Annual Report 2013-2014

North Queensland Bulk Ports Corporation

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ABN 36 136 880 218

Ports Corporation of Queensland Limited
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Mackay Ports Limited
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Photography —
Unless otherwise attributed, the photos in this report were taken by Wricor Photography Mackay.

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ABOUT THE REPORT

This report is a summary of the performance of North Queensland Bulk Ports Corporation Limited (NQBP) during 2013-14.

The purpose of this report is to provide NQBP's shareholding Ministers and other stakeholders with a comprehensive source of information about its work throughout this period.

Since forming in 2009, NQBP continues to be one of Australia's largest port authorities by tonnage throughput, with more than half of Queensland's trade, by tonnage, passing through its ports. NQBP is a leader in facilitating trade for bulk cargo and the seaport facilities it manages are vital to the export and import performance of Queensland and Australia.

NQBP is committed to supporting the economic growth of Queensland by providing world-class port facilities and a high level of customer service. Key to the success of the ports is engagement with industry to improve trade throughput, optimising supply chain logistics and port capacity, as well as promoting sustainable port expansion planning and development.

Helping to deliver world class ports is a team of skilled and knowledgeable staff supported and encouraged by an experienced leadership team. Together they work to achieve the success which characterises NQBP as an exceptional organisation.

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.

YEAR IN REVIEW

As a result of a change in State Government policy to move to private sector ownership and funding of port infrastructure, during this financial year NQBP reviewed its business model. The new model reflects the organisation's transition from being a developer of port infrastructure to a facilitator of trade growth through third party infrastructure development.

While NQBP continued to focus on business improvement opportunities, of foremost importance was conducting its business in an environmentally responsible way.

Highlights

Record throughput
Of significance, this financial year is one of the best NQBP has experienced, both financially and by cargo throughput with 164,787,745 tonnes passing through its four ports.

Queensland Ports Strategy
The importance of three of NQBP's ports was recognised in the Queensland Ports Strategy. The Port of Abbot Point and the Port of Hay Point, coupled with the Port of Mackay, are among the five designated Port Priority Development Areas in Queensland earmarked as being growth ports for accelerated and concentrated port development.

The Strategy provides these Priority Port Development Areas with sustainable environmental considerations, recognising their respective importance to different regions.

Port plans
Long Term Port Development Plans (LTPDP) for the Ports of Weipa, Hay Point and Mackay have been completed and approved by the Board. These plans are key to supporting the Queensland Ports Strategy and will guide future Master Plans and a positive future of growth for the ports.

Mackay fire equipment upgrade
As part of continual improvement of port facilities for customers, NQBP commenced a significant upgrade to the Port of Mackay's fire fighting systems. Phase one of the upgrade commenced in February and is scheduled for completion at the end of July at a cost of approximately $5 million.

Marine pilots
On 2 November 2013, NQBP introduced the provision of pilotage services for the Ports of Mackay and Hay Point to its business. This was delivered via legislation passed by the State Government transferring the provision of pilotage services to Queensland Government owned port corporations in order to improve the delivery of ship pilotage services and maintain the state's high safety standards.

Completion of new fuel terminal
NQBP facilitated the development of a new fuel terminal in the Port of Mackay. Puma Energy finalised construction of a $70 million fuel import terminal off Spiller Avenue in May.

Approval of capital dredging for Abbot Point
After two years of intensive social and scientific studies and public engagement, the Federal Minister for the Environment approved the Abbot Point Dredging Project to support terminal developments T0, T2 and T3 (the Approval) in December 2013 and the Great Barrier Reef Marine Park Authority (GBRMPA) granted the Marine Park Permit (MPP) and Sea Dumping Permit (SDP) in January 2014. Both the Approval and SDP decision are the subjects of legal challenges.

Maintain international accreditation
Environmental management continues to be key to port trade. An environment recertification audit on the environmental management system (EMS) was undertaken in March 2014. NQBP maintained international accreditation AS/NZS ISO14001:2004 of its environmental management system for the eleventh consecutive year with a positive report.

Safety achievements
A major milestone was attained in overall workplace health and safety performance by reducing the Lost Time Injury Frequency Rate during this period to zero. This meant that the 2013-14 financial year was a year free from lost time injuries, a first for the organisation, and a credit to all staff.

Performance Overview 2013-14

Financial Performance

The 2013-14 year has seen NQBP's financial position continue to strengthen as a result of record port throughputs. Also contributing to the positive financial result were successful tax claims for costs relating to NQBP's research and development activities and compensation received for the termination by the proponent of a development agreement. These outcomes, together with the deferral of expenditure for the planned capital and dredging programme, have resulted in an improved cash position.

NQBP continues to operate successfully with a strong balance sheet and cash flows. This year NQBP generated a profit after tax of $24.8 million which exceeded the budget by $11.7 million.

Throughputs for 2013-14 improved significantly from 2012-13 levels (up 12.4%).

In this period a total of 164,787,745 tonnes passed through the ports. Coal tonnages showed continued improvement compared with the budget (up 14.1%), the greatest improvements seen at Abbot Point and Hay Point (up 23.8% and 12.2% respectively). The performance at Mackay and Weipa was steady in light of the global economic circumstances. NQBP's industrial property portfolio also performed well.

NQBP continued to focus on the long-term sustainability of its business by working closely with terminal proponents and the Queensland Government in developing plans for further incremental expansion at the Port of Abbot Point.

As well, NQBP focused on further developing the Mackay industrial precinct to improve operational efficiency and provide additional business development opportunities.

Table 1 provides a summary of NQBP's financial performance for 2013-14.

Table 1 Financial performance 2013-14

Financial Summary	2013-14 $'000 Budget	2013-14 $'000 Actuals	2012-13 $'000 Actuals
Total Income	78,632	100,805	100,331
Total Operating Expenditure (including Interest, Depreciation and Amortisation)	59,534	68,463	68,283
Earnings Before Interest, Taxes, Depreciation and Amortisation	32,394	45,051	45,078
Earnings Before Interest and Tax	22,966	36,222	36,977
Net Profit After Tax	13,369	24,822	21,386
Total Assets	578,222	421,054	407,622
Total Liabilities	338,671	154,212	144,456
Net Assets	239,551	266,842	263,166
Current Ratio (excluding provision for dividend)	1.13	2.12	1.63
Debt/Debt Plus Equity Ratio	0.22	0.20	0.20
Return on Assets	3.9%	8.7%	9.0%

Operational Performance

As a Government Owned Corporation, this document reports on NQBP's performance for the 2013-14 financial period. NQBP's performance against its 2013-14 Statement of Corporate Intent (SCI) is summarised below.

Strategies

Planning Strategy 1 — Maximise utilisation of port footprints that are consistent with Commonwealth, State and development frameworks through the completion of 30-year Master Plans for each port to guide development

Outcome	Results
30 year Master Plans for each port to guide development	Significant progress has been made during the year in preparation of 30-year Master Plans for each port. This work has included studies of port history, environmental constraints, trade analysis and preliminary infrastructure needs. These plans will be progressed in 2014-15 to align with the guidelines for Port Master Plans which are expected to be published by the Queensland Government by the end of 2014. Once prepared, the draft Master Plan documents will be released for community and industry consultation.
Efficient port development to meet industry demands and improve logistics costs	NQBP has worked with industry to facilitate development at its ports. NQBP is assisting both the Adani Group and Hancock Coal Infrastructure Pty Ltd (GVK Hancock Coal) to facilitate new coal terminal developments at the Port of Abbot Point. Significant achievements were also made in the development of whole-of-port environmental standards and obtaining State and Commonwealth approvals for dredging in the port. At the Port of Hay Point, support was provided for the current expansion works for the Hay Point Coal Terminal through provision of land and planning assessments. At the Port of Mackay, numerous new port developments were assessed and approved by NQBP, including working closely with industry on the investigation of container trade into the port.

Planning Strategy 2 — Through customer participation and planning, identify optimal customer solutions for port capacity and facilities	
Outcome	**Results**
Support master planning and provide input into capital management plan	NQBP has worked with the Department of State Development, Infrastructure and Planning (DSDIP) and major customers to continue planning development options at NQBP ports. A major focus has been on continuing to support the Adani Group (T0) and GVK Hancock Coal (T3) and the development of infrastructure to open the Galilee Basin.
Improve profit and return on asset percentages	While NQBP achieved improvements in trade and revenue of 9.5%, Return on Operating Assets remained in line with 2012-13 results due to investment in land holdings at Abbot Point and Hay Point. The following were key contributors to improvement in trade and revenue: • additional utility from capital dredging in 2012-13 and upgraded Dynamic Under Keel Clearance (DUKC) at Weipa underpinned an uplift in Weipa exports of 5% on the prior year; • the upgrade from two to three tugs at Bowen assisted the increase in exports of 29% on the prior year for Abbot Point; and • Puma Energy completed its trade related terminal development in May with new leases of previously unoccupied land agreed for OneSteel, Sims Metal and Tasmania Magnetite in Mackay, with all three having a direct trade component.

Facilitation Strategy 1 — Working with the DSDIP and Projects Queensland to facilitate the development of new business opportunities	
Outcome	**Results**
Promote new development opportunities at the ports	NQBP is actively pursuing growth opportunities at its ports, optimising throughput, and where relevant, upgrading facilities and working with customers to progress trade opportunities. Along with DSDIP and Projects Queensland (PQ), NQBP jointly developed a plan to cater for industry's future port capacity requirements as and when demand for additional terminal development is required. NQBP continued to support Abbot Point developers, the Adani Group and GVK Hancock Coal, to plan and establish further agreements for their proposed major developments. In December 2013 the Adani Group secured approval under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC) for the proposed T0 development. On behalf of the Adani Group and GVK Hancock Coal, NQBP obtained the critical project dredging approvals including the EPBC approval, together with the Marine Park and Sea Dumping Permits. Legal challenges to these approvals have temporarily delayed progress of these projects. Announced as part of the State's Galilee Basin Development Strategy, the Abbot Point T2 land has been preserved for a credible first mover for the purpose of opening the Galilee Basin to mining.
Seamless and proactive interaction between State agencies and NQBP in coordinating promotion of such development	NQBP provided strategic input to DSDIP on the Queensland Ports Strategy and led the investigation of a proactive, forward approvals process, which when implemented, will streamline approvals and provide additional certainty for future port development. During this period, NQBP has continued to progress combined planning of the Port of Abbot Point and the adjacent Abbot Point State Development Area (APSDA) with DSDIP.

