stakeholders are regularly invited to attend an informal meeting held after the scheduled 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 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's 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 internal documents, reports and records in pursuit of the Board's mandate.

The Chairman 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 Chairman and/or Board as necessary.

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 polices 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 Chairman 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 2014, an internal 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 April and May 2015.

Shareholding Ministers are informed of any key issues arising out of the performance reviews. The Chairman 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 64-66. 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.

CORPORATE GOVERNANCE CONTINUED

Remuneration arrangements for management and employees

The Chairman 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 is made up from achievement of individual performance targets (30%) and NQBP group performance targets (70%) with 15% 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. Proposed performance payments are approved by the Board after the end of the financial year.

The performance pay scheme applicable to other employees is based on pre-set group targets that are based on NQBP's overall performance. The scheme involves a performance payment pool for the 2014-15 financial year of 6% of the base pay of participants. Not all of the 6% pool was distributed for the 2014-15 year.

Relevant remuneration policies are disclosed on the NQBP website and are listed on page 66 of this report.

Board committees

During the 2014-15 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 42-44 respectively of this report.

Audit and Financial Risk Management Committee

CHAIRMAN: PETER TAIT*

* Not a Committee Chair/member from 1 October to 10 December 2014 inclusive

Members: Kasper Kuiper, Peter Milton, Stephen Golding** and Alan Grummitt**

Adrian Chambers member
Member 1 July 2014 – 23 April 2015

Gerry Johnstone member
Member 1 July 2014 – 30 April 2015

** Committee member 30 April – 30 June 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 Chairman may be appointed to the Committee, but may not sit as the Chairman 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 Chairman 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.

AFRMC achievements in 2014-15

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 2014-15 the AFRMC also considered the following key matters:

- internal audit program and progress and timing of scheduled audits
- new Australian Accounting Standards 14/15
- maintenance of the fixed asset register as well as the revaluation of property, plant and equipment and investment properties
- financial systems and reporting
- fraud risk assessment
- insurance review
- capital management plan
- pricing governance scope
- quarterly financial management reviews.

Human Resources and Industrial Relations Committee

CHAIRMAN: SUZANNE BROWN*

* Appointed 30 April 2015

Former Chairman: Gerry Johnstone **

**(1 July 2014 – 30 April 2015)

Members: Peter Milton, Stephen Golding, Adrian Chambers (resigned 23 April 2015), and Peter Tait (appointed 30 April 2015)

Secretary: Bernie Wilson (Chief Financial Officer)

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 Chairman may be appointed to the Committee but may not sit as the Chairman of the Committee. The Charter of the HRIRC is supplied to newly appointed Directors as part of their general induction. The HRIRC Chairman 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.

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.

IMAGE: NQBP's pilotage operation out of Mackay.

CORPORATE GOVERNANCE CONTINUED

HRIRC achievements in 2014-15

The key matters considered by the Committee during 2014-15 included updates to the Committee Charter, as well as reviewing:

- strategic issues
- planning
- performance systems
- governance and policies.

The Committee also considered the following matters:

- reviewed and made recommendations to the Board to consolidate Human Resources (HR) Policies
- 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 2015-16
- reviewed the Performance Management System for 2014-15 and considered enhancements for the 2015-16 year
- considered the issues related to the introduction of pre-employment medicals for positions with higher physically demanding attributes
- reviewed and provided comment on the HR Risk Register Review
- 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 Human Resource and Industrial Relations (HRIR) matters.

Corporate Governance and Planning Committee

CHAIRMAN: STEPHEN GOLDING

Members: Peter Tait*, Suzanne Brown, Alan Grummitt and Kasper Kuiper.

* Committee member from 1 July to 30 September 2014 and 11 December 2014 to 30 June 2015

Secretary: Peter Sinnott
(Company Secretary/General Counsel)

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 Chairman may be appointed to the Committee but may not sit as the Chairman of the Committee. The Charter of the CGAPC is supplied to newly appointed NQBP Directors as part of their general induction.

The CGAPC Chairman 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.

CGAPC achievements in 2014-15

During 2014-15, the key matters considered by the Committee included:

- the continual development of information technology (IT) functions and systems
- the continual review of the development of risk management systems and reports including:
  - Mackay breakwater
  - asset age, condition and capacity
  - Weipa Boat Ramp, Evans Landing
- relevant policies
- Board performance and Directors' training plan
- standard commercial lease for NQBP
- engineering contracts
- risk and strategic issues associated with major projects
- risk appetite statement
- potential business opportunities for port centred logistics in Mackay
- complaints report
- issues for strategic planning and progressing strategic initiatives
- monitoring compliance activities
- close-out reports and lessons learnt from major projects.

IMAGE: Camille and Chris Wootten take in the view from NQBP's new seating at the Bowen Wharf.

The Committee has observed the terms of its Charter and had due regard to relevant legislation, relevant binding policy 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 in order to identify critical risk exposures, realise opportunities, and focus on improving capabilities for predicting and managing uncertainties.

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. Senior 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 the leadership team and the Board.

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.

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 2014-15.

The Risk Management Policy is available on the NQBP 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 2014-15 audit program included reviews of:

- information technology data and network security
- risk management framework
- accounts payable
- financial data integrity
- payroll
- project management
- quarterly follow-up reviews of outstanding internal audit actions.

CORPORATE GOVERNANCE CONTINUED

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) Cash Fund. 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 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 was one notification issued by shareholding Ministers under section 114 of the GOC Act for the 2014-15 financial year in relation to the revocation of notifications requiring compliance with the Local Industry Policy.

Community service obligations

There were no community service obligations identified during 2014-15.

Employment and Industrial Relations Plan

NQBP's Employment and Industrial Relations Plan 2014-15 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 2014-15 which cost more than $5,000.

Right to Information

NQBP received two access applications and no consultation requests from Queensland Government departments for information under the *Right to Information Act 2009* (Qld) during 2014-15. One access application remains outstanding. All other access applications (including one outstanding application from the previous financial year) were finalised. One internal review and one external review by the Office of the Information Commissioner were also finalised.

NQBP's SCI for 2014-15 is summarised on pages 9-11 of this report.

NORTH QUEENSLAND BULK PORTS CORPORATION LIMITED ACN 136 880 218

FINANCIAL PERFORMANCE 2014-15

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

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 2015.

DIRECTORS

The names of the Directors in office at any time during or since the end of the year are:

Mr Peter Milton

Ms Suzanne Brown

Mr Adrian Chambers
(resigned 23 April 2015)

Mr Stephen Golding
(term expired 30 September 2014
and was reappointed 2 October 2014)

Mr Alan Grummitt

Mr Gerry Johnstone
(resigned 30 April 2015)

Mr Kasper Kuiper
(term expired 30 September 2014
and was reappointed 2 October 2014)

Mr Peter Tait
(term expired 30 September 2014
and was reappointed 11 December 2014)

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 2015, both MPL and PCQ remain as non-operating companies with nil assets and liabilities.

Notwithstanding slowing Chinese demand for export coal, NQBP recorded a 9.5% increase in coal trade throughput, just 2.3Mtpa (1.6%) under NQBP's target of 146Mtpa.

Bauxite exports finished the year 4.4% up on budget and the prior year. Strong demand for bauxite, especially to China, contributed to the increase.

The Port of Mackay did well to finish the year only 100kt short of budget, due mainly to smaller throughput volume of refined sugar, molasses, cement and petroleum.

NQBP has continued to achieve higher tonnage throughput across all ports when compared with throughput for the previous three years, with the exception of Mackay which had marginally less throughput due to the slowdown in the mining industry.

OPERATING RESULTS

NQBP achieved a significant increase in total comprehensive income of $148.6 million over the 2013-14 result of $24.6 million. This result was earned by maintaining underlying net profit, despite tough trading circumstances, in addition to recording a significant revaluation adjustment to its asset base.

After inclusion of the "abnormal" / non-standard transactions, NQBP Group recorded a net loss for the financial year, after providing for income tax equivalents, of $7.4 million. This result is primarily due to significant impairments of the carrying values of project costs carried forward from prior years and fair value adjustments incurred as part of the revaluation of property, plant and equipment partially offset by improved port income and insurance recovery on cyclone repair costs.

The Group 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.

The Group 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
- pilotage services.

DIVIDENDS

A dividend of $18.7 million was paid to shareholders during the current financial year out of the dividend declared at 30 June 2014.

Due to the net loss incurred for 2014-15, NQBP's Directors have not recommended a dividend payment for this year.

As advised in the Directors' Report for the year ended 30 June 2014, a capital reduction of $11.3 million was returned to shareholders during December 2014.

No options over issued shares or interests in the Group 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

As a result of the revaluation of NQBP's major assets during the year, the value of the assets was increased by $257.9 million with an adjustment to the asset revaluation reserve. This is a significant increase in the value of NQBP's asset base.

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

In this environment, 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 Senior Leadership Group and Board actively and closely monitored the implementation of NQBP's business model to ensure sustainable value is delivered to its customers and shareholders.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Sustainable Ports Development Bill introduced this year is intended to restrict the disposal of capital dredge material in waters of the Great Barrier Reef Marine Parks and World Heritage Area.

NQBP is assisting the Queensland Government in assessing suitable onshore disposal options and securing the necessary development approvals, through the Abbot Point Growth Gateway Project.

Onshore relocation of dredge material may impact the cost of future dredging activities with flow-on impacts to the cost of port services provided by NQBP.

ENVIRONMENTAL MANAGEMENT

NQBP maintains an internationally accredited IS014001 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 significant 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 around 99% of our nation's imports and exports achieved by ship.

Dredging programs are necessary for the development and maintenance of safe access to the international shipping routes that service each of NQBP's trading ports. NQBP has a well credentialed profile of professionally managed dredging programs and continues to encompass leading practice approaches into its environmental monitoring programs.