Facilitation Strategy 2 — Improve trade and precinct opportunities by growing existing and attracting new trade and customers through a marketing strategy	
Outcome	**Results**
Increase port trade	Overall trade volume increased by 12.4% against 2012-13 with underlying revenue (excluding pilotage) increasing by 2.7%. Despite low coal prices, growth of 15% was recorded in coal exports for the Ports of Abbot Point and Hay Point. The key contributors were: • increased productivity in Weipa as a result of channel deepening undertaken in the 2012-13 capital dredging campaign and the upgrade to the DUKC which enabled a 5% increase in bauxite exports on the prior year; • upgrades to the Bowen wharf to allow for an additional tug supported the 29% increase in exports from Abbot Point; and • completion of Puma's $70 million fuel tank development at the Port of Mackay supporting an increase in fuel imports.
Increase property income	There was an 8% decrease in property revenue due to reduced demand for short-term laydown areas reflecting a decrease in mining developments. New tenancy agreements were executed with major traders OneSteel, Sims Metal and Tasmania Magnetite in Mackay on previously undeveloped land.

Performance Strategy 1 — Drive business performance by implementing the new Business Model	
Outcome	**Results**
New business model understood by all staff and changes effected	NQBP has successfully implemented the new business model moving from a developer to facilitator. In doing so, NQBP is seeking to better understand the needs of existing and future customers to enable increased trade throughput.

Performance Strategy 2 — Improve commercial performance of investments and returns from existing infrastructure by increasing utilisation	
Outcome	**Results**
Projects or contracts meet or exceed agreed rate	Projects and/or contracts met the internal hurdle rates set by NQBP.
Improved return on operating assets %	NQBP achieved a return on operating assets (ROOA) of 9.5% which is in line with 2012-13 results. While NQBP had an improved underlying profit result, its investment in land holdings at Abbot Point and Hay Point had an unfavourable impact on overall returns.
Optimise utilisation – Mackay	Berth utilisation has decreased from 53% down to 39% as a result of slowing mining development and reduced barge activity. A review of asset utilisation was undertaken with the sale of surplus assets.

About NQBP

NQBP is the port authority responsible for the four trading ports of Weipa, Abbot Point, Mackay and Hay Point and the non-trading port of Maryborough.

With a total asset base of $421.1 million, NQBP's seaport facilities handle a number of bulk cargoes including coal, bauxite, sugar, molasses, grain, petroleum, fertiliser and general cargo.

As a port authority, NQBP is responsible for:

- strategic port planning;
- port business development;
- port infrastructure development;
- environmental management and marine pollution (within port limits);
- port security and safety;
- port efficiency;
- maintaining navigable port depths for shipping;
- marine pilotage for the Ports of Hay Point and Mackay; and
- issuing licences, leases and permits to other organisations for use of port land, infrastructure and facilities.

NQBP has a multi-user access policy in place at its ports to facilitate the highest possible utilisation of port infrastructure and greatest possible operational efficiency.

The EMS implemented across each of NQBP's working ports is one of the few in Australia to receive accreditation under the standard AS/NZS ISO14001:2004.

NQBP prepares one-year and five-year plans which provide focus and direction to achieve its vision and continually improve financial performance.

NQBP is a company under the *Corporations Act 2001* and the *Government Owned Corporations Act 1993* (GOC Act) and a port authority under the *Transport Infrastructure Act 1994*.

Under the GOC Act, NQBP's activities are governed by a:

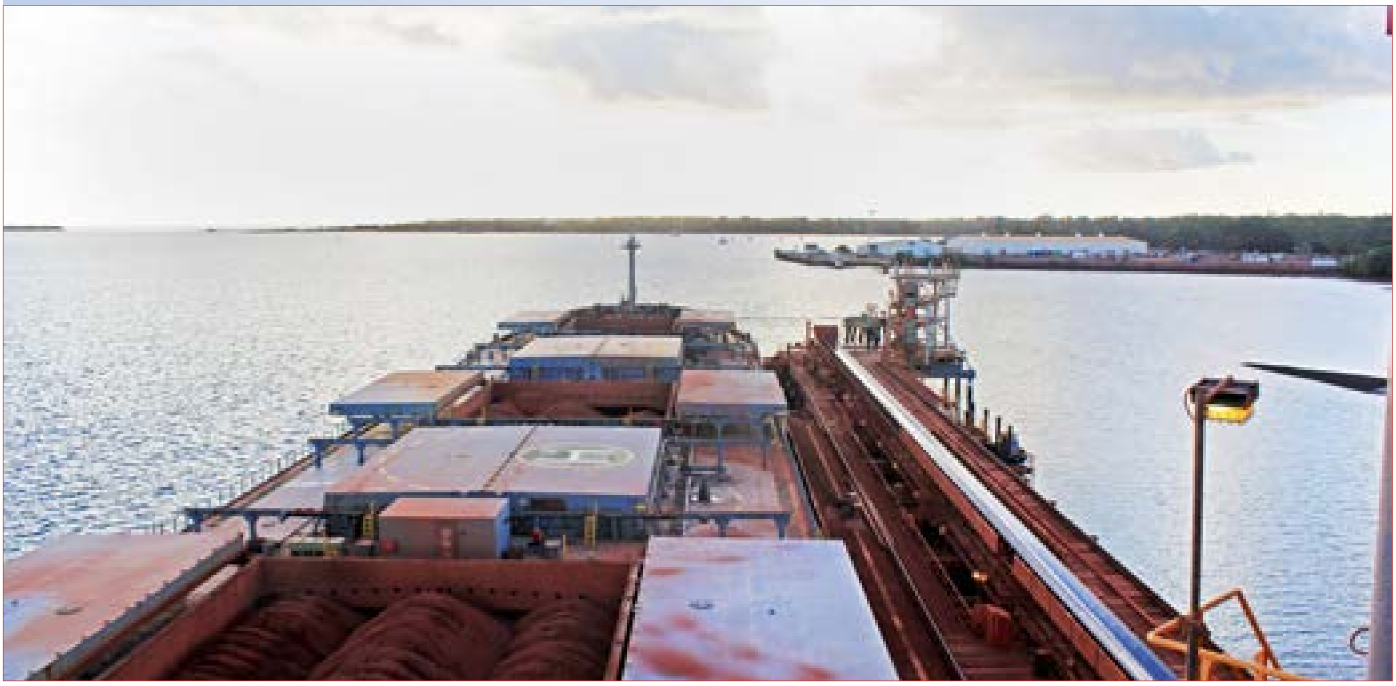
- Statement of Corporate Intent which is a performance agreement between the organisation's Board and its shareholding Ministers; and
- five-year Corporate Plan.

As a Government Owned Corporation (GOC), NQBP operates according to commercial principles, raises its own revenue and makes dividend and tax equivalent payments to the Queensland Government.

NQBP reports to two shareholding Ministers: the Treasurer and Minister for Trade and the Minister for Transport and Main Roads.

NQBP is committed to its vision, mission and values which is key to its culture and essential for creating a sustainable and competitive business.

NQBP's values reflect the organisation's engagement with its port customers and stakeholders, some of whom have had a long association with the organisation.



Our vision

NQBP to be the leading port authority for bulk sea ports.

Our mission

To facilitate trade and the development and management of sustainable and competitive seaport services for customers and communities in ways which reflect our values and uphold a high level of social and environmental integrity.

Our values

NQBP is —

Customer focussed

- External Customers

Fostering open, trusting and enduring relationships with our customers for mutual commercial benefit.

- Internal Customers

Working collaboratively to grow personally, professionally and deliver business outcomes.

Respectful

Respectful and committed to one another, to communities and to the environment in which we operate.

Environmental stewardship

Pursuing high standards of environmental guardianship, performance and management, both of our own activities and those of commercial partners.

Committed to safety

Striving for zero harm in improving health and safety outcomes.

Innovative

Embracing creativity and innovation brings added value to our commitment to continuous improvement in achieving our mission.

Courageous in leading change

Being courageous in demonstrating personal and professional leadership to embrace change and opportunities which contribute to our future sustainability.

Chairman's Message

Reflecting on the trade of the ports – all ports have performed very well.

Peter Milton
Chairman
NQBP

Looking back

The end of this financial year marks my second year as Chairman of the Board for NQBP. This role and the role of each of my Directors carries a high level of responsibility as we make decisions which impact the seaborne trade through four of Queensland's largest ports.

Queensland's economy depends on its natural resources and primary industries which rely on well managed ports to ensure that Australia can trade globally.

Planning and management of our ports for future sustainable operations and development is precisely what we have focussed on throughout the past year.

NQBP successfully completed environmental studies for dredging at Abbot Point which would allow expansion of this port to facilitate increased coal trade. The quality and rigour of the studies resulted in a project approval by the Federal Government under the *Environment Protection and Biodiversity Conservation Act* (EPBC Act), as well as the granting of the required permits to undertake the dredging.

Although the Environmental Impact Statement (EIS) for Dudgeon Point was paused, NQBP has completed numerous environmental and social studies which will contribute to well informed planning of future port development.

Reflecting on the trade of the ports – all ports have performed very well. The Ports of Hay Point and Abbot Point achieved record throughput despite low coal prices. Although the commodity price is likely to fluctuate, we believe the long-term demand for thermal and metallurgical coal will continue and our ports will play a critical role in this trade.

The Port of Mackay achieved good results, supporting trade for a range of Queensland producers of bulk commodities such as grain and sugar and importers of bulk commodities such as petroleum.

On 2 July, NQBP will celebrate five years as the port authority for Hay Point, Mackay, Abbot Point and Weipa. The contribution during these years has been significant to Queensland and the industries and communities which rely on well managed ports for a good standard of living.

Financial performance

Increased throughput at the Ports of Weipa, Abbot Point and Hay Point this year resulted in an excellent financial return to our shareholders.

As a result of a phased increase in port charges, an increase in tonnage throughput at all of our ports and ensuring the best development and return on port land, we have been able to provide for an $18.7 million dividend to our shareholders. Our strong cash position has also enabled us to provide a return of capital to our shareholders for the second year in a row.

We have worked to achieve our cost benefit initiatives with the view to increasing efficiency while maintaining a high level of service and value for our stakeholders. This has resulted in savings in excess of $1 million.

Opportunities and challenges

Developing sustainable and well managed ports brings both opportunities and challenges, particularly for those ports which are located adjacent to important ecosystems such as the Great Barrier Reef.

The effective management of the environment takes priority in every activity we undertake at our ports and as such, we have been able to operate our ports for many years in healthy coexistence with the environment.

NQBP has an EMS that is internationally recognised. We have always taken pride in our environmental management, setting high expectations of sustainable practices.