A successful maintenance dredging program was accomplished during the year at the Port of Weipa with another program in progress at 30 June 2015. The Port has approvals under the Commonwealth's Environmental Protection (Sea Dumping) Act 1981 and Queensland's Sustainable Planning Act 2009 to undertake dredging and relocation of maintenance material that has accumulated in the Port's navigational areas.

The trailing suction hopper dredge 'Brisbane' undertook both maintenance campaigns at the Port of Weipa with the first campaign over a 28-day period between 17 July and 14 August 2014, and the next campaign at the Port over a period from 23 June to 21 July 2015.

There were no breaches of licence conditions.

Maintenance dredging at the Port of Hay Point was unable to progress as the permits previously issued by the Great Barrier Reef Marine Park Authority became a matter of a merits review by the Australian Appeals Tribunal (AAT).

NQBP's permit applications related to maintenance dredging at the Port of Hay Point were revoked.

ENVIRONMENTAL MONITORING

As a port authority, NQBP undertakes its business at the interface of the land and sea environments. As part of its continual improvement culture, NQBP has developed a comprehensive ambient monitoring program at the Port of Hay Point.

This intensive monitoring program, which spans 55km of coastline from Freshwater Point to Keswick Island, commenced in July 2014.

The ambient marine program includes:

- **Marine water quality:** Consisting of 12 permanent water quality logging sites where scientific instruments continually measured turbidity, photosynthetically active radiation (PAR), sedimentation rates, conductivity, temperature and pH. In addition, water samples are sent for laboratory analysis including total suspended solids, total and dissolved metals, chlorophyll a, ultratrace nutrients, hydrocarbons, herbicides, pesticides and pathogens.
- **Seagrass monitoring:** Intensive mapping of the region's seagrass communities every three years, with annual surveys monitoring seagrass area, biomass and species composition.
- **Inshore fringing corals:** Monitoring of coral communities at Slade Islet, Round Top Island, Victor Island and Keswick Island. Surveys will be undertaken during the wet and dry seasons at 24 long-established transect sites and include percentage cover, prevalence of damage or disease, as well as size and abundance of various coral species.

In the coming year, NQBP aims to expand this successful ambient monitoring program at the Port of Abbot Point.

The long-established seagrass monitoring programs have also continued at the Ports of Abbot Point and Weipa.

In 2014-15 NQBP was proud to support the establishment of the Mackay Whitsunday Healthy Rivers to Reef Partnership. The Partnership will be putting to good use the valuable information NQBP gathers through its Marine Monitoring Programs to produce the region's first Mackay-Whitsunday pilot report card, due to be released in late 2015.

NQBP is also proud to be participating in the composition of an international guideline on 'Environmental Risk Management (ERM) for Navigation Infrastructure Projects', working with port and industry experts from around the world. This work will culminate in a publication by the World Association of Waterborne Transport Infrastructure, expected to be finalised in 2016.

There were no breaches of environmental legislation or significant environmental incidents during the period.

DIRECTORS' REPORT CONTINUED

FOR THE YEAR ENDED 30 JUNE 2015

BOARD OF DIRECTORS

PETER MILTON

CHAIRMAN

First Appointed: NQBP on 31 May 2012, PCQ on 26 June 2012; MPL on 26 June 2012

Term of Office – to 30 September 2015

- *Member Audit and Financial Risk Management Committee*
- *Member Human Resources and Industrial Relations Committee*

For over 38 years Peter Milton has worked in port and country operations of the grain industry. More recently before his retirement, Mr Milton was Executive Manager for grain export terminals in Queensland, New South Wales and Victoria. He was responsible for overseeing the expansion of the handling of non-grain bulk commodities in response to the variable grain production in eastern Australia, as well as the development of container loading facilities.

Mr Milton is also Chairman of Newcastle Agri Terminal.

SUZANNE BROWN

QLS Acc. Spec Bus Law (Qld), LLB (Hons), CDec

Admitted to Supreme Court and High Court of Australia

First Appointed: NQBP on 8 November 2012; PCQ and MPL on 14 November 2012

Term of Office – to 30 September 2015

- *Member Corporate Governance and Planning Committee*
- *Member Human Resources and Industrial Relations Committee*

Suzanne Brown is a Principal at McKays Solicitors in Mackay where she began her legal career in 2003. Suzanne is also a Queensland Law Society Business Law Accredited Specialist, one of only 23 in the State.

Ms Brown's experience has focussed on commercial law issues affecting the mining sector and she has a critical understanding of industry growth and challenges in Mackay and the surrounding coalfields.

She was one of the 30 under 30 best lawyers in Australia, winning in the categories of energy and resources, and government.

ADRIAN CHAMBERS

BE Mechanical (Hons), MIEAust, RPEQ, CPEng

First Appointed: NQBP on 8 November 2012; PCQ and MPL on 14 November 2012

Term of Office – to 30 September 2015[1]

- *Member Audit and Financial Risk Management Committee[2]*
- *Member Human Resources and Industrial Relations Committee[3]*

Adrian Chambers is the owner/director of consulting engineering company, Kenomont Pty Ltd which specialises in materials handling design related to coal and woodchip facilities.

Mr Chambers is a registered professional mechanical engineer with 35 years' experience in the design, construction and operations of port-related materials handling facilities in Australia and Indonesia.

He was General Manager (CEO) of the Brisbane Coal Terminal (Queensland Bulk Handling) from 1983 to 2000, as well as General Manager (CEO) of the Brisbane-based woodchip export company, Queensland Commodity Exports, from 1990 to 2000.

STEPHEN GOLDING AM, RFD

BE, MEngSc, BEcon, Hon FIE Aust, FCILT, FAIM, FITE, FAICD, CPEng, RPEQ

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

Term of Office – to 30 September 2017

- *Chairman Corporate Governance and Planning Committee*
- *Member Human Resources and Industrial Relations Committee*
- *Member Audit and Financial Risk Management Committee (from 30 April 2015)*

Stephen Golding has had a long and distinguished career with the Queensland Department of Main Roads. From 1970 to his retirement in March 2005, Mr Golding held a number of key management positions and in July 2000 was appointed Director-General of Main Roads.

Mr Golding is 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. He is a Director and Chair of Transport Certification Australia Ltd, a Director of Transmax Pty Ltd and a Board Member of Queensland Reconstruction Authority.

He 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 appointed a Member of the Order of Australia for outstanding service to the Army Reserve.

ALAN GRUMMITT

BE (Civil), Hon FIE Aust, FICE, FASCE

First Appointed: NQBP on 20 December 2012; PCQ and MPL on 26 February 2013

Term of Office – to 30 September 2015

- *Member Corporate Governance and Planning Committee*
- *Member Audit and Financial Risk Management Committee (from 30 April 2015)*

Alan Grummitt has 50 years' experience in port and harbour engineering, cold storage, civil and structural engineering, associated materials and cargo handling.

Mr Grummitt is an Honorary Fellow of the Institution of Engineers (Australia). He is also a member of Consult Australia (previously known as Association of Consulting Engineers Australia), chair of the Cullen Grummitt and Roe group (worldwide port infrastructure), chair of a number of RiverWijs companies, and also a director of Darwin Port Corporation.

GERRY JOHNSTONE

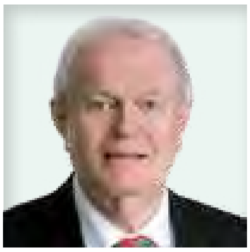
First Appointed: NQBP on 8 November 2012; PCQ and MPL on 14 November 2012

Term of Office – to 30 September 2015[4]

- *Chairman Human Resources and Industrial Relations Committee*[5]
- *Member Audit and Financial Risk Management Committee*[6]

Prior to retiring in 2010 Mr Johnstone's held several senior executive positions at the Port of Brisbane Corporation (PBC) for 18 years. At the time of his retirement, Mr Johnstone was General Manager Port Development and was responsible for approximately $1 billion of capital expenditure on infrastructure works at the PBC over an eight-year period.

Mr Johnstone was a lead negotiator in discussions in relation to the purchase and sale of port assets, port expansion, terminal leases and industrial agreements with the Maritime Unions.



KASPER KUIPER R.O.N

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

First Appointed: NQBP on 1 9 June 2009; PCQ on 1 July 2001; MPL on 7 August 2009

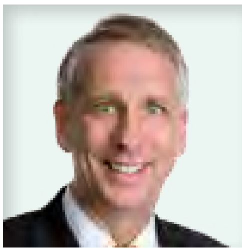
Term of Office – to 30 September 2017

- *Member Audit and Financial Risk Management Committee*
- *Member Corporate Governance and Planning Committee*

Captain Kasper Kuiper's expertise in port construction and reclamation includes some of the largest port and underwater constructions in the world – The Netherlands, Portugal, Saudi Arabia, Kuwait, India, Pakistan and Singapore, to name a few. He relocated to Brisbane for the construction of the Brisbane International Airport, the reclamation of Gold Coast beaches and afterwards he worked for the Woodside Project, Cape Lambert, Port Headland and Karratha, Western Australia.

Captain Kuiper is 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'.

Captain Kuiper holds a Queensland Real Estate Principal's Licence and is a member of the Real Estate Institute of Queensland. Captain Kuiper is a Director of Universal Partners NCI Pty Ltd and local Director in Australia.



PETER TAIT

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

Mr Tait did not serve as Director of the NQBP Board from 1 October 2014 to 10 December 2014.

- *Chairman Audit and Financial Risk Management Committee*
- *Member Corporate Governance and Planning Committee*
- *Member Human Resources and Industrial Relations Committee (from 30 April 2015)*

Peter Tait has been practising in chartered accountancy for over 25 years for SH Tait and Co. This large regional practice operates in central Queensland providing accounting, taxation, audit and general business services to a wide range of clients in diverse industries.

Mr Tait is the Company Secretary of Queensland Mines Rescue Service Limited.