Unfortunately over the past two years our ports, particularly Abbot Point, have been the subject of criticism from activist groups seeking to obstruct trade through the ports in Queensland by questioning our environmental management standards and principles without demonstrating any expertise.

While this presents a challenge for NQBP and all Queensland ports – the fact is that the Great Barrier Reef Marine Park has a long history as a multi-use national asset, supporting many industries that drive Queensland's economy, including tourism, sugar, livestock, resources and timber.

In spite of these challenges NQBP's ports have an opportunity to grow sustainably. We have worked closely with proponents of Abbot Point to support the development of the Galilee Basin.

The Port of Weipa continues to increase throughput supporting the bauxite mining of Rio Tinto Alcan. The potential for diversification of trade through Mackay is positive and the Port of Hay Point has delivered good growth.

Planning the future of ports

Much of our focus this financial year has been on long-term planning for our ports. In June 2014 NQBP welcomed the release of the Queensland Ports Strategy (QPS) as an important and positive document. We view this strategy as recognition by the State Government of the critically important role played by the Ports of Abbot Point, Hay Point and Mackay.

The Strategy requires the development of statutory Master Plans for the three Ports, and we will be releasing draft Master Plans for public consultation in early 2015.

Key to supporting the QPS are the Long Term Port Development Plans (LTPDP) for Weipa, Hay Point and Mackay. In the past year these plans have been completed and approved by the NQBP Board. These plans will help guide future decisions for development and expansion of infrastructure and trade.

Both the QPS and the LTPDPs support and build on the Great Barrier Reef Ports Strategy developed in 2012 and will ensure sustainable development and environmental management of our trading ports.

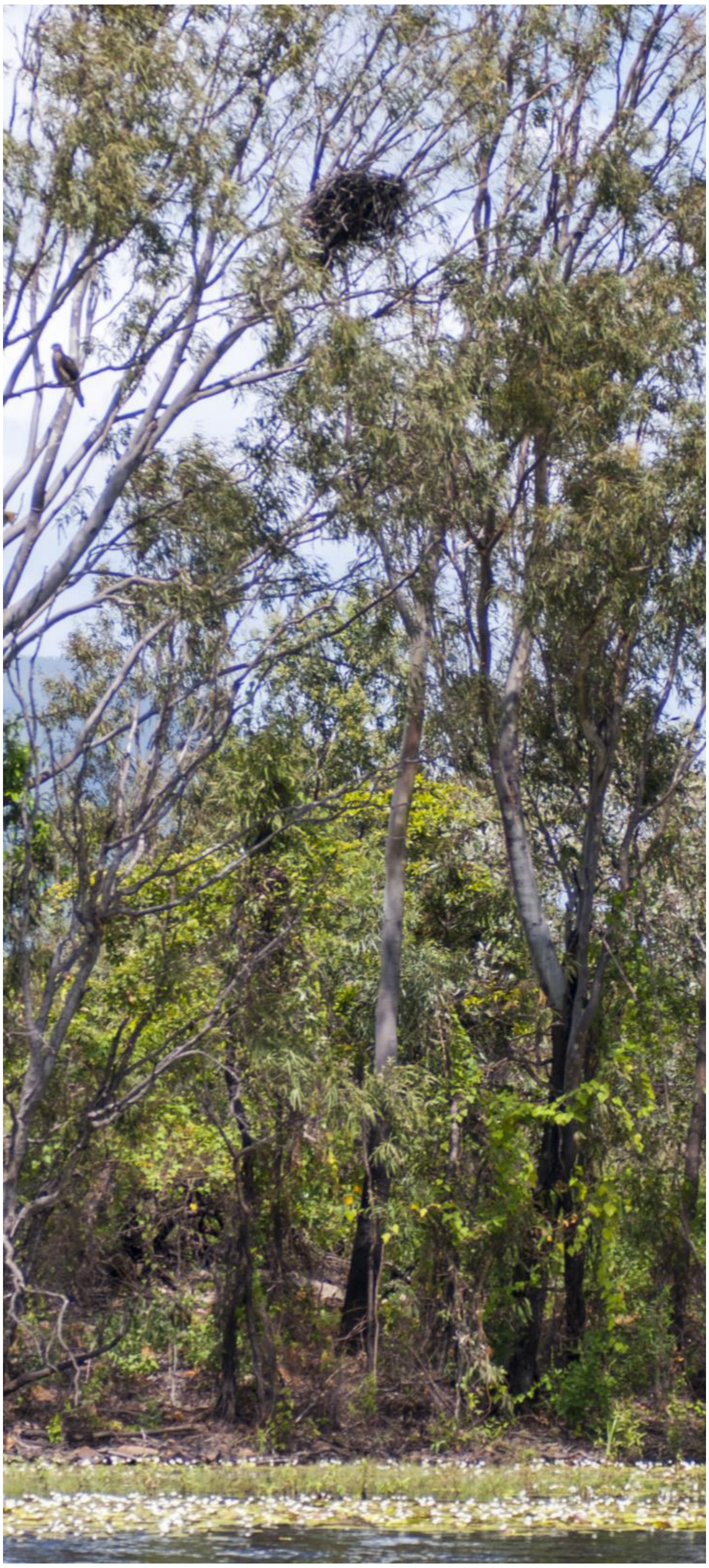
Thank you

This year has yielded many challenges and opportunities and I would like to thank our customers and stakeholders who have supported NQBP for the past five years.

I would also like to thank my fellow Board members and each staff member of NQBP who has committed their time and talent making NQBP ports exceptional assets for economic trade.

Finally I would like to thank Brad Fish who on 30 June left NQBP after 13 years as Chief Executive Officer. I feel very privileged to have worked with Brad for the past two years. Under his leadership Brad established NQBP to be one of Australia's largest port authorities with more than half of Queensland's trade, by tonnage, passing through these ports. His contribution to Queensland ports and Australia's trade is to be admired and valued.

Peter Milton
Chairman



Chief Executive Officer's Report

Historically NQBP has a strong track record in safely and sustainably carrying out dredging campaigns at all of our ports.

Brad Fish
Chief Executive Officer
NQBP

Supporting the economy

The value and benefit of ports to Australia as an island nation cannot be disputed. In the past year NQBP's ports supported the economy of Queensland and Australia through trading over 164 million tonnes of commodities.

Environmental management

Trading effectively through ports requires a high level of operational and environmental management. In addition to achieving record trade volumes in the past year, NQBP earned approvals from the Federal Government for dredging to expand the Port of Abbot Point. Following this approval the Great Barrier Reef Marine Park Authority (GBRMPA) granted NQBP a Marine Park Permit (MPP) and Sea Dumping Permit (SDP).

While a subject of considerable attention and debate by activist groups to sway public opinion against ports involved in coal export, the approvals acknowledge the rigorous process undertaken by NQBP.

In the past year NQBP completed numerous environmental and social studies for the Dudgeon Point EIS. Although the future development of Dudgeon Point has been placed on hold, these studies have assisted in informing NQBP's long term planning for Hay Point to ensure that environmental and social impacts will be understood and well managed.

Over the past two years the proposed growth of the Ports of Hay Point and Abbot Point attracted considerable public interest and attention as these ports export coal and are located adjacent to the Great Barrier Reef.

The level of concern raised about dredging has been surprising considering the history and track record of NQBP in safely and sustainably carrying out dredging campaigns at all of our ports for many years.

While the concern about dredging for coal ports has been fuelled by activist groups campaigning against climate change, it has highlighted threats to the Great Barrier Reef which need to be addressed.

From my perspective, ports, associated industry and environmental groups should combine their considerable resources and expertise to address the real threats to the Great Barrier Reef ensuring Australia has a strong economy in both trade and tourism for many years to come.

NQBP's track record in environmental management is second to none. Over the past 30 years, as a port authority, we have invested millions of dollars in environmental research both as part of impact studies and ongoing monitoring of the environment such as seagrass and water quality.

Our environmental management plans have earned international accreditation and we continue to ensure this high level of management with excellent outcomes from every independent audit to date.

We have preferred to invest in the environment rather than publicity but in recent times it seems that publicity is winning over tangible environmental initiatives.

Well-funded campaigns against port development threaten the very existence of Australia's trade through sea ports. Queensland ports ensure that Queensland is open for trade.

Proud achievements

After 13 years as CEO of Ports Corporation of Queensland and now North Queensland Bulk Ports Corporation, I am very proud of the environmental, social and economic achievements of our ports.

In this time we have undertaken major capital dredging projects at Hay Point, Weipa and Karumba without incident.

We put sustainable development into practice through the expansion of the Port of Abbot Point and the establishment of the Port of Karumba as an important trading port for the Century Zinc project.

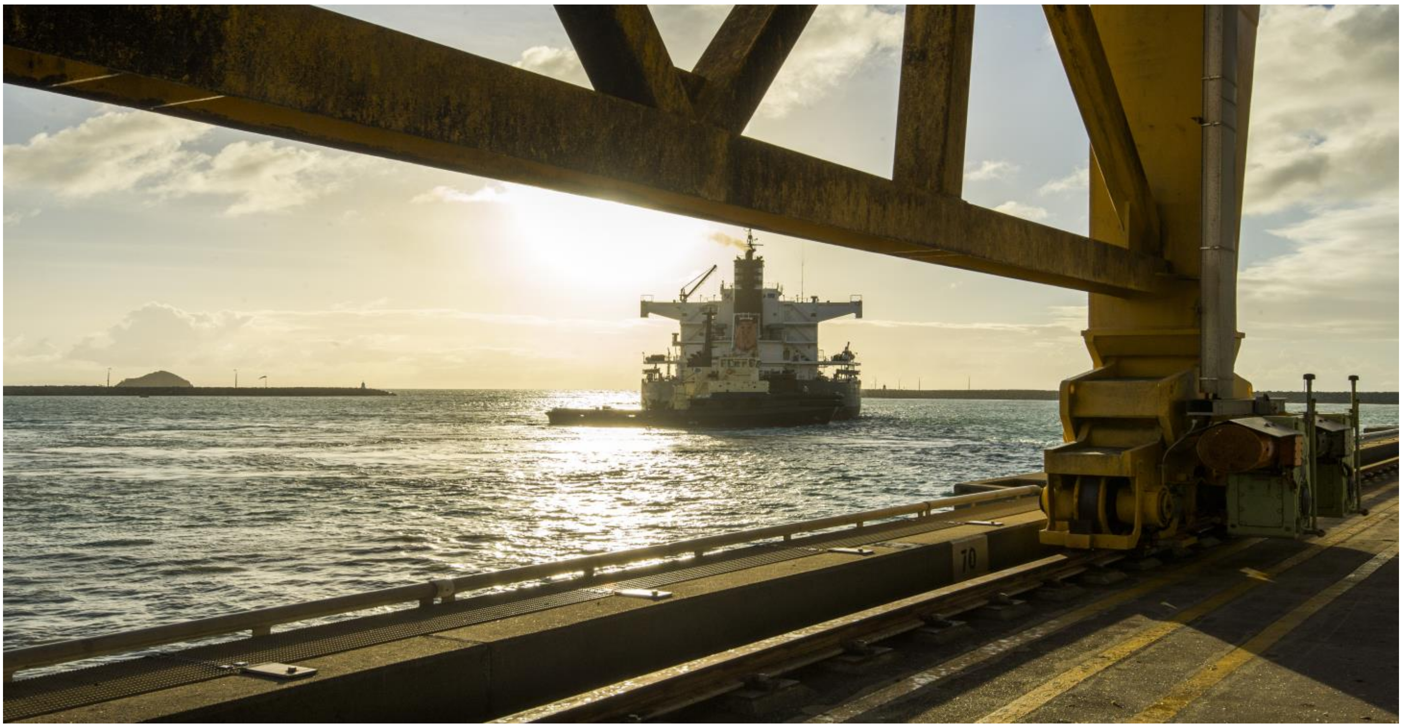
We supported the successful expansions of the Hay Point Services and DBCT terminals at the Port of Hay Point and installed Australia's first DUKC system at Hay Point in 1993.

We have been proud stewards of our port environments and we are privileged to operate adjacent to the iconic Great Barrier Reef Marine Park.

Thank you

I would like to thank everyone for their contribution and support during my time as CEO in maintaining environmental values and economic growth of our ports.

Brad Fish
Chief Executive Officer



Board Profiles

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

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 all 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 has also been closely involved in port enterprise bargaining agreement negotiations which introduced a change in culture with a predominant focus on improved customer service.

Mr Milton is also Chairman of Newcastle Agri Terminal.

— Member Audit and Financial Risk Management Committee
— Member Human Resources and Industrial Relations Committee
— Member Corporate Governance and Planning Committee until 20 August 2013

SUZANNE BROWN
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

Suzanne Brown is a Principal at McKays Solicitors in Mackay where she began her legal career in 2003.

Ms Brown hails from a local sugarcane farming family and her late grandfather was a shipping manager.

Ms Brown's experience has focused 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.

Being active in the Mackay community, Ms Brown is a member of the:

- Resource Industry Network (formerly known as Mackay Area Industry Network);
- Mackay Chamber of Commerce;
- Bowen Basin Mining Club;
- Queensland Law Society;
- Mackay District Law Association; and
- Young Professionals Mackay Network.

— Member Corporate Governance and Planning Committee
— Member Human Resources and Industrial Relations Committee

ADRIAN CHAMBERS
BE Mechanical (Hons), MIEAust, RPEQ, CPEng

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

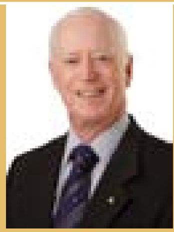
Term of Office – to 30 September 2015

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.

— Member Audit and Financial Risk Management Committee
— Member Human Resources and Industrial Relations Committee



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 2014

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.

— Chairman Corporate Governance and Planning Committee
— Member Human Resources and Industrial Relations Committee

ALAN GRUMMITT
BE (Civil), 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

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 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.

— Member Corporate Governance and Planning Committee

GERRY JOHNSTONE

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

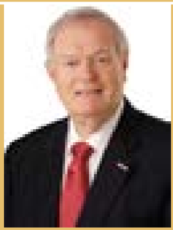
Term of Office – to 30 September 2015

Throughout Gerry Johnstone's career he obtained an intimate knowledge of Queensland ports and, in particular, their relationship to their environments.

Prior to Mr Johnstone's retirement in 2010, he 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. His experience involved being responsible for the planning, construction and maintenance of port facilities and infrastructure, and for dredging and reclamation activities.

Mr Johnstone has extensive experience in dealing with complex negotiations. He was a lead negotiator in discussions in relation to developments at Fisherman Islands, the purchase and sale of port assets, port expansion, terminal leases and industrial agreements with the Maritime Unions. He also represented PBC in discussions with the Australian Competition and Consumer Commission, where negotiations mainly centred on access issues to wharves, terminals and loading equipment.

— Chairman Human Resources and Industrial Relations Committee
— Member Audit and Financial Risk Management Committee



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

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

Term of Office – to 30 September 2014

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'.

In May 2013 Captain Kuiper was a force behind the establishment and dedication of the 'First Contact Memorial', together with the Mapoon Aboriginal Shire Council in north Queensland. He is the Honorary Consul of The Netherlands in Queensland and was decorated as a Knight in the Order of Oranje-Nassau by Queen Beatrix of the Netherlands in May 2006.

Captain Kuiper holds a Queensland Real Estate Principal's Licence and is a member of the Real Estate Institute of Queensland. He is a member of the Institute of Company Directors and a Director of Dredging Consultants Australia. He is also a Director of Universal Partners NCI Pty Ltd and as a local Director in Australia, assists with the running and management of the property.

— Member Audit and Financial Risk Management Committee
— Member Corporate Governance and Planning Committee

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 2014

Peter Tait has been practising in chartered accountancy for 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 diverse industries.

Mr Tait is a registered tax agent and registered company auditor providing business and audit services and advices to a variety of industries and clients.

Mr Tait is the Company Secretary of Queensland Mines Rescue Service Limited. Dedicating some of his time and talent to the community, he has been Honorary Treasurer of the George Street Neighbourhood Centre Association Inc in Mackay and Honorary Treasurer of Mackay Children's Contact Service Inc since 2001.

— Chairman Audit and Financial Risk Management Committee
— Member Corporate Governance and Planning Committee

Further details about NQBP's Board and its meetings can be found in the Corporate Governance section of this report, on pages 51 to 54, as well as in the Directors' Report on pages 68 to 73.

Company Secretary

Peter Sinnott
BCom, LLB (Hons), MFM
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 is a graduate of the Governance Institute of Australia.

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.

Senior Leadership Group

Brad Fish
Chief Executive Officer

Jeff Stewart-Harris
Chief Operating Officer

Bernie Wilson
Chief Financial Officer

Peter Sinnott
Company Secretary/
General Counsel

Grant Gaston
Acting General Manager
Business Development

NQBP's OPERATIONS

Port of Weipa

The Port of Weipa is located on the north-west coast of Cape York Peninsula. The port primarily facilitates the export of bauxite from the Rio Tinto Alcan (RTA) mines.

The Port of Weipa has onshore bauxite handling, processing and stockpiling facilities and conveyors running to Lorim Point Wharf for shiploading. There are also general purpose and fuel wharves at Weipa and stockyards for live cattle export through the port.

Environmental audit

To ensure NQBP's operations are in accordance with its ISO14001 certified Environmental Management System, NQBP's Port of Weipa operations are required to be audited annually. The latest audit was successful and was completed at the Weipa Workshop on 29 May.

Maintenance dredging

NQBP completed a five-week maintenance dredging programme in July 2013 and removed approximately 645,000 m^3 of material from the South Channel and Inner Harbour of the Port of Weipa.

The annual maintenance dredging ensures channel depths are maintained and the port remains safe and efficient.

Port master planning

NQBP prepared a 30 Year Long Term Port Development Plan for the Port of Weipa to guide efficient and sustainable development over the next thirty years, to 2045, and to document the strategic plan for the Port to sustainably meet and support expected trade development.

The Plan indicates that the capacity of the existing port is not expected to be exceeded in the planning timeframe and no major new marine infrastructure is predicted to be required for the port in this period.

Land based spills training

In March NQBP, RTA and local contractors undertook an oil spill training exercise at the Port of Weipa, similar to training conducted at other NQBP ports during this period. This is the first oil spill training that has been undertaken in two years at the Port of Weipa and was very successful with no incidents recorded.

The training highlighted NQBP's environmental duty when an incident occurs, and involved some practical exercises with the team demonstrating the effectiveness of different types of spill response materials dependent on the types of product spilt.

Annual throughput

In 2013-14, the Port of Weipa handled 600 ships, carrying a total of 30,510,975 tonnes comprising 30,391,999 tonnes of bauxite, 70,115 tonnes of fuel and 48,861 tonnes of general cargo.

Port of Abbot Point

The Port of Abbot Point is located approximately 20 kilometres north-west of Bowen in Queensland.

The port is of significant strategic value to NQBP and the State due to its proximity to the Abbot Point State Development Area (APSDA), the resource rich Bowen Basin, Galilee Basin and the North West Minerals Province and its deep water access close to the shore. The recently released Queensland Ports Strategy has reinforced the strategic importance of the port by designating it as one of five Priority Port Development Areas in the State.

The Port of Abbot Point comprises the Adani Abbot Point Terminal (that is, Terminal 1 or T1), together with proposed terminal expansion sites Terminal 0 (T0), Terminal 2 (T2) and Terminal 3 (T3).

T1 is a multi-user terminal leased to Adani by the Queensland Government and services users in the Collinsville/Newlands area and the Northern Bowen Basin. Current nominal export capacity from T1 is 50 million tonnes per annum (Mtpa).

The Adani Group is also proposing an expansion labelled T0 with an expected capacity of up to 70 Mtpa. GVK Hancock Coal is the preferred developer of the T3 site, and this will service its planned coal mine developments in the Galilee Basin.

The T2 site has been preserved by the Queensland Government, as outlined in its Galilee Basin Development Strategy, for a credible first mover whose port project will support the opening up of the Galilee Basin for mining.

Bowen wharf

The Bowen wharf is currently used by tug operators to service the Port of Abbot Point and the community for recreational purposes. As a timber structure, it requires significant maintenance investment to maintain high safety standards.

NQBP has completed significant repairs to the Bowen wharf to ensure it continues to be an important port and community asset.

Capital dredging permit

The Federal Minister for the Environment approved the Abbot Point Dredging Project to support terminal developments T0, T2 and T3 in December 2013 and the Great Barrier Reef Marine Park Authority (GBRMPA) granted the MPP and SDP permits in January 2014.

The approval acknowledges that NQBP and the proponents have undertaken a rigorous and robust impact assessment process, in accordance with the relevant legislative provisions, which identified deep water offshore disposal as providing the best social and environmental outcomes.

The dredging approval gives the terminal developers, Adani and GVK Hancock Coal, reassurance that the dredging component of their project can proceed when agreements are finalised. Conditions placed on approval to ensure the best social and environmental outcomes are still being assessed and will be met before dredging commences.