1 Resigned from the Board on 23 April 2015
2 Member until resignation on 23 April 2015
3 Member until resignation on 23 April 2015
4 Resigned from the Board on 30 April 2015
5 Member until resignation on 30 April 2015
6 Member until resignation on 30 April 2015

DIRECTORS' REPORT CONTINUED

FOR THE YEAR ENDED 30 JUNE 2015

COMPANY SECRETARY

Peter Sinnott

BCom, LLB (Hons), MFM, Grad. Dip. ACG

Commenced: NQBP, MPL and PCQ on 9 January 2012

Prior to joining NQBP, Peter Sinnott was Legal Director at Rio Tinto Alcan.

Mr Sinnott has over 20 years' experience in private practice and corporate in-house roles, specialising in commercial and corporate law.

Mr Sinnott was formerly a Senior Associate/Special Counsel at international law firm Minter Ellison.

ASSISTANT COMPANY SECRETARY

Tina Marsh

Appointed: NQBP on 1 July 2009; PCQ on 1 July 2007; MPL on 1 July 2009

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.

MEETINGS OF DIRECTORS IN 2014-15

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 *Chairman*	12	12	12	12	12	12
S Brown	12	11	12	11	12	11
A Chambers	9	7	9	7	9	7
S Golding	12	12	12	12	12	12
A Grummitt	12	11	12	11	12	11
G Johnstone	10	10	10	10	10	10
K Kuiper	12	12	12	12	12	12
P Tait	10	9	10	9	10	9

COMMITTEE MEETINGS

DIRECTOR	AUDIT AND FINANCIAL RISK MANAGEMENT COMMITTEE		CORPORATE GOVERNANCE AND PLANNING COMMITTEE		HUMAN RESOURCES AND INDUSTRIAL RELATIONS COMMITTEE	
	ELIGIBLE TO ATTEND AS A MEMBER	NUMBER ATTENDED AS A MEMBER	ELIGIBLE TO ATTEND AS A MEMBER	NUMBER ATTENDED AS A MEMBER	ELIGIBLE TO ATTEND AS A MEMBER	NUMBER ATTENDED AS A MEMBER
P Milton *Chairman*	4	3	0	0	4	4
S Brown	0	0	4	4	4	4
A Chambers [7]	4	2	0	0	3	2
S Golding	0	0	4	4	4	4
A Grummitt	0	0	4	4	0	0
G Johnstone [8]	4	3	0	0	3	3
K Kuiper	4	4	4	4	0	0
P Tait [9]	3	3	3	3	1	1

7 Resigned from the AFRMC and HRIRC on 23 April 2015
8 Resigned from the AFRMC and HRIRC on 30 April 2015
9 Became a member of the HRIRC on 23 April 2015

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 otherwise.

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.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and 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 INDEPEDENCE 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 46.

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

Peter Milton

Chairman

North Queensland Bulk Ports Corporation Limited

25 August 2015

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of North Queensland Bulk Ports Corporation Limited

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

INDEPENDENCE DECLARATION

As lead auditor for the audit of North Queensland Bulk Ports Corporation Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been –

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

QUEENSLAND
2 5 AUG 2015
AUDIT OFFICE

DR Adams FCPA
Director
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	2015 $'000	2014 $'000
INCOME FROM OPERATIONS			
Revenue	5	102,889	100,792
Other income	5	(85)	13
EXPENSES FROM OPERATIONS			
Consultancies		2,633	2,016
Depreciation and amortisation expense	6	8,389	8,829
Dynamic under keel clearance expenses		1,113	1,018
Employee benefits expense	6	21,480	18,508
Finance costs	6	3,661	3,880
Impairment losses/write-offs	6	38,463	8,838
Insurance		1,429	1,242
Legal expenses		1,415	557
Other expenses		2,131	1,852
Pilot transfers		4,198	2,473
Promotional expenses		413	251
Property expenses	6	7,222	6,048
Quarantine waste expenses		1,436	998
Repairs and maintenance		18,741	11,494
Travelling expenses		578	459
Profit/(loss) before income tax equivalent		(10,498)	32,342
Income tax equivalent benefit/(expense)	7	3,147	(7,520)
Profit/(loss) from continuing operations		**(7,351)**	24,822
Other comprehensive income, net of income tax equivalent			
Adjustment to asset revaluation reserve on revaluation of property plant and equipment	13	257,902	-
Adjustment to asset revaluation reserve for impairment of property, plant and equipment	13	-	(329)
Income tax equivalent applicable	13	(77,371)	99
		180,531	**(230)**
Total comprehensive income		**173,180**	**24,592**

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	NOTE	2015 $'000	2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents		58,242	84,245
Trade and other receivables		10,644	9,373
Current income tax equivalent refund		6,194	-
Prepayments		1,095	948
Total current assets		76,175	94,566
Non-current assets			
Investment properties	8	16,770	38,745
Property, plant and equipment	9	533,077	287,743
Total non-current assets		549,847	326,488
Total assets		626,022	421,054
LIABILITIES			
Current liabilities			
Trade and other payables	10	31,317	30,510
Current income tax equivalent liability		-	11,378
Provisions	11	3,088	21,514
Total current liabilities		34,405	63,402
Non-current liabilities			
Trade and other payables	10	13,362	8,471
Interest-bearing liabilities	3	66,559	66,559
Deferred income tax equivalent liabilities (assets)	7	84,800	15,532
Provisions	11	270	248
Total non-current liabilities		164,991	90,810
Total liabilities		199,396	154,212
Net assets		426,626	266,842
EQUITY			
Issued capital	12	144,409	157,805
Asset revaluation reserve	13	253,255	76,569
Retained earnings	14	28,962	32,468
Total equity		426,626	266,842

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	ISSUED CAPITAL $'000	ASSET REVALUATION RESERVE $'000	RETAINED EARNINGS $'000	TOTAL $'000
Balance as at 1 July 2013		**161,295**	**83,298**	**18,573**	**263,166**
Net profit/(loss) for the year	14	**-**	**-**	**24,822**	**24,822**
Total other comprehensive income					
Increase/(decrease) in asset revaluation surplus					
Transactions with owners in their capacity as owners					
Contribution net assets by owners	12	490	-	-	490
Distribution to owners	12	(3,980)	-	-	(3,980)
Impairment losses on revalued assets	13	-	(329)	-	(329)
Transfer from/(to) asset revaluation reserve	13,14	-	(7,773)	7,773	-
Income tax equivalent		-	1,373	-	1,373
Dividends provided for or paid	14	-	-	(18,700)	(18,700)
		(3,490)	**(6,729)**	**(10,927)**	**(21,146)**
At 30 June 2014					
		157,805	**76,569**	**32,468**	**266,842**
Net profit/(loss) for the year	14	**-**	**-**	**(7,351)**	**(7,351)**
Total other comprehensive income					
Increase/(decrease) in asset revaluation surplus					
Transactions with owners in their capacity as owners					
Contribution of assets to owners	12	(2,096)	-	-	(2,096)
Distribution to owners	12	(11,300)	-	-	(11,300)
Fair value adjustments on property, plant, and equipment	13	-	257,902	-	257,902
Transfer of revaluation increment in respect of revalued assets disposed	13	-	(5,494)	5,494	-
Income tax equivalent applicable to 2014-15 transactions	7	-	(75,722)	(1,649)	(77,371)
		(13,396)	**176,686**	**3,845**	**167,135**
At 30 June 2015					
		144,409	**253,255**	**28,962**	**426,626**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	2015 $'000	2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		111,064	117,718
Cash paid to suppliers and employees		(63,295)	(53,459)
GST refund by/(remitted to) Australian Taxation Office		(5,125)	(7,414)
Interest paid/received		(1,629)	(1,474)
Income tax equivalents received/(paid)		(22,528)	(5,616)
Net cash inflow/(outflow) from operating activities	16	**18,487**	**49,755**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(14,652)	(7,662)
Proceeds from sale - property, plant and equipment		162	1,729
Net cash inflow/(outflow) from investing activities		**(14,490)**	**(5,933)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity repaid to shareholders		(11,300)	(3,490)
Dividends paid to shareholders		(18,700)	(15,300)
Net cash inflow/(outflow) from financing activities		**(30,000)**	**(18,790)**
Net increase/(decrease) in cash and cash equivalents		(26,003)	25,032
Cash and cash equivalents at beginning of period		84,245	59,213
Cash and cash equivalents at end of period		**58,242**	**84,245**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

North Queensland Bulk Ports Corporation Limited (NQBP) was declared a Company Government Owned Corporation on 19 June 2009 under the provisions of the *Government Owned Corporations Act 1993* and related Regulations, having been originally established on 7 May 2009.

NQBP is a public company limited by shares, incorporated under the *Corporations Act 2001* and domiciled in Australia.

The company's issued capital is controlled by the State of Queensland (the ultimate parent entity). NQBP's registered office is:

Level 1, Waterfront Place
Mulherin Drive
Mackay Harbour Qld 4740

The directors of NQBP, Ports Corporation of Queensland Limited (PCQ) and Mackay Ports Limited (MPL) have resolved to take advantage of the relief offered by Australian Securities and Investment Commission (ASIC) Class Order 98/1418. Under Class Order 98/1418, PCQ and MPL are relieved from preparing, having audited, lodging and distributing financial reports under the *Corporations Act 2001*.

To satisfy the conditions of the Class Order, each member of the Group entered into a Deed of Cross Guarantee on 10 June 2010 (Deed). The effect of the Deed is that each member of the Group has guaranteed the payment of any debt owed to a creditor of the Group in accordance with the Deed. The Deed becomes enforceable in respect of the debt of a member of the Group:

– upon the winding up of the member of the Group where that member is insolvent, has applied to the court to be wound up, upon the report of ASIC that the company cannot pay its debts or under a voluntary winding up; or
– in any other case - if six months after a resolution or order for the winding up of the member of the Group any debt of a creditor of the member of the Group has not been paid in full.