The approval by the Federal Minister for Environment under the EPBC Act supports the first site proposed in the Public Environment Report (PER) for offshore disposal. However, as the conditions also require NQBP to work through a Disposal Site Assessment Plan (DSAP) process to determine whether there is a better alternative offshore disposal site, two additional sites have been selected and are under review.

The conditions clearly demonstrate the commitment of the Minister and GBRMPA to protect Commonwealth Matters of National Environmental Significance (MNES), including the Great Barrier Reef World Heritage Area (GBRWHA). A requirement of the dredging is that residual impacts are offset in a way that provides an overall net benefit to the Great Barrier Reef (GBR).

The approval and the associated permits are currently being challenged in judicial proceedings before the Administrative Appeals Tribunal and Federal Court.

Port master planning

NQBP significantly progressed preparation of a Long Term Port Development Plan for the Port of Abbot Point during the year. NQBP has worked closely with the DSDIP in development of this plan to ensure planning of the port and adjacent APSDA supports sustainable economic development of the Abbot Point precinct and to protect the environmental values of the region.

Annual throughput

The Port of Abbot Point achieved record throughput in 2013-14 of 22,895,551 tonnes, the highest in the history of the port and exceeding the previous record achieved in the 2012-13 financial year by more than 5 million tonnes (29%).

A total of 289 bulk carriers visited the port in 2013-14.

The Port of Mackay is located five kilometres north of the Mackay central business district and comprises an artificial harbour formed by rock breakwaters. Historically, the Port is a multi-cargo port which has had close links to the sugar and grain industries in the Mackay region. In more recent times, the predominant cargos have been petroleum product imports and sugar and grain exports.

Land areas behind the port accommodate over 100 industrial and commercial businesses with substantial areas of vacant land suitable for further development.

Mackay fuel terminals

Due to the increasing demand for diesel fuel to service the coal mines in the northern Bowen Basin, two independently owned fuel terminals have carried out construction of facilities on port land.

On 27 May 2014 Puma Energy officially opened its new bulk fuel storage and handling facilities at the Port. It will be Puma's second wholly owned bulk storage facility in the country with the other being based in Brisbane.

The terminal dispatched its first product in June. This fuel terminal will strengthen the region's economy and contribute added petroleum distribution capacity to the region.

Pioneer Energy's new bulk fuel storage and handling facilities are expected to be completed in the second half of 2014. This will mean the Port of Mackay will have over 300 million litres of bulk fuel storage capacity across five fuel terminals at the Port.

Cyclone damage

The Mackay southern breakwater suffered in excess of $9 million damage from Tropical Cyclone Dylan in January. This occurred at a time when general breakwater maintenance works were already being completed.

The maintenance and emergency repair works involved the placement of approximately 34,000 tonnes of hard rock for upgrade maintenance along approximately 240 metres of the outer side of the marina breakwater wall and in other areas significantly impacted by Tropical Cyclone Dylan. Works also involved the reinstatement of the bitumen road in places where wave action had damaged the surface.

Port master planning

A Long Term Port Development Plan for the Port of Mackay was prepared in the past financial year. This work will be presented in the final Port Master Plan which will guide the future incremental growth of the Port.

Ensuring long-term sustainability of the Port of Mackay, this Development Plan will be a vital contribution to the joint statutory 30 Year Master Plan for the Ports of Mackay and Hay Point.

Port developments
A number of companies either expanded existing operations or established new projects in the Port precinct.

An approval was issued for a new magnetite facility for Tasmania Mines. This facility is expected to be developed and operational by early 2015. The facility will receive magnetite imported and dispersed to customers in the region. Last year there were 91,891 tonnes of magnetite imported through the Port, some 40% higher than the average amount for the previous 12 years.

In addition, discussions are well advanced to replace Mackay Sugar's aged molasses tanks with a modern storage bladder utilising an undeveloped area within the port. The facility will receive and store molasses from surrounding sugar mills for reuse or export through the port. The new facility is intended to replace the existing ageing storage tanks on the middle breakwater near Wharf 1.

Port demolitions
In October three old sheds and the disused former port administration building were removed to provide more land at the Port for commercial activity, initially as laydown use for break bulk cargo.

Mackay fire equipment upgrade
NQBP managed a significant upgrade to the Port of Mackay's fire suppression systems. Phase one of the upgrade commenced in February and is scheduled for completion at the end of July 2014 at a cost of approximately $5 million.

An increase in fuel cargo handled within the Port of Mackay required new standards to ensure the safety of all tenants and port users.

The work includes laying 2.1 kilometres of new pipelines to all four shipping berths and when completed, the fire suppression systems at the Port will be of the highest standard.

Phase two of the upgrade will involve installation of a booster pump at an additional cost of $1.5 million and is expected to be completed in the first quarter of the next financial year.

Online induction launched
NQBP launched an online induction programme on 1 April. The new online programme not only assists NQBP in meeting its legislative obligations, but has improved efficiency of NQBP staffing resources. The programme enables port visitors to complete the induction in their own time rather than having to attend training in person at one of two workshops held each week.

Any person who has an operational reason to access the secure area of the Port of Mackay must complete the port access induction online.

Annual throughput
The economic contribution of the Port to the region continues to be reinforced by high volumes of product throughput at the Port.

As can be seen in Table 2, the Port of Mackay handled 3,073,517 tonnes this financial year.

In 2013-14, the Port of Mackay handled a total of 223 vessels carrying the following cargo for import and export.

Table 2 Mackay throughput

Cargo	Throughput Tonnes 2013-14	Throughput Tonnes 2012-13
Tallow	6,174	5,003
Raw sugar	797,519	754,647
Petroleum	1,403,749	1,448,406
Grain	258,553	332,850
Ethanol	21,165	22,518
Fertiliser	38,638	60,284
Molasses	7,505	27,737
Cement	36,002	28,848
Scrap metal	26,289	37,372
Magnetite	91,890	52,439
Other goods/break bulk cargo	53,652	167,887
Sulphuric acid	3,504	2,960
Refined sugar	313,435	318,493
Machinery	15,442	10,423
Empty containers	0	100
Total	**3,073,517**	**3,269,967**

Port of Hay Point

The Port of Hay Point is situated approximately 40 kilometres south of Mackay.

The Port comprises two separate coal export terminals:

- Dalrymple Bay Coal Terminal (DBCT) leased from the Queensland Government by DBCT Management Pty Ltd; and
- Hay Point Coal Terminal (HPCT) which is owned by BHP Billiton Mitsubishi Alliance (BMA) and operated by Hay Point Services Pty Ltd.

An integrated rail-port network links Central Queensland mines to the port terminals. Both terminals have purpose-built, rail in-loading facilities, onshore stockpile yards and offshore wharves. The offshore wharves are serviced by conveyor systems, supported on jetties, which run out to sea and allow loading in deep water.

Cyclone damage

At the end of January, wave damage was sustained to the Port of Hay Point Half Tide Tug Harbour breakwater due to seas affected by Tropical Cyclone Dylan.

Major repair work has commenced on the breakwater and to damaged electrical systems.

Hay Point Coal Terminal expansion

A project to expand the Hay Point Coal Terminal, called the HPX-3 Expansion, is being undertaken by the terminal owner, BMA. This project will increase the capacity of the terminal from 44 Mtpa to 55 Mtpa and marine works include construction of a new ship berth, a new shiploader and outloading jetty. This expansion is expected to be completed and commissioned in the coming year.

NQBP has provided support to the project throughout the construction period through the leasing of port land for activities associated with the project, such as laydown areas for equipment, parking for construction staff and access to quarry material.

Regional airborne dust study

NQBP, along with DBCT Management and BMA, jointly funded a $450,000 regional airborne dust study to ascertain what proportion of airborne dust is actually coal dust. This study will assist in understanding what, if any, amenity impacts coal dust may pose, and what proportion of airborne dust is actually coal dust.

The study commenced in October 2013 and is continuing. Air samples are being gathered from three highly sophisticated air sampling machines at each of five designated locations with 15 machines in total providing air samples.

Samples collected at the sites complement the existing NQBP dust monitoring station located at McEwens Beach.

It is expected the study will provide solid scientific rigour to inform future regulatory and legislative frameworks and underpin mine, rail and port operations with respect to the management of coal dust.

Port master planning

In June 2014, the Queensland Government released the Queensland Ports Strategy, which has designated the Port of Hay Point as a Priority Port Development Area. Under the Strategy, NQBP is required to prepare a statutory 30 Year Master Plan for the Port.

NQBP commenced industry consultation and studies required for preparation of this plan during the year, with the aim to undertake community consultation on a draft plan in the coming year.

Annual throughput

Total coal exports through the Port of Hay Point continued to strengthen in 2013-14 maintaining the high rates of export witnessed throughout 2012-13. Volumes have now returned to the levels seen prior to the downturn experienced in 2010-11.

The total throughput for the port was 108,307,702 tonnes, comprising 67,464,903 tonnes through DBCT and 40,842,799 tonnes through HPCT.

A total of 1024 bulk carriers visited the port in 2013-14.

NQBP's CUSTOMERS

One of NQBP's commercial strategies centres on being customer centric. NQBP understands that its customers play an integral role in its business success. Its team of skilled personnel strive to deliver exceptional customer service to all of its customers and focus on a value added approach with both new and existing customers.

In 2013-14 NQBP successfully implemented a new business model with its focus moving from a developer role to a facilitator. Under this new model, NQBP works with the customer from point of proposal to ensure that their business trade objectives through the port are understood and achieved.

Capability Statement

The Port of Mackay is unique to NQBP's profile as it is a multi-cargo port surrounded by land which is either leased to tenants or available for future use. NQBP believes the Port offers exciting potential and has the ability for NQBP to showcase its commitment to exceptional customer service.

During 2013-14 NQBP undertook significant work to develop a Capability Statement for the Port which when finalised will provide current and potential customers with a greater understanding of the opportunities that exist. The Statement will demonstrate the flexibility of common user infrastructure which exists and emphasise NQBP's commitment to work with customers to achieve their outcomes.

NQBP welcomes Marine Pilots

On 2 November 2013, NQBP welcomed the provision of pilotage services at the Ports of Hay Point and Mackay into its business and is confident it will improve the delivery of this service while maintaining the State's high safety standards.

It is compulsory for all ships over 50 metres to take on a pilot (an experienced ship's master with higher local knowledge) when entering and leaving Queensland ports. Along with other port authorities, NQBP will manage the provision of marine pilots for vessels operating in 16 compulsory pilotage areas.

With increased shipping volumes and vessel movements, the changes provide port authorities such as NQBP greater flexibility to make decisions that are safe for industry and the environment.