As a result of the *Government Owned Corporations (NQBP Amalgamation) Regulation 2012*, the assets and liabilities of PCQ and MPL were transferred from these subsidiaries to the parent entity, North Queensland Bulk Ports Corporation Limited, on 31 March 2012. This resulted in the two wholly owned subsidiaries becoming dormant entities. The investment in both of these entities was reduced to nil.

From 1 July 2009, NQBP is responsible as a port authority under the *Transport Infrastructure Act 1994* for the management and control of the following prescribed ports:

- Weipa
- Abbot Point
- Mackay
- Hay Point
- Maryborough

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i) Basis of Preparation

The consolidated financial statements include the financial statements of NQBP. The Group has only one trading entity, NQBP. The financial statements for both the group and parent entity, NQBP are identical. The statements are general purpose in nature and reflect the whole of the financial activities of the Group.

The financial report has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report also complies with applicable provisions of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*. NQBP is a for profit entity for the purpose of preparing the financial statements.

The financial statements comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements have been prepared on an accrual basis using the historical cost convention except where specifically stated.

The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

The financial statements were authorised for issue by the Board on 27 August 2015.

ii) Recognition of Revenue and Expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is only recognised where control of the right to be compensated and the stage of completion can be reliably measured. Where the contract outcome cannot be reliably measured, revenue is only recognised to the extent that costs have been incurred.

Revenue received in advance is initially recognised in the Statement of Financial Position (refer Note 10) and then in the Statement of Comprehensive Income when derived.

An expense is recognised to the extent that it is probable that the consumption or loss of future economic benefits has occurred and the expenditure can be reliably measured.

iii) Impairment of Assets

Property, plant and equipment and other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing impairment, assets are grouped at the lowest cash generating unit. For the group, the cash generating units have been based on the geographical location of the assets.

iv) Receivables

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

The ability of receivables to be collected is assessed periodically with provision being made for impaired debts.

v) Property, Plant and Equipment

RECOGNITION THRESHOLD

The recognition threshold for non-current assets is $1,000. Assets are only recognised if it is probable that future economic benefits from the item will flow to the Group.

VALUATION

Land, channels, infrastructure (including buildings) and major plant and equipment are measured at fair value in accordance with *AASB 116 Property, Plant and Equipment, and AASB 13 Fair Value Measurement*. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and impairment losses where applicable.

The fair values of these assets are reviewed on an annual basis either by appraisals undertaken by an independent professional valuer or internal expert, or by the use of appropriate and relevant indices.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

v) Property, Plant and Equipment (continued)

VALUATION (CONTINUED)

Revaluations using an independent professional valuer or internal expert appraisals are undertaken at least once every five years. However, if a particular asset class experiences significant and volatile changes in fair value, that class is subject to specific appraisal in the reporting period, where practicable, regardless of the timing of the last specific appraisal. Where an asset class has not been specifically appraised in the reporting period, their valuations are materially kept up-to-date via the application of relevant indices which provide a valid estimation of the assets' fair values at reporting date.

Any revaluation increment arising on the revaluation of an asset is recognised in Other Comprehensive Income and accumulated in the asset revaluation reserve, except to the extent it reverses a revaluation decrement for the asset previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that asset.

In respect of the abovementioned asset classes, the cost of items acquired during the 2014-2015 financial year has been determined by management to materially represent their fair value at the end of the reporting period.

The fair values are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs (refer to Note 2(vii)).

Plant and equipment (that is not classified as major plant and equipment) is measured at cost, less accumulated depreciation and accumulated impairments. The carrying amounts for such plant and equipment at written down value is considered to materially reflect their fair value. Capital work in progress is measured at cost.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

vi) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases and capitalised at inception of the lease at the fair value of the leased property, or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

When assets are leased out under finance leases, the present value of the lease payments is recognised as a lease receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the lease term using the net investment method which reflects a constant periodic rate of return.

Leases where the lessor retains substantially all the risks and rewards of ownership of the net asset are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in the Statement of Comprehensive Income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying value of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

vii) Investment Properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost including transaction costs. Where an investment property is acquired at no or nominal cost it is recognised at fair value. Investment property is subsequently carried at fair value, being revalued as at each reporting date. Fair value is based on selling prices in an active property market adjusted, if necessary, to reflect the nature, location or condition of the specific investment property. If there is no active property market, alternative valuation methods are used, such as recent selling prices in less active markets, or discounted cash flow projections.

Gains or losses arising from changes in the fair value of investment property are included in the Statement of Comprehensive Income for the period in which they arise. As the Group's investment properties are carried at fair value, they are not depreciated and are not tested for impairment.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification is transferred to property, plant and equipment.

Rental revenue from investment properties is recognised as income on a periodic straight line basis over the lease term.

viii) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by NQBP include, but are not limited to, published sales data for land and general office buildings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

viii) Fair Value Measurement (continued)

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the Group include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the assets/liabilities, internal records of recent construction costs (and/or estimates of such costs) for assets' characteristics/functionality, and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

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

All assets and liabilities of the Group for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

Level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;

Level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and

Level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

None of the Group's valuations of assets are eligible for categorisation into level 1 of the fair value hierarchy. There were no transfers of assets between fair value hierarchy levels during the period.

More specific fair value information about the Group's Investment Properties and Property, Plant and Equipment is outlined in Notes 8 and 9 respectively.

ix) Depreciation

Depreciation is calculated on a straight line basis to write off the net cost or revalued amounts of each item of property, plant and equipment (excluding land), less its residual value, over its expected useful life. Estimates of useful lives and residual values are reviewed on an annual basis for all assets.

Capital work in progress is not depreciated until it reaches service delivery capacity.

The expected useful lives for major assets are as follows:

Channels	35 – 100 years
Infrastructure and major plant and equipment	5 – 50 years
Plant and equipment	5 – 50 years

Major spares purchased specifically for particular plant are capitalised and depreciated on the same basis as the plant to which they relate.

x) Income Tax Equivalent

The Group is exempt from income tax under section 23(d) of the *Income Tax Assessment Act* but is subject to the provisions of the National Tax Equivalent Regime (NTER) in accordance with Part 2 of the Treasurer's Tax Equivalents Manual and pursuant to Section 129 of the *Government Owned Corporations Act 1993*.

The income tax equivalent expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax equivalent assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid.

Deferred income tax equivalent is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax equivalent is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax equivalent asset is realised or the deferred income tax equivalent liability is settled.

Deferred tax equivalent assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax equivalent assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax equivalent assets and liabilities are offset where NQBP has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

An election has been made to participate in the tax consolidation regime. As a consequence, the Group is taxed as a single entity.

Current and deferred tax equivalent is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

xi) Payables

Payables are recognised for amounts payable in the future for goods and services received, whether or not invoices have been received. Creditors are generally unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.

xii) Provisions

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

A provision for dividend is not recognised as a liability unless the dividend is declared, determined or publicly recommended on or before the reporting date.

xiii) Employee Benefits

Liabilities for wages and salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date in respect of employees' service up to that date, having regard to expected future employee remuneration rates and oncosts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

xiii) Employee Benefits (continued)

SUPERANNUATION

The group makes contributions to the State Public Sector Superannuation Scheme (QSuper) on behalf of its employees concerning superannuation. QSuper is an employer-sponsored fund, with the majority employer being the State of Queensland. There are a number of membership categories in QSuper, which are either accumulation or defined benefits in nature.

The Treasurer has ultimate responsibility for funding payments to defined benefit members. The State has in place funding arrangements designed to meet the defined benefit obligations for its members. The Treasurer has the ability to require employers to pay any amounts needed to meet these benefits. Generally, this is handled through the regular standard fortnightly contributions paid by every employer, which has been determined on the advice of the State Actuary. No directions varying this contribution have been received by the group to reporting date.

The State Actuary makes a recommendation to the Treasurer on the standard employer contribution rate required to fund the normal range of benefits at the conclusion of each triennial actuarial investigation. The most recent actuarial investigation was completed in 2013 and the actuary's recommended to leave the employer contribution rate unchanged. This investigation is undertaken on QSuper as a whole and is not segregated into different employers or occupations.

LONG SERVICE LEAVE

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date, having regard to expected employee remuneration rates and oncosts.

xiv) Non-reciprocal transactions

Transfers of assets and/or liabilities via transfer notices are accounted for as a transfer under *Interpretation 1039 Contributions by Owners Made to Wholly Owned Public Sector Entities* or in accordance with the Office of Government Owned Corporation's Accounting Policy for non-reciprocal liability and net liability transfers.

xv) Goods and Services Tax (GST)

Revenues and expenses are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority. In this case, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

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

xvi) Critical Accounting Estimates and Judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions with the most significant effect on the financial statements are outlined in the following notes:

- Valuation of Investment Properties and Property, Plant and Equipment - Notes 2 (v) – (viii), Note 8 and 9;
- Provisions - Note 2(xii) and Note 11;
- Contingencies - Note 19; and
- Depreciation and Amortisation - Note 2(ix) and Note 6.

The Group did not voluntarily change any of its accounting policies during 2014-15. There were no new Australian Accounting Standard changes applicable for the first time as from 2014-15 that have had a significant impact on the Group's financial statements.

xvii) New and Amended Standards and Interpretations Not Yet Adopted

A number of new and revised standards will apply from the reporting periods beginning on or after 1 January 2015, however, they are not applicable to NQBP with the exception of:

- *AASB15 Revenue from Contracts with Customers* was issued on 28 May 2014 for application in 2018, and
- *AASB 117 Leases beginning on 1 July 2015.*

Neither of these standards are expected to have a material impact on the Group.

xviii) Comparative Figures

Comparative information has been adjusted to conform to changes in presentation for the current financial year.

xix) Rounding

In accordance with ASIC Class Order 98/100 and unless otherwise stated, amounts included in the financial statements have been rounded to the nearest thousand dollars.

3. FINANCIAL RISK MANAGEMENT

The Group has Board-approved financial policies for overall risk management including the mitigation of liquidity and credit risks.

FINANCIAL ASSETS

The Group holds interest bearing assets with Queensland Treasury Corporation (QTC) and the Commonwealth Bank of Australia.

SENSITIVITY

At 30 June 2015, if interest rates had changed by +/- 100 basis points from the year end rate with all other variables held constant, pre-tax profit would have been adjusted by $0.7 million (2014: $0.6 million) as a result of higher/lower interest income.

FINANCIAL LIABILITIES

The Group's main interest rate risk arises from long-term borrowings. Loan borrowings provided by QTC are held within debt pools specific to NQBP. The debt pools comprise both fixed and floating rate debt instruments and, as a result, the overall interest rates on the pools can vary with changes in market interest rates. An annual book rate review is undertaken by QTC as at 1 July each year. A Competitive Neutrality Fee is also applied by QTC to the value of the debt, in order to reflect the true stand-alone cost of debt for the Group.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL LIABILITIES (CONTINUED)

The Group seeks to match interest rate risks with revenue streams resultant from assets. For long-term pricing agreements the Group seeks to adjust revenue for movements in interest rates on at least a five-yearly basis.

As at the reporting date, the Group had the following variable rate borrowings:

	2015		2014	
	WEIGHTED INTEREST RATE	BALANCE $'000	WEIGHTED INTEREST RATE	BALANCE $'000
Queensland Treasury Corporation - book value	5.22%	66,559	5.49%	66,559
Queensland Treasury Corporation - market value		69,551		69,622

SENSITIVITY

At 30 June 2015, if interest rates had changed by +/- 100 basis points from the year end rate with all other variables held constant, the Group's pre-tax profit would have been adjusted by $0.7 million (2014: $0.7 million) lower/higher as a result of higher/lower interest expense. The increase/decrease in interest cost is the result of periodic rebalancing over the year.

The Board has approved policies to ensure that agreements are entered into with both customers of sufficient financial substance and with appropriate credit history. For some trade receivables, the Group may also obtain security in the form of bank or other guarantees, which can be called upon if the counterparty is in default under the terms of the agreement. Derivative counterparties and cash transactions are limited to QTC or other high credit quality financial institutions.

At reporting date, the exposure to credit risk is materially equal to the carrying value of financial assets in the Statement of Financial Position, and collateral held was immaterial.

There were no indicators of impaired receivables relating to trade debtors for 2014-15. Included in financial assets are debtors with a carrying amount of $744,259 (2014:$921,691) which are past due, and not impaired, at the reporting date. No collateral is held over these balances, however, the Group believes they are recoverable. The credit quality of financial assets that are neither past due nor impaired has been assessed as recoverable by reference to external credit ratings (if available) or to historical information about counterparty default rates.

The Group manages liquidity risk by monitoring forecast and actual cash flows and matching these to approved borrowing levels, as detailed in the Statement of Corporate Intent, through QTC. The Group also has access to a working capital facility with QTC to a limit of $15 million (2014: $15 million), however this facility has not been used. An analysis of financial liabilities by remaining contractual maturity is as follows:

	0 TO 1 YEAR $'000	1 TO 5 YEARS $'000	OVER 5 YEARS $'000	TOTAL $'000
2015				
Trade and other payables	31,317	46	13,316	44,679
Queensland Treasury Corporation borrowings	3,526	14,075	65,207	82,808
	34,843	14,121	78,523	127,487
2014				
Trade and other payables	30,510	46	8,425	38,981
Queensland Treasury Corporation borrowings	3,701	14,814	66,158	84,673
	34,211	14,860	74,583	123,654

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

All borrowing rates include administration charges, margins, competitive neutrality fees and incorporate book rate reviews effective 1 July 2015.

FAIR VALUE ESTIMATIONS

The carrying value of trade receivables (net of provision for impaired debts) and payables are assumed to approximate their fair values due to their short-term nature. The fair value of borrowings is determined by QTC using discounted cash flow analysis and the effective interest rate.

4. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it continues as a going concern, in order to continue providing returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce its cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure is monitored using the gearing ratio. The ratio is calculated as debt divided by debt plus total capital. Total capital is calculated as equity as shown in the Statement of Financial Position.

The Group's policy is to annually review its capital structure and review the appropriateness of the capital structure when major investments are proposed. Industry averages for gearing ratios have been assessed to fall within 30% to 53% and NQBP uses these rates as benchmarks when assessing the level of borrowings to capital.

The Group's gearing ratio calculation is shown in the table below:

	2015 $'000	2014 $'000
Total borrowings	66,559	66,559
Total capital	426,626	266,842
	493,185	333,401
Gearing ratio	13.50%	19.96%

5. REVENUE AND OTHER INCOME

	2015 $'000	2014 $'000
REVENUE		
Vessel income	63,183	56,388
Port usage income	12,666	8,252
Rental income from investment properties	10,190	9,699
Other rental income	6,088	6,067
Underwriting income	-	14,231
Insurance recoveries	4,861	-
Expense recoveries	3,590	3,297
Interest	2,086	2,498
Royalties	27	99
Other revenue	198	261
	102,889	100,792
OTHER INCOME		
Net gain/(loss) on disposal of property, plant and equipment	(85)	13

Underwriting revenue represents funding received from project proponents to offset the realisation of NQBP's investment risk in projects. This revenue is brought to account in accordance with the provisions of the relevant contracts relating to when the Group has no obligation to repay the amounts to those proponents.

Insurance recoveries received during the year relate to cyclone damage, which is offset by an increase in repairs and maintenance expense.

6. PROFIT BEFORE INCOME TAX EQUIVALENT EXPENSE

(i) Profit Before Income Tax for the Year includes the following specific expenses:

	NOTE	2015 $'000	2014 $'000
DEPRECIATION EXPENSE			
Channels	9	3,056	3,191
Infrastructure and major plant and equipment	9	4,162	4,461
Plant and equipment	9	1,171	1,177
		8,389	8,829
EMPLOYEE BENEFITS EXPENSE			
Salary and wages		19,265	16,571
Employee related costs		2,215	1,937
		21,480	18,508
FINANCE COSTS			
Interest paid/payable		3,661	3,880
		3,661	3,880
IMPAIRMENT/WRITE OFF			
Write-down of inventories to net realisable value		-	5
Impairment losses on capital work in progress	9	27,224	8,833
Impairment losses on plant and equipment	9	888	-
Fair value adjustment for property, plant and equipment	9	9,484	-
Fair value adjustment for investment properties	8	867	-
		38,463	8,838
PROPERTY EXPENSES (INCLUDING INVESTMENT PROPERTIES)			
Land Tax		2,182	2,275
Rates and utilities		2,299	1,477
Other property expenses		2,741	2,296
		7,222	6,048

6. PROFIT BEFORE INCOME TAX EQUIVALENT EXPENSE (CONTINUED)

(i) Profit Before Income Tax for the Year includes the following specific expenses (continued):

EMPLOYEE BENEFITS EXPENSE

Employee benefits expense in 2013-14 was impacted by the transfer of the Pilotage services in November 2013 from Maritime Services Queensland to the Group pursuant to Part 2A, Division 2, Section 12F of the *Maritime Safety Queensland Act 2002*.

A voluntary redundancy program was undertaken in the 2014-15 financial year which increased employee costs for the year.

IMPAIRMENT/WRITE OFF

As part of the annual review process, the value of capital work in progress assets has been reviewed to ensure that there is reasonable expectation that future economic benefits will be derived from each project. Where future economic benefit cannot be reasonably identified, project costs are expensed. In 2014-15, NQBP expensed $27.224 million of impairment losses associated with investments in port development initiatives due to the deterioration in the economic outlook for the coal industry.

(ii) Auditor's Remuneration

	2015 $'000	2014 $'000
Amounts paid, or due and payable, to the Queensland Audit Office for auditing the accounts (The Queensland Audit Office does not provide any other professional services to the Group.)	78	83
Amounts paid, or due and payable, to third parties for providing internal audit services	56	25

7. INCOME TAX EQUIVALENT

	2015 $'000	2014 $'000
(i) Recognised in the Statement of Comprehensive Income		
CURRENT TAX EXPENSE		
Current tax expense	(7,348)	(16,485)
(Over)/Under provisions prior year	-	2,720
Deferred tax asset	5,984	2,620
Deferred tax liability	4,511	3,625
TOTAL CURRENT INCOME TAX (INCOME)/EXPENSE	**3,147**	**(7,520)**
(ii) Numerical Reconciliation Between Tax Expense and Pre-Tax Net Profit		
Prima facie income tax equivalent calculated at 30% on the profit/loss before tax	(3,150)	9,702
INCREASE IN INCOME TAX EXPENSE DUE TO:		
Non deductible entertainment	3	5
Others - legal fees from Abbot Point sale post completion matters	-	1
Asset revaluation reserve prior year	-	532
DECREASE IN INCOME TAX EXPENSE DUE TO:		
Overprovision for income tax	-	(2,720)
INCOME TAX EXPENSE ON PRE-TAX NET PROFIT	**(3,147)**	**7,520**

7. INCOME TAX EQUIVALENT (CONTINUED)

	2015 $'000	2014 $'000
(iii) Deferred Income Tax Equivalent Assets		
RECOGNISED DEFERRED TAX ASSETS		
Property, plant and equipment	4,993	3,039
Accounts payable and other liabilities	10,726	9,116
Provisions	1,007	979
TAX ASSETS	**16,726**	**13,134**
Opening balance	13,134	10,513
Under/(Over)provision for tax in prior years	(2,392)	1
(Charge)/credit to Statement of Comprehensive Income	5,984	2,620
CLOSING BALANCE	**16,726**	**13,134**
(iv) Deferred Income Tax Equivalent Liabilities		
RECOGNISED DEFERRED TAX LIABILITIES		
Property, plant and equipment	101,523	28,660
Accounts receivable and other assets	3	6
TAX LIABILITIES	**101,526**	**28,666**
Opening balance	28,666	26,986
Prior year adjustments	-	6,678
Reclassification between deferred tax asset and income tax expense	77,371	(1,373)
(Charge)/credit to Statement of Comprehensive Income	(4,511)	(3,625)
CLOSING BALANCE	**101,526**	**28,666**
DEFERRED TAX BALANCES ARE PRESENTED IN THE STATEMENT OF FINANCIAL POSITION AS FOLLOWS:		
Deferred income tax equivalent assets	16,726	13,134
Deferred income tax equivalent liabilities	101,526	28,666
DEFERRED INCOME TAX EQUIVALENT LIABILITIES/(ASSETS)	**84,800**	**15,532**

Given the Group is subject to the National Taxation Equivalent Regime with no retail shareholders, details of the franking account have not been disclosed.