Customer feedback

NQBP strives to continually improve customer relationships. In 2013-14 NQBP conducted a customer survey in order to determine NQBP's level of customer service.

That survey revealed an overall satisfaction rating of just under five points out of a possible seven points, indicating a moderate level of overall customer satisfaction with NQBP. Areas in which customers perceived NQBP could improve included the suggestion of more frequent and open communication with customers. In the next financial year NQBP will consider strategies to address this.

The results of this survey will inform how NQBP can better meet the needs of existing and future customers.

SOCIAL PERFORMANCE

Summary

NQBP's objectives	Indicators	2013-14 outcomes
NQBP's workforce profile	Number of employees	132
	Employee turnover	11%
Valuing diversity NQBP is committed to the principles of Equal Employment Opportunity (EEO) and the values of merit, equity and impartiality in recruitment and selection. NQBP exercises impartiality in all areas of employment.	Percentage of women on the Board	12.5%
	Percentage of women in the workforce	40%
	Percentage of women in the senior leadership team	0%
	Percentage of women in middle management	6%
	Percentage of women covered by the enterprise agreement (all employees covered under the agreement)	57%
	Number of formal EEO complaints reported to management	0
	Number of formal harassment complaints reported to management	0
	Number of days lost through industrial disputes	0

NQBP's objectives	Indicators	2013-14 outcomes
Developing NQBP's people NQBP is committed to the professional and personal development of employees	Training expenditure total (excluding on-the-job training)	$201,479.83
	Number of employees receiving support for accredited courses	6
	Percentage of employees rated 'satisfactory performer' or above in their annual performance review	65%
Health, safety and wellbeing NQBP is committed to providing and maintaining a safe and healthy working environment for all employees, visitors and members of the public	Number of Lost Time Injuries	0
	Lost Time Injury frequency rate	0.0%
	Percentage of eligible employees who participated in an annual health check	39%
	Percentage of eligible employees who participated in gym membership reimbursement	20%
	Number of health and safety committee members who are employee representatives	3
NQBP's community NQBP's aim is to become a role-model corporate citizen	Amount spent on community support (donations, sponsorships)	$84,895

Human Resources Performance

In the past year NQBP has refocused its efforts in driving a culture of accountability through the performance review process, as well as placing greater emphasis on succession planning and career development.

Succession planning and development

The executives realise the importance of responding to the future skills, management and leadership needs of the business. NQBP's leadership group contributed a significant amount of time in evaluating its employee talent and initiated an annual process to consider the career development needs of its staff.

The succession planning process identified key positions within NQBP and the readiness of existing staff to fill these positions. Career development activities were identified to address the needs of specific personnel. These included participation in development activities such as undertaking tertiary study, as well as involvement and exposure to activities and projects outside of the specific individual's area of work.

In addition, it is a target that all personnel have an employee development plan that is agreed with their manager and focuses on their specific skill or knowledge needs for the coming years.

Performance Review

Consistent with other years, all NQBP staff participated in an annual performance review. The process involves the setting of key performance objectives around June for the year ahead, followed by formal mid-year and end of year appraisals.

NQBP strongly believes in aligning each individual's performance goals with those of the business. This year, additional areas were added to the appraisal process. As well as being reviewed against the attainment of their performance goals, employees were appraised on their demonstration of NQBP's values, as well as general performance that rated areas such as work output, teamwork, problem solving and quality of work.

Induction of staff

In the second quarter of the year NQBP implemented a new online induction program. With this new program, the new starter completes the induction online.

The program provides a standardised induction for all NQBP workers regardless of location or site. The program also provides corporate control of the induction material and delivery, resulting in a consistent approach to the management of NQBP inductions.

Employees are required to answer questions after each section with 100% success expected. The online induction covers an overview of NQBP, health and safety, workplace behaviour, Code of Conduct, values, harassment and bullying, equal employment opportunity, discrimination, grievances, legal obligations and processes, conflicts of interest, risk management and environment.

As well as being suitable for new NQBP staff, with specific inductions designed for port workers and other staff, the online program was also designed for contractors under NQBP management control, and anyone requiring access to the Port of Mackay.

The result has been zero reported incidents of workers being in the Port of Mackay without an induction.

Respect for each other

One of NQBP's values is being 'respectful and committed to one another, to communities and to the environment in which we operate'. To ensure NQBP staff understand this value and are regularly reminded of it, all staff are required to attend training on the bullying, harassment and discrimination policy.

Policy review

Over the course of the year, policies have been systematically reviewed with the view to simplify and amalgamate them for efficiency. Detailed procedures and guidelines are being developed as an aid to all personnel. Awareness and training on these policies and procedures will continue as the work comes to its completion.

Enterprise agreements

The existing NQBP Enterprise Agreement expired in 2013-14. Considerable work has been undertaken to negotiate a new general agreement, as well as prepare for a forthcoming enterprise agreement with Marine Pilots that will be negotiated in the new financial year.

Health and Safety

Significant milestone

NQBP proudly achieved a zero Lost Time Injury (LTI) Frequency Rate which underlines the NQBP value of zero harm for employees. Assisting in reaching this achievement has been a 20% increase in hazard identification and reporting of incidents for the period. This resulted in a reduction of workplace hazards and improved risk management contributing to the overall reduced rate of LTIs.

The biannual external auditing of the Safety Management System identified enhancements and opportunities for continuous improvement which will be implemented in future safety management plans.

Health and safety approach and initiatives

In 2013-14 an updated Health and Safety Policy was approved which will provide for sustainable safety management within NQBP. The policy's key statements are linked to individual elements of standardised safety management systems within Australia and will ensure all processes and procedures within the system are compliant.

A Safety Strategy was developed 'to build a culture of interdependence through a health and safety consultative framework where at risk behaviours are eliminated'. The Strategy provides a plan of action designed to achieve and maintain the long-term goal of achieving zero injury or harm.

The Strategy assisted in the development of a risk-based five-year Health and Safety Plan which will drive the systems, symbols and behaviours that will continue to deliver NQBP's vision 'to be the leading port authority for bulk sea ports', by being committed to safety, and 'striving for zero harm in improving health and safety outcomes'.

This financial year NQBP proudly achieved a zero Lost Time Injury Frequency Rate.

NQBP participated in Workplace Health and Safety Queensland's Safe Work Week activities by providing a number of employee health initiatives, activities and forums. The program provided voluntary health monitoring for employees with ongoing feedback of individual's health profiles, and provided an insight into the overall physical profile of NQBP employees.

The additional benefit from the voluntary health monitoring program was that a number of employees were alerted to previously undiagnosed health risks and recommended to consult a doctor.

NQBP also utilised Queensland Health to provide health prevention seminars and professionals in physiological and psychological health and wellbeing to provide information and strategies for employees.

Safety management system

During 2013-14 the NQBP Safety Management System was updated to align with other standardised safety management systems within Australia.

A number of audits were conducted including a:

- workplace health and safety management system gap analysis;
- safety incident reporting internal audit;
- building fire safety audit; and
- review of liquid bulk handling at the Port of Mackay.

These audits have assisted in improving the current safety management systems by providing valuable opportunities for improvement and identified areas of focus for resources and attention.

Significant policies

NQBP developed a Fitness for Work Policy and related Drug and Alcohol Procedure which took effect on 31 March 2014. The policy applies to all NQBP personnel and contractors and all other port users, tenants, customers and visitors while working at or attending any NQBP work sites.

The Drug and Alcohol Procedure aims to help prevent incidents or minimise health and safety risks that could arise due to anyone on an NQBP worksite being impaired by alcohol or illicit drugs.

Other significant policies and plans developed during 2013-14 include:

- construction safety management plans;
- a quarry safety management plan for the Mt Bassett Quarry; and
- permit to work process and procedure for the management of contractors.

Community

Corporate Communities Program

NQBP's ports have operated alongside communities for many decades and in many cases, the port is part of the fabric of the community.

NQBP looks for opportunities to partner with organisations and community groups that help to meet its business objectives, as well as deliver long-term benefits to local communities.

Through its community activities, NQBP aims to:
- build awareness and understanding of its operations, environmental management practices, and activities at its ports;
- be inclusive and consultative in its dealings; and
- assist the wellbeing of port communities through its Corporate Communities Program.

NQBP has demonstrated commitment to its port communities by offering its support for initiatives and activities through sponsorships, donations, community consultation and engagement. In 2013-14 NQBP supported a number of community events representing a total contribution of $84,895.

NQBP strives to develop meaningful partnerships with the community that will create long-term value in the following areas of port community interest.

Environment

NQBP is proud of its environmental track record and aspires to be proactive in leading by example with environmental initiatives. NQBP looks for opportunities to partner with groups committed to sustainable and responsible environmental management.

In the past year NQBP has supported many environmental projects and initiatives (some of which are detailed within the Environment section of this report) through staff participation or monetary contributions such as:
- hosting a Clean Up Australia Day site at Mackay and providing lunch for Bowen State School students to participate in a Clean Up Australia Day activity;
- participating in the Mackay Coastal Clean Up 2013 by cleaning beaches at Dudgeon Point;
- sponsoring the Australian Marine Environment Protection Association's (AUSMEPA) Calendar Project promoting healthy mangroves;
- providing important equipment for Bowen Sea Turtle Assessment and Rehabilitation (BSTAR); and
- delivering ten x $1000 EcoPorts grants to schools, kindergartens and day care centres located in NQBP port communities.

NQBP values its local communities and is committed to being a good corporate citizen.

A significant sponsorship was also provided to the Great Barrier Reef Foundation to coordinate and facilitate workshops with experts and reef managers. The workshops will develop a research framework consisting of projects that focus on connectivity between nutrient flows, migration, larval dispersal and gene flow.

The Great Barrier Reef Strategic Assessment has identified connectivity as a major information gap, and as stewards of the environment surrounding its ports, NQBP is extremely proud to assist with this initiative which in turn may contribute greatly to the health of the Great Barrier Reef.

Employment

NQBP seeks to support training and employment initiatives. An example of NQBP's support in this area is its involvement in the Regional Indigenous Employment Programme (RIEP). The programme was focussed on 'assisting the indigenous people of the region to find, secure and retain sustainable employment for the long term betterment of themselves, their families and communities'.

NQBP continued the arrangement as host organisation for RIEP until the programme became no longer operational on 30 September 2013. NQBP was proud to be the host organisation since 2009 when it began providing office and administrative support to a programme coordinator.

NQBP also supports schools hosting career days which aim to equip graduating students with information necessary to assist with making informed decisions about their future education or employment options. In the past year, NQBP has supported both Sarina State High School and Bowen State High School with hosting career days for students.