8. INVESTMENT PROPERTIES

During the year $21.21 million (2014: $1.48 million) of investment property was reclassified to property, plant and equipment, in accordance with the use under approved Land Use Plans. Only properties held in the Port Support Precinct and Port Related Commercial Precinct in the Land Use Plans are considered to be investment properties.

The investment properties comprise land and improvements held for the purpose of letting to produce rental income or capital appreciation. Investment properties were measured at fair value at 30 June 2015 as independently determined by Knight Frank.

	NOTE	2015 $'000	2014 $'000
At fair value			
Balance at beginning of year		38,745	40,225
Additions		105	-
Transfers (to)/from other asset classes	9	(21,213)	(1,480)
Fair value adjustments	6	(867)	-
Balance at end of year		**16,770**	**38,745**

8. INVESTMENT PROPERTIES (CONTINUED)

Fair value was derived by reference to market based evidence including observable sales data for similar properties in similar localities and port locations and adjusted for size, location, zoning and features of the other sites compared with the features of the subject property. Due regard for highest and best use of each parcel of land was taken into consideration.

The valuations were categorised within level 2 of the fair value hierarchy.

In between independent valuations, investment properties are adjusted by indexation where material, using appropriate indices (refer Note 2(v)).

Rental income from investment property recognised in the operating result is $10.2 million (2014: $9.7 million).

	2015 $'000	2014 $'000
Leasing arrangements		
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:		
- not later than one year	8,652	8,749
- later than one year and not later than five years	27,449	28,317
- greater than five years	91,102	96,251
	127,203	**133,317**

Investment property expenses of $1.8 million (2014: $1.3 million) are included in property expenses (see Note 6).

9. PROPERTY, PLANT AND EQUIPMENT

	2015 $'000	2014 $'000
LAND		
At fair value	178,147	94,742
	178,147	**94,742**
CHANNELS		
At fair value	244,475	212,410
Accumulated depreciation	-	(110,669)
	244,475	**101,741**
INFRASTRUCTURE AND MAJOR PLANT AND EQUIPMENT		
At fair value	101,261	123,160
Accumulated depreciation	-	(70,907)
	101,261	**52,253**
PLANT AND EQUIPMENT		
At cost	7,404	13,036
Accumulated depreciation	(4,809)	(7,143)
	2,595	**5,893**
Capital work in progress - at cost	6,599	33,114
	6,599	**33,114**
Total non-current property, plant and equipment	**533,077**	**287,743**

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Asset Valuations

As at 30 June 2015, NQBP completed an independent valuation of property, plant and equipment in accordance with AASB 13 Fair Value Measurement. As part of this process, a number of assets have been reclassified so as to establish a consistent asset hierarchy across all ports.

Land has been independently valued by Knight Frank (Townsville) utilising the market valuation approach with reference to market evidence including observable sales data for similar properties in similar localities and adjusted for size, location, zoning and features of other sites compared with the features of NQBP's land. Due regard to highest and best use of each land parcel was taken into consideration. The valuation approach has been categorised within level 2 of the fair value hierarchy.

Other major assets (including channels, infrastructure and major assets) have been valued using a combination of the cost and income valuation approaches with fair value being the lower of these approaches because fair value is an exit price and market participants would not pay more than the lower of:

- The cost to replace the service capacity of the asset (the cost approach), or
- The amount that could be recovered from future use of the asset (the income approach).

The basis of the valuation of these major assets has been categorised within level 3 of the fair value hierarchy.

Level 3 Significant Valuation Inputs and Relationship to Fair Value

In undertaking the valuation of the major assets, due consideration has been given to the degree of obsolescence (physical, functional/technical and economic) associated with each of these assets.

COST APPROACH

NQBP engaged AECOM Australia Pty Ltd to undertake an independent valuation on the depreciated replacement cost of each of the major assets. The following table identifies the key unobservable (level 3) inputs assessed during the cost valuation process.

SIGNIFICANT UNOBSERVABLE INPUTS	UNOBSERVABLE INPUTS – GENERAL EFFECT ON FAIR VALUE MEASUREMENT
Replacement cost estimate	Replacement cost is based on the expected price to be incurred to acquire a similar asset. An increase in the estimated replacement cost would increase the fair value of the assets. A decrease in the estimated replacement cost would reduce the fair value of the assets.
Remaining useful lives estimate	The remaining useful lives are based on industry benchmarks and the estimated date of the planned dredging activities. An increase in the estimated remaining useful lives would increase the fair value of the assets. A decrease in the estimated remaining useful lives would reduce the fair value of the assets.
Condition assessment	The condition assessment is based on the physical state of each asset (including both physical and functional/technical obsolescence). An improvement in the condition assessment would increase the fair value of the assets. A decline in the condition assessment would reduce the fair value of the assets.

INCOME APPROACH

NQBP developed a discounted cash flow model based on the expected cash flows at each of its ports and pilotage activities. The net present value of the cash flows of the assets at each port and pilotage operations has been allocated across the individual assets in the operation. The key assumptions as used for discounted cash flow calculations were:

- business cash flow forecasts were developed having regard to the Board approved five year financial plans and port pricing
- cash flows were forecast over a five-year time horizon with a terminal value at the end of year five unless it was determined that longer term forecasts would provide greater forecasting accuracy
- a post-tax, nominal discount rate of 7.32% and an inflation rate was forecast at 2.5% and used in the calculations.

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The following table identifies the key unobservable (level 3) inputs assessed during the income valuation process.

SIGNIFICANT UNOBSERVABLE INPUTS	BASIS	INPUTS	RELATIONSHIP BETWEEN INPUTS AND FAIR VALUE
Revenue	Derived from a combination of forward estimates of port charges and tonnage throughput plus returns from customer specific contractual arrangements.	Inputs vary by port depending on the relative maturity of the port, economic demand for commodities, and customer contracts	The higher the revenue growth, the higher the fair value.
Operating expenses	First five years are based on expected costs, with growth applied beyond that period as forecast by management.	Average growth after 5 years of 2.5%	The higher the operating expense, the lower the fair value.
Capital expenditure	First five years are based on planned capital expenditure, with capital expenditure beyond that period forecast by management.	Inputs vary by port depending on the assets in the port and the level of growth and renewal capital expenditure required to support revenue growth	The higher the capital expenditure, the lower the fair value.
Terminal value	Terminal values are used to calculate growth in perpetuity where it is reasonable to assume stable cash flows growing at a steady rate.	Growth rate of 2.5%	The higher the growth rate assumed in the terminal value, the higher the fair value.
Discount rate	This rate has been determined in consultation with independent experts and represents a reasonable rate of return expected by market participants.	7.32%	The higher the discount rate, the lower the fair value.

(i) Reconciliation

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial years are set out below.

2015	LAND $'000	CHANNELS $'000	INFRASTRUCTURE AND MAJOR PLANT AND EQUIPMENT $'000	PLANT AND EQUIPMENT $'000	CAPITAL WORK IN PROGRESS $'000	TOTAL $'000
Carrying amount at opening balance	94,742	101,741	52,253	5,893	33,114	287,743
Additions	2,627	-	9,308	1,903	709	14,547
Disposals	(41)	-	(2,190)	(112)	-	(2,343)
Depreciation expense	-	(3,056)	(4,162)	(1,171)	-	(8,389)
Transfer assets between classes and investment properties	14,733	(1,433)	10,941	(3,028)	-	21,213
Fair value adjustments to Statement of Comprehensive Income	8,707	(7,872)	(10,319)	-	-	(9,484)
Impairment losses to Statement of Comprehensive Income	-	-	-	(888)	(27,224)	(28,112)
Revaluations to asset revaluation reserve	57,379	155,095	45,430	(2)	-	257,902
CARRYING AMOUNT AT BALANCE DATE	**178,147**	**244,475**	**101,261**	**2,595**	**6,599**	**533,077**

2014	LAND $'000	CHANNELS $'000	INFRASTRUCTURE AND MAJOR PLANT AND EQUIPMENT $'000	PLANT AND EQUIPMENT $'000	CAPITAL WORK IN PROGRESS $'000	TOTAL $'000
Carrying amount at opening balance	95,220	106,928	55,242	4,581	36,342	298,313
Additions	792	-	119	1,146	5,605	7,662
Disposals	(1,351)	(3)	(327)	(40)	-	(1,721)
Depreciation expense	-	(3,191)	(4,461)	(1,177)	-	(8,829)
Transfer assets between classes and investment properties	410	(1,993)	1,680	1,383	-	1,480
Impairment losses to Statement of Comprehensive Income	-	-	-	-	(8,833)	(8,833)
Impairment losses to asset revaluation reserve	(329)	-	-	-	-	(329)
CARRYING AMOUNT AT BALANCE DATE	**94,742**	**101,741**	**52,253**	**5,893**	**33,114**	**287,743**

10. TRADE AND OTHER PAYABLES

	2015 $'000	2014 $'000
Current		
Trade payables	4,079	1,476
Contract creditors	125	770
Lease rentals received in advance	5,188	5,553
Revenue received in advance	14,638	17,681
Interest payable - Queensland Treasury Corporation	913	967
Accrued expenses	5,319	2,821
Other payables	1,055	1,242
	31,317	**30,510**
Non-Current		
Contract creditors	6	6
Lease rentals received in advance	13,356	8,465
	13,362	**8,471**

11. PROVISIONS

	2015 $'000	2014 $'000
Current		
Employee benefits	3,088	2,814
Dividend	-	18,700
	3,088	**21,514**
Non-Current		
Long term employee benefits	270	248
	270	**248**

Employee Benefits

Current employee benefits include annual leave and the current portion of long service leave.