Youth

NQBP acknowledges that activities for youth are essential for the long-term health and wellbeing of communities, which is why NQBP became a gold sponsor of the Australian Marine Environment Protection Association (AUSMEPA). AUSMEPA is a not-for-profit association, and through education is a leader in protecting Australia's marine environment with its comprehensive programs for students, teachers, seafarers, shipping industry and local communities.

Schools and seafarers use AUSMEPA's free innovative education resources to learn how to protect our precious marine environment. Additionally, NQBP provided funding to support AUSMEPA's Calendar Project which directly involved participation from schools in local port communities.

Regional Development

NQBP supports programs and initiatives which involve local businesses and communities in port areas gaining opportunities or benefits. In this area, NQBP focusses on developing long-term sustainable relationships with stakeholders and looks for opportunities to create value by supporting community activities.

Given the close proximity to the Port of Mackay, NQBP seeks to be a community-friendly port by regularly supporting community events and activities held at the Mackay Harbour. An increase in visitors to the Harbour also benefits local businesses based in this area. In the past year, NQBP was a proud sponsor of the following events:

- Seafood and Wine Day as part of the Beach Races;
- Pink Ribbon Charity Fair held in Mulherin Park;
- Mackay Marina Run; and
- Mackay Boat Show.

Other sponsorships were provided in port communities to assist community projects and events such as:

- Mackay Volunteer Marine Rescue to purchase equipment;
- the Weipa Fishing Classic;
- Bowen Delta Rural Fire Brigade to construct a shed; and
- Bowen Shire Festival of Murals to further the town mural project.

Finally, NQBP understands the value of contributing to regional development and therefore provided sponsorships to two important conferences held in regional areas – Australian Institute of Planning Conference held in Mackay and the Major Projects Summit held in Bowen.

Environmental and Sustainability Performance

Environmental approach

Environmental responsibility is one of NQBP's business values and this is reflected in the stewardship of its port environments and its excellent track record of environmental management.

NQBP is committed to pursuing high standards of environmental guardianship, performance and management of both its own activities and those of its commercial partners.

NQBP's Environment Policy, together with its Sustainability Policy, defines its commitment to sustainable development and minimising the ecological footprint across NQBP's Strategic Port Lands. NQBP's policies are communicated to all employees, contractors, and visitors through a continual program of training and inductions, and through the provision of port-specific Environmental Management Plans.

Environmental management

AS/NZS ISO 14001:2004 certification

AS/NZS ISO 14001:2004 is an internationally recognised standard for environmental management, and is a guide to administer strategies to minimise environmental impacts, whilst ensuring legislative compliance and promoting continual improvement in environmental performance.

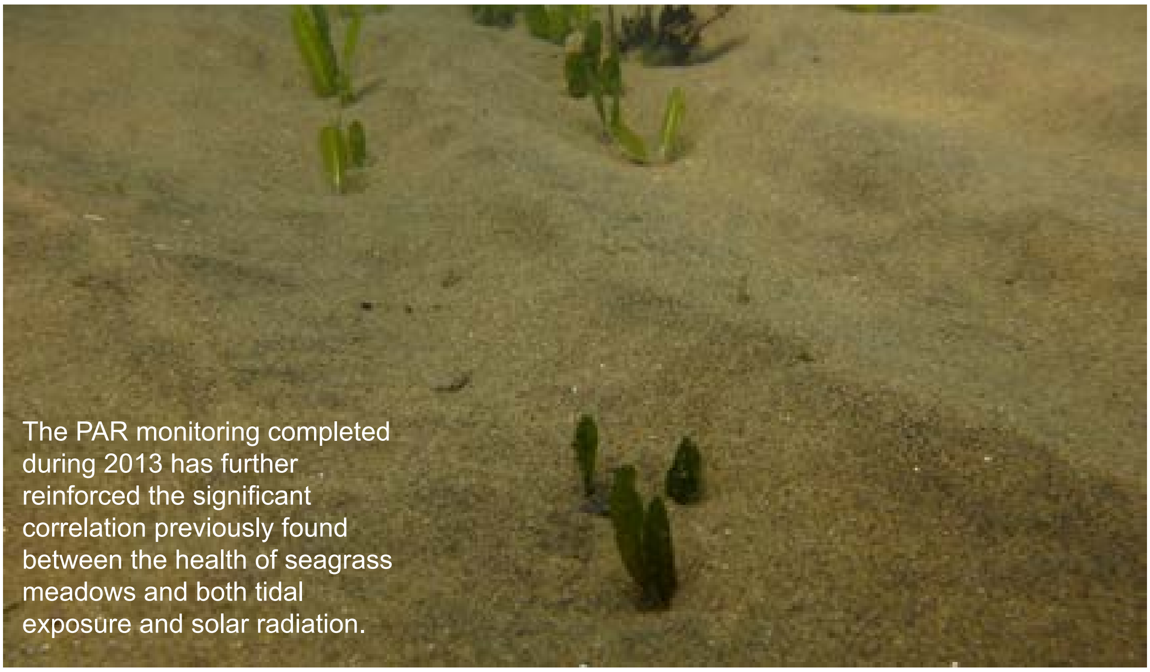
NQBP's EMS is accredited under AS/NZS ISO 14001: 2004, demonstrating the organisation's commitment to high standards of environmental responsibility. In 2014 NQBP's EMS was certified for a further three-year period under this accreditation.

Port of Weipa

NQBP aims to provide safe, sustainable and competitive seaport services. Key to achieving this is a port-wide program of maintenance dredging to ensure declared depths within existing facilities are preserved.

NQBP holds ten-year long-term Commonwealth and State permits for ongoing maintenance dredging at the Port of Weipa. The 2013 maintenance dredging campaign for the Port of Weipa was completed over a 32-day period between 16 June and 17 July 2013, with no environmental incidents.

As part of NQBP's monitoring program, James Cook University has managed a strategic long-term seagrass monitoring program since 2000. The program includes assessment of seagrass community health indicators and data from photosynthetically active radiation (PAR) sensors installed at prominent seagrass meadows within the monitoring area. All seagrass meadows in the Port of Weipa were reported as healthy during the 2013 survey.



The PAR monitoring completed during 2013 has further reinforced the significant correlation previously found between the health of seagrass meadows and both tidal exposure and solar radiation.

Photo courtesy of James Cook University

Port of Abbot Point

The proposed capital dredging of the T0, T2 and T3 offshore berths and apron area at the Port of Abbot Point received approvals from the Federal Environment Minister, under the EPBC Act, in December 2013. Further approvals to facilitate this capital project were issued from the GBRMPA in January 2014, including an MPP and an SDP.

This approval and the associated permits are currently being challenged in judicial proceedings before the Administrative Appeals Tribunal and Federal Court.

The approvals were granted with conditions that require a suite of management plans and environmental monitoring to ensure that the development of the Port can occur in a manner which can sustain biodiversity and heritage values. Key to meeting the requirements of the conditions is the development of an ecosystem research and monitoring program which will include the following:

- validation of hydrodynamic modelling developed as part of the Public Environment Report (PER);
- monitoring of water quality and port environmental habitat values as indicators of ecosystem health; and
- monitoring of social and economic indicators including potential indicators within the commercial fishing industry.

Consultation continued throughout the year with the formerly established Technical Advisor Consultative Committee (TACC), formed primarily to comply with the requirements of the National Assessment Guidelines for Dredging 2009 as a mechanism to consult with stakeholders and regulators. The TACC comprises representatives from Commonwealth, Queensland and Local Governments, the fishing industry, tourism industry, general community, conservation groups and proponents.

Traditional Owners of the area have also been consulted on the project independently of the TACC.

Pursuant to the approval conditions, NQBP has also established two further consultative committees whose role is to provide focused management advice during the dredging activities: a Technical Advice Panel (TAP) and a Management Reference Group (MRG).

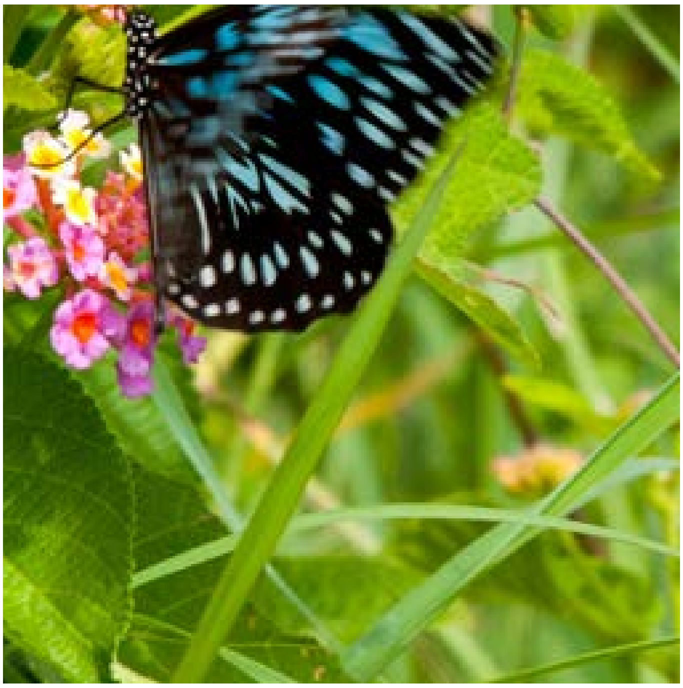
An offsets and enhancement strategy is also being developed that will provide a range of measures to ensure positive outcomes to the Great Barrier Reef, including fish habitat offsets and contributions to water quality enhancement programs implemented by the North Queensland Dry Tropics NRM group (a community not-for-profit organisation). This strategy will be finalised in consultation with the Commonwealth Department of Agriculture, Fisheries and Forestry (DAFF) and the Commonwealth Department of the Environment (DoE), and will be implemented on commencement of the proposed dredging.

Port of Mackay

NQBP holds ten-year long-term Commonwealth and State permits for ongoing maintenance dredging at the Port of Mackay. In preparation for the 2013 maintenance dredging campaign, NQBP completed a suite of environmental investigations identified within the Port of Mackay Long Term Dredge Management Plan (LTDMP).

These included:

- sediment characterisation assessment of maintenance material;
- habitat survey;
- benthic infauna survey of the disposal site; and
- development and implementation of a water quality monitoring program.



The 2013 maintenance dredging campaign was completed over a seven-day period between 19 and 25 August 2013, with no environmental incidents.

A major upgrade of the Port of Mackay wharf-side fire systems commenced in May 2014. The upgrades were triggered due to the increased level of fuel cargo handled within the Port of Mackay and to ensure water pressures and foam types were compliant to new standards and policy requirements.