Long-term Employee Benefits

A provision has been recognised for employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been included in Note 2 (xiii).

12. ISSUED CAPITAL

	2015 NO. OF SHARES	2015 $'000	2014 NO. OF SHARES	2014 $'000
Opening balance	138,913,824	157,805	138,913,824	161,295
Distribution to owners	-	(11,300)	-	(3,980)
Contribution of assets by/(to) owners	-	(2,096)	-	490
Closing balance	**138,913,824**	**144,409**	**138,913,824**	**157,805**

13. ASSET REVALUATION RESERVE

		2015 $'000	2014 $'000
Opening balance		76,569	83,298
Fair value adjustments on revalued assets	9	257,902	(329)
Income tax equivalent applicable		(77,371)	99
Transfer to retained earnings in respect of revalued assets disposed		(5,494)	(7,773)
Income tax equivalent applicable		1,649	1,274
Closing balance		**253,255**	**76,569**

14. RETAINED EARNINGS

	2015 $'000	2014 $'000
Opening balance	32,468	18,573
Net profit/(loss) for the period	(7,351)	24,822
Transfer from asset revaluation reserve net of tax	3,845	7,773
Dividend provided for or paid	-	(18,700)
Closing balance	**28,962**	**32,468**

15. INVESTMENTS IN CONTROLLED ENTITIES

NQBP owns 100% of the shares in PCQ and MPL. On 31 March 2012 all assets and liabilities of these entities were transferred at book value to NQBP leaving the two wholly owned subsidiaries as dormant entities and reducing the investment to nil.

Pursuant to Class Order 98/1418, relief has been granted to PCQ and MPL from the *Corporations Act 2001* requirements for the preparation, audit and lodgement of their financial reports. The parent entity's financial information is the same as the consolidated position for the Group.

16. NOTES TO THE STATEMENT OF CASH FLOWS

(i) Reconciliation of Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in at call deposits or loan offset accounts with banks and other financial institutions. Cash at the end of the 2014-2015 financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

(ii) Reconciliation of Net Profit for the Period to Net Cash provided by Operating Activities

	2015 $'000	2014 $'000
Net profit/(loss) for the year	(7,351)	19,834
Depreciation and amortisation	8,389	8,829
Loss on sale of fixed assets	85	-
Net (gain) on sale of property, plant and equipment	-	(13)
Impairment	37,596	8,838
Fair value adjustment to investment property	867	-
CHANGE IN OPERATING ASSETS		
- Decrease (increase) in trade and other receivables	(1,271)	(706)
- Decrease (increase) in inventories	-	646
- Decrease (increase) in other current assets	(147)	(390)
- Increase (decrease) in trade and other payables	5,698	8,794
- Increase in other provisions	296	665
- Increase (decrease) in current tax equivalent liabilities	(17,572)	(2,163)
- Increase (decrease) in net deferred tax equivalent liabilities	(8,103)	5,421
NET CASH FLOW FROM OPERATING ACTIVITIES	**18,487**	**49,755**

17. KEY MANAGEMENT PERSONNEL DISCLOSURES

(i) Key Management Personnel Compensation

	2015 $'000	2014 $'000
Short-term benefits	1,688	1,825
Post employment benefits	205	234
Other long-term benefits	9	21
	1,902	**2,080**

(ii) Compensation - Directors

NAME	POSITION	SHORT-TERM EMPLOYEE BENEFITS (a) $'000	POST EMPLOYMENT BENEFITS (b) $'000	TOTAL (c) $'000
2015				
P Milton	Chairman	57	10	67
S Golding	Director	35	3	38
K Kuiper	Director	33	3	36
P Tait	Director	29	3	32
S Brown	Director	33	3	36
G Johnstone	Director	28	3	31
A Chambers	Director	27	3	30
A Grummitt	Director	29	3	32
		271	**31**	**302**

G Johnstone resigned as director on 30 April 2015, and A Chambers resigned on 23 April 2015.

NAME	POSITION	SHORT-TERM EMPLOYEE BENEFITS (a) $'000	POST EMPLOYMENT BENEFITS (b) $'000	TOTAL (c) $'000
2014				
P Milton	Chairman	55	7	62
S Golding	Director	32	3	35
K Kuiper	Director	31	3	34
P Tait	Director	32	3	35
S Brown	Director	18	2	20
G Johnstone	Director	32	3	35
A Chambers	Director	31	3	34
A Grummitt	Director	26	2	28
		257	**26**	**283**

(a) Total employment cost (as determined by the Governor-in-Council) which includes packaged benefits and fees for committee work as determined by shareholding Ministers.

(b) Post employment benefits represent the minimum level statutory payments pursuant to the *Commonwealth Superannuation (Administration) Act 1992* and includes other amounts from salary sacrifice arrangements.

(c) Directors received no additional remuneration for their role as director in relation to subsidiary companies.

17. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(iii) Compensation – Other Key Management Personnel

NAME	POSITION	DATE APPOINTED
Steve Lewis	Chief Executive Officer	7 July 2014
Jeffrey Stewart-Harris	Chief Operating Officer	21 May 2007
Grant Gaston	Acting General Manager - Business Development	14 October 2013
Peter Sinnott	Company Secretary/General Counsel	9 January 2012
Bernard Wilson	Chief Financial Officer	7 February 2011

	SHORT-TERM BENEFITS					POST EMPLOYMENT BENEFITS	OTHER LONG-TERM BENEFITS		
POSITION	CASH SALARY (a) $'000	NON MONETARY BENEFITS (b) $'000	UNUSED ANNUAL LEAVE $'000	BONUS $'000	TOTAL SHORT-TERM EMPLOYEE BENEFITS $'000	SUPERANNUATION $'000	UNUSED LSL FOR THE YEAR ONLY $'000	RETIREMENT/ TERMINATION BENEFITS $'000	TOTAL $'000
2015									
Chief Executive Officer	358	6	7	-	**371**	34	-	-	**405**
Chief Executive Officer (former)*	-	-	-	29	**29**	-	-	-	**29**
Chief Operating Officer	303	-	-	19	**322**	35	9	-	**366**
Acting General Manager - Business Development	176	8	-	11	**195**	18	-	-	**213**
Company Secretary/ General Counsel	207	8	-	15	**230**	40	-	-	**270**
Chief Financial Officer	243	8	-	20	**271**	48	-	-	**319**
	1,287	**30**	**7**	**94**	**1,418**	**175**	**9**	**-**	**1,602**

* Chief Executive Officer (former) - left on 30 June 2014 and was entitled to receive a performance bonus relating to 2013-14.

	SHORT-TERM BENEFITS					POST EMPLOYMENT BENEFITS	OTHER LONG-TERM BENEFITS		
POSITION	CASH SALARY (a) $'000	NON MONETARY BENEFITS (b) $'000	UNUSED ANNUAL LEAVE $'000	BONUS $'000	TOTAL SHORT-TERM EMPLOYEE BENEFITS $'000	SUPERANNUATION $'000	UNUSED LSL FOR THE YEAR ONLY $'000	RETIREMENT/ TERMINATION BENEFITS $'000	TOTAL $'000
2014									
Chief Executive Officer (former)**	418	8	-	47	**473**	78	12	416	979
Chief Operating Officer	308	-	-	35	**343**	28	9	-	380
Acting General Manager - Business Developments	171	8	-	18	**197**	16	-	-	213
Company Secretary/ General Counsel	212	8	5	25	**250**	38	-	-	288
Chief Financial Officer	258	8	9	30	**305**	48	-	-	353
	1,367	**32**	**14**	**155**	**1,568**	**208**	**21**	**416**	**2,213**

** Chief Executive Officer (former) - left on 30 June 2014

17. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(iii) Compensation – Other Key Management Personnel (continued)

(a) Total employment cost which includes packaged benefits (such as salary sacrifice relating to employer-provided motor vehicles used by an employee for private purposes, additional superannuation, professional memberships and any exempt benefits). Also included in this category is the car parking benefit provided to meet work requirements. The amount represents the grossed up statutory formula fringe benefit amount. Unused annual leave and bonuses paid for 2015 are included.

(b) This represents the minimum level statutory payments pursuant to the *Commonwealth Superannuation (Administration) Act 1992*.

(c) Executives may also earn performance based at-risk incentives which are determined at the discretion of the Board of Directors and paid in the year subsequent to the performance period and therefore form part of the compensation in that subsequent period.

(d) Executives received no additional remuneration for their role as executives in relation to subsidiary companies.

(iv) Compensation Principles

Directors are paid in accordance with rates approved by Government or in accord with Government guidelines.

Following the recent policy changes in February 2014 to the Policy for Government Owned Corporations Chief and Senior Executive Employment Arrangements 2013, the Chief Executive Officer (CEO) and senior executive appointments are to be made by contracts with no nominal expiry date.

For all new employment contracts entered into after March 2014, NQBP will provide the CEO and senior executives with a termination payment equal to the greater of three months (thirteen weeks) of their executive's salary or the redundancy pay period provided for in Chapter 2 of the *Fair Work Act 2009*.

Existing contracts entered into prior to March 2014 continue to maintain the existing provisions of severance payment and redundancy clauses. It has been determined that these entitlements will be addressed through either natural attrition and/or the cessation of a senior executive contract term.

Where an extension is provided for in the contract, the current contract term will end following the expiration of the extension period (where the Board exercises the extension).

Reappointments will be on a tenured basis. An offer of further employment, without any significant variation in accountabilities or remuneration, would not trigger a termination payment.

Where a senior executive has a contract under the previous policy and that contract term ceases, or an extension is not approved, the following termination payments would apply:

- where the executive's employment is terminated on the termination date, that is, where further employment beyond the termination date is not approved – severance payment of 12 weeks' salary will apply; or
- where the executive's employment is terminated prior to the termination date, the severance payment is equal to the greater of 4 weeks' salary or 2 weeks' salary per year of continuous service (to a maximum 52 weeks salary) plus a separation payment, equal to 20% of the salary the senior executive would have earned had employment continued until the termination date.

Remuneration recommendations for executives are reviewed annually by the Human Resources and Industrial Relations Committee, before consideration and approval by the Board. Remuneration for executives in 2013-14 was determined in accordance with the Queensland Government's Government Owned Corporation Governance Arrangements for Chief and Senior Executives, as reflected in NQBP's policies and procedures for Recruitment and Selection, Chief Senior Executives and Senior Employees Governance Arrangements.

Employees acting in the role of a senior executive are subject to the terms and conditions of their existing contract.

(v) Aggregate Performance Payments

	2015 $'000	2014 $'000
Aggregate performance bonuses paid	504	697
Total salaries paid (employees receiving a performance payment)	11,499	11,871
Number of employees who received a performance payment	108	107

(vi) Categories of Performance Related Payments

Directors do not receive performance related payments.

The CEO participates in a performance pay scheme with agreed targets of profit, operational and environmental performance set by the Board. The proposed performance payments for the 2014-2015 year have been approved by the Board and scheduled to be paid August 2015.

17. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(vi) Categories of Performance Related Payments (continued)

OTHER KEY MANAGEMENT PERSONNEL

NQBP operates a performance pay scheme for executives. The performance pay comprises two components:

- group performance is based on agreed targets and may be drawn from financial performance, environment/safety performance, corporate governance, community relations and effective management of assets; and
- individual performance.

The recommended payments are determined by the Board each financial year and paid and reported to shareholding Ministers in accordance with current guidelines. The proposed performance payments for the 2014-2015 year have been approved and are scheduled to be paid in August 2015.

OTHER EMPLOYEES

Other employees fall under the NQBP enterprise agreement which came into effect on 9 March 2012. Eligible employees' performance pay for the 2014-2015 year was based on achievement of NQBP group performance based on agreed targets. These principles may be drawn from financial performance, environment/safety performance, corporate governance, community relations and effective management of assets. The proposed performance payments for the 2014-2015 year have been approved and are scheduled to be paid in August 2015.

18. COMMITMENTS

	2015 $'000	2014 $'000
(i) Capital expenditure contracted for at balance date is payable as follows:		
- not later than one year	4,377	6,581
- later than one year and not later than five years	-	-
- greater than five years	-	-
	4,377	6,581
(ii) Operating lease expenditure contracted for at balance date and payable as follows:		
- not later than one year	1,913	1,647
- later than one year and not later than five years	6,818	8,152
- greater than five years	-	388
	8,731	10,187
(iii) Operating lease revenue not recognised in the financial statements as follows:		
- not later than one year	13,504	12,737
- later than one year and not later than five years	44,347	41,561
- greater than five years	383,339	366,862
	441,190	421,160

Some significant property, plant and equipment assets have long term lease periods in excess of 50 years.

19. CONTINGENT ASSETS AND LIABILITIES

Contingent Assets

The Group holds a number of bank guarantees for security over defects in construction contracts and for future liabilities of port operators. These have not been recorded as assets in the Statement of Financial Position and amounts are immaterial.

Contingent Liabilities

The Group has no material contingent liabilities.

20. NATIVE TITLE CLAIM

Native Title claims have been made to certain interests of the Group which are in various stages of resolution. In relation to its dealings, the Group applies a range of procedures developed by the State of Queensland and the Group to address Native Title. The Group is not a party to any current proceedings in the Federal Court of Australia, however, there may be an unknown and contingent liability to the Group in terms of the impact of some of its activities on native title rights and interests.

21. RELATED PARTY TRANSACTIONS

Ultimate Parent Entity

NQBP is a Company Government Owned Corporation. All shares are held by representatives of the Queensland Government. Movements in the issued capital held by these representatives are disclosed in Note 12. Details of dividends paid or payable are detailed in Note 14.

As disclosed in Note 2(x), income tax equivalents are paid to the Queensland Government. Refer to Note 7 for details of income tax equivalent transactions and balances.

Controlled Entities

NQBP owns 100% of shares in PCQ and MPL. On 31 March 2012, all assets and liabilities of these entities were transferred at book value to NQBP leaving the two wholly owned subsidiaries as dormant entities.

Entities Under Common Control

The Group has dealt with various other Queensland Government entities in arm's length transactions under normal commercial terms and conditions for various purposes in the ordinary course of business.

AGENCY	NATURE	2015 $'000	2014 $'000
Receipts			
Maritime Services Queensland	Pilotage services fees and premises rent	13,202	6,819
Queensland Treasury (QTC)	Interest received	2,052	2,181
Receipts less than $1 million from other State government agencies	Rentals	129	125
		15,254	9,000
Payments			
OPERATING EXPENSES			
Office of State Revenue	Land tax	2,182	2,232
QSuper	Superannuation contributions	2,188	1,874
Queensland Treasury	Income tax equivalent payments, competitive neutrality fee and rates, research and development concession	25,111	6,542
Queensland Treasury Corporation	Consultancy services and interest	2,978	3,303
Payments less than $1 million to other State government agencies	Audit fees, environmental permits, utilities, vehicle registrations, WorkCover and sundry items	2,788	2,717
CAPITAL EXPENDITURE			
Queensland Treasury	Dividend and equity adjustments	32,096	19,280
Maritime Services Queensland	Acquistion of pilotage services	-	481
		67,342	36,429
Expenses invoiced not yet Paid		77	180

Details of transactions and balances with QTC are provided in Note 3. QTC borrowings are unsecured.

Amounts received from other related parties during the year, and amounts owing from other related parties at balance date, were not material. No amounts have been recognised in respect of bad or impaired debts from these related parties.

Key Management Personnel

Key management personnel disclosures are in Note 17.

Post-Employment Benefit Plans

Payments made by the Group to superannuation schemes in respect of employees for the year were $2.4 million (2014: 2.1 million).

DIRECTORS' DECLARATION

For the Year Ended 30 June 2015

In the Directors' opinion:

(a) The consolidated financial statements and notes set out on pages 47 to 68 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the Group's financial position as at 30 June 2015 and of their performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, including any obligations or liabilities to which the Company and the controlled entities may become subject to by virtue of the Deed of Cross Guarantee, pursuant to ASIC Class Order 98/1418.

Made in accordance with a resolution of the Directors.

Peter Milton
Chairman
North Queensland Bulk Ports Corporation Limited

27 August 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of North Queensland Bulk Ports Corporation Limited

REPORT ON THE FINANCIAL REPORT

I have audited the accompanying financial report of North Queensland Bulk Ports Corporation Limited, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the Auditor-General of Queensland Auditing Standards, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

The Auditor-General Act 2009 promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

In conducting the audit, the independence requirements of the Corporations Act 2001 have been complied with. I confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of North Queensland Bulk Ports Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In my opinion –

(a) the financial report of North Queensland Bulk Ports Corporation Limited is in accordance with the Corporations Act 2001, including –

  (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

QUEENSLAND
31 AUG 2015
AUDIT OFFICE

D R Adams FCPA
Director
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane

GLOSSARY OF TERMS

Adani	Adani Group
AFRMC	Audit and Financial Risk Management Committee (Board committee)
APBC	Abbot Point Bulk Coal
CGAPC	Corporate Governance and Planning Committee (Board committee)
DBCT	Dalrymple Bay Coal Terminal (terminal)
DSD	Department of State Development
EMS	Environmental Management System
FX	Foreign Exchange
GOC	Government Owned Corporation
GOC Act	*Government Owned Corporations Act 1993*
HPCT	Hay Point Coal Terminal
HRIRC	Human Resources and Industrial Relations Committee (Board committee)
LTIFR	Lost Time Injury Frequency Rate
LTPDP	Long Term Port Development Plans
MPL	Mackay Ports Limited
Mtpa	Million tonnes per annum
NQBP	North Queensland Bulk Ports Corporation Limited
OSOM	Oversize and/or Over Mass
PCQ	Ports Corporation of Queensland Limited
PSMS	Pilotage Safety Management System
QAO	Queensland Audit Office
QPA	Queensland Ports Association
QTLC	Queensland Transport Logistics Council
QTC	Queensland Treasury Corporation
ROOA	Return On Operating Assets
RTAW	Rio Tinto Alcan Weipa
SCI	Statement of Corporate Intent
SMS	Safety Management System
T0	Terminal 0 - Port of Abbot Point
T2	Terminal 2 - Port of Abbot Point
T3	Terminal 3 - Port of Abbot Point

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(registered office of NQBP, MPL and PCQ)

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ABN 36 136 880 218

Ports Corporation of Queensland Limited
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ABN 49 657 447 879

Mackay Ports Limited
ACN 131 965 707
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NQBP invites feedback on the information provided in this Annual Report. To make a comment, telephone NQBP External Affairs on (07) 3011 7937 or email communications@nqbp.com.au

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