NQBP has undertaken water quality monitoring at the Port of Mackay since 1998 offering an historical dataset and providing an indicator of overall port health. The 2013-14 season monitoring covered both the landward and seaward extent of Strategic Port Land and identified that all physical, chemical and biological parameters were within levels expected of the port environment and within the relevant recommended guideline values.

Port of Hay Point

Routine maintenance dredging within the Port of Hay Point is required to maintain declared depths within the channel, swing basin and berth areas. In 2014, NQBP received an MPP and an SDP from the GBRMPA to allow these maintenance activities to proceed.

A range of environmental monitoring programs including marine water quality are required for:

- fringing coral reef;
- benthic habitat and seagrass;
- benthic infauna;
- invasive marine pests;
- social impact program (fisheries and tourism).

NQBP plays a voluntary stewardship role and together with port customers, has had a dust monitoring program in place for almost 20 years which is continually developed and expanded to improve dust management practices in the port.

NQBP has commissioned a project to investigate the expansion of the existing air quality monitoring program to capture both the Port of Hay Point and the Port of Mackay. The aim is to enhance the program design to provide better ongoing information about coastal dust in the port environments.

The Port of Hay Point operations are supported by 23 dust monitoring sites within the region and during 2013, NQBP installed two additional 100% solar powered dust monitoring stations at McEwens Beach. These new stations were installed to provide background data and, for the first time, monitor particles less than 10 micrometres (PM_{10}) and 2.5 micrometres in diameter ($PM_{2.5}$).

Programs and initiatives

EcoPorts Program

NQBP's EcoPorts Program is a practical action plan to achieve NQBP's long-term environmental goals and commitments.

Issues and actions are documented and monitored to ensure the short- and long-term sustainability of NQBP's ports. Actions within this program include port environmental monitoring programs and environmental auditing.

The EcoPorts 2013-14 Program included 60 actions that are continuing or have been completed.

Port environmental monitoring programs

NQBP has a comprehensive program of environmental monitoring which is reviewed annually. It is developed on a port-by-port basis to ensure environmental issues in each port are being adequately monitored.

The following provides a summary of monitoring being carried out at NQBP ports:

- seagrass monitoring (all ports – Weipa, Abbot Point, Mackay and Hay Point);
- coral and benthic infauna assessment (all ports – Weipa, Hay Point, Mackay and Abbot Point);
- beach coal survey at the Port of Hay Point;
- sediment characterisation (all ports – Weipa, Abbot Point, Mackay and Hay Point);
- air and noise monitoring at the Port of Hay Point;
- water quality monitoring at the Ports of Mackay, Hay Point and Abbot Point; and
- marine pest monitoring (all ports – Weipa, Abbot Point, Mackay and Hay Point).

Environmental sustainability

NQBP continues to uphold sustainability as a fundamental corporate responsibility. The threshold for greenhouse gas reporting under Commonwealth legislation of 25,000 tonnes $CO_{2\ equiv}$ is not triggered by NQBP activities, although port tenants and terminal operators are responsible for their individual emission reporting under the National Greenhouse and Energy Reporting System when it is required.

As an indicator of sustainability, NQBP does measure resource use by corporate activities, including water usage and waste management.

Water management

NQBP's water usage is largely confined to public amenities, including boat ramps, jetties, offices and workplaces. NQBP supplies water to port tenants and visiting ships.

Table 3 summarises NQBP's water usage across its ports.

Table 3 Water usage in kilolitres across NQBP ports[1]

Port	2012-13	2013-14
Bowen	836	1,265
Hay Point[2]	20,888	16,476
Mackay[3]	18,205	25,004
Total	39,929	42,745

Table 3 notes –

1. NQBP undertook upgrades and maintenance programs on several infrastructure facilities at its ports during 2013-14 which required additional water usage. Water was used for aspects such as dust suppression and testing new upgraded wharfside firewater suppression systems.

2. Water usage does not include the quarantine waste facility. This is because NQBP does not have operational control of this facility which is contracted out on a long-term basis, similar in execution to that of lease areas.

3. Water usage in the Brisbane and Mackay offices is not metered separately to other users in the high rise buildings. However, usage is expected to be low. Weipa town water usage is not metered and therefore no usage rates are available. As NQBP does not operate the Abbot Point Coal Terminal, it has no offices located at the Port of Abbot Point.

Sustainable design

NQBP's Mackay corporate office relocation neared completion in 2013-14. As part of the concept and planning for this relocation, this project considered the application of principles of energy efficiencies and greenhouse gas reductions, a summary of which is provided below.

- Energy efficient lighting was fitted throughout.
- Water saving devices were upgraded to all staff facilities.
- Low emission paints were used.
- All workstations were provided with Environmental Choice Australia Licence, as well as Forest Stewardship Council certification.
- Original office equipment was reused in the new office fit-out wherever possible.
- Additional audio visual conferencing equipment was installed, reducing corporate travel requirements between the Mackay and Brisbane offices.
- To minimise paper usage, new office printers have been set to default double-sided and are activated by swipe cards.
- Office task chairs and meeting room chairs were certified to GreenRate level A under the Ecospecifier Global Green Tag certification program, based on manufacturing specifications of at least 48% recycled content and overall 93% recyclability.
- Each of the kitchen/staff breakout rooms has waste segregation for recyclable items.
- Each of the utility rooms was fitted with paper and toner recycling bins.

Waste management

The amount of paper recycled at the offices in Mackay and Brisbane for 2013-14 was 1.16 tonnes out of a total of 3.11 tonnes purchased. This effectively equates to a saving of close to 4.6 cubic metres of landfill, 3,015 kilowatts of electricity, 25 kilolitres of water and 2.89 tonnes of carbon emissions.

At the Mackay office, paper is recycled with other cardboard and paper products. In NQBP's corporate offices, most ports and project offices, the paper sourced has at least 50% recycled content or is certified carbon neutral by the Carbon Reduction Institute of Australia.

All paper is certified by the Programme for the Endorsement of Forest Certification (PEFC) from sustainably managed forests and wherever possible, is sourced from Australian paper mills that are certified under AS/NZS ISO14001 for Environment Management.

Environmental improvement

Each year, NQBP carries out environmental improvement projects, which are detailed as follows for 2013-14.

Mackay Clean Up Australia Day 2014

NQBP hosts a Clean Up Australia Day event each year at the Port of Mackay. The 2014 event was another success with a range of community and staff volunteers offering their assistance to collect 1.05 tonnes of rubbish from the Mackay's Harbour Beach region.

Mackay Coastal Clean Up 2012

In October 2013, NQBP participated in the second in a series of biannual Mackay Coastal Clean Up events programmed until the end of 2015. The clean-up focussed on removing marine debris from community adopted beaches covering 40 kilometres of shoreline in the Mackay area.

NQBP adopted the Dudgeon Point beach at the Port of Hay Point and removed a variety of rubbish including a mixture of plastic and glass drink bottles, balls, containers and vehicles tyres.

The event targeted 10 beaches over the weekend and a total of 335 volunteers cleaned up a total of 4,982 kilograms of marine debris, which is a great result for the marine life and aquatic environment in the Mackay/ Hay Point region.

NQBP EcoPorts Environmental Education Grants

As part of NQBP's extensive EcoPorts Program, 40 schools and kindergartens located in NQBP's port communities at Hay Point, Mackay, Bowen and Weipa were invited to apply for a $1,000 EcoPorts grant. For the third year, ten grants were offered to help schools implement environmental initiatives that support a sustainable local environment.

NQBP representatives presented the grants to the winning schools. Some of the environmental initiatives include establishment of native bee hives, aquaponics system, monitoring zooplankton communities, development of gardens, purchasing of water tanks and attend environmental excursions.

NQBP is very proud to offer the EcoPorts Grants which will help create greater awareness, understanding and appreciation for the environment, particularly with young people.

Reef Catchments (Mackay Whitsunday Isaac) Limited – Healthy Waterways Alliance

NQBP is a member of the Healthy Waterways Alliance which was formed two years ago by Reef Catchments. This membership represents NQBP's commitment to developing new partnerships with regional environmental activities related to water quality and aquatic ecosystem health activities.

AUSMEPA Support

NQBP are proud sponsors of the Australian Marine Environment Protection Association (AUSMEPA). AUSMEPA is a not for profit association and through education they are a leader in protecting Australia's marine environment with its comprehensive programs for students, teachers, seafarers, shipping industry and local communities. Schools and seafarers use AUSMEPA's free innovative education resources to learn how to protect the marine environment.

During the year, NQBP supported the AUSMEPA Calendar Project which involved local port community schools participating in a competition to produce an inspiring drawing titled “Mangroves – keep them clean and alive”. The project enabled the students to learn and share their concerns about the future of mangroves and the marine environment. The winning artworks were chosen to develop a full calendar and 12,000 copies were printed and circulated.

Marine turtles

NQBP has an extensive history of supporting turtle monitoring in the Mackay and Bowen areas, with the Bowen monitoring program having commenced in 2005.

Queens Beach has long been documented as a well-known nesting site for sea turtles. In 2013-14, NQBP supported Bowen Sea Turtle Assessment and Rehabilitation Inc. (BSTAR) rescue and rehabilitation program by providing equipment such as standing mats, vet assistance and weight scales. In June BSTAR released a 50 year old turtle named Elizabeth back to freedom after nursing her to health when she found suffering from floating syndrome on Bowen's Front Beach foreshore.

NQBP also continued to provide funding to monitor turtle behaviour via satellite from a transponder attached to a teenage turtle named Peanut and to a healthy male turtle named Brisk Bay Bell.

This monitoring is helping to determine where they both live and their behaviour during and after breeding season. NQBP is proud to support this monitoring which will create awareness of turtle behaviours.

Queensland Ports Association

The Queensland Ports Association (QPA) represents all Queensland ports. One of its committees, the Environment and Planning Committee, comprises environment and planning managers and specialists from four Queensland port authorities: NQBP, Ports North, Port of Townsville Limited and Gladstone Ports Corporation Limited, as well as representatives from Port of Brisbane Pty Ltd.

The recent focus of the QPA Environment and Planning Committee has been on keeping abreast of the technical investigations and reports that form the basis of the Great Barrier Reef World Heritage Area Strategic Assessment. The Committee has also been maintaining regular contact with key Commonwealth and State personnel on a variety of issues of interest to ports, including the Strategic Assessment, Queensland Ports Strategy, Environmental Offsets, proposed environmental legislation and policy amendments, integrated monitoring frameworks and best practice guidelines.

Case Study One

Environmental Management System Upgrade

Since 2004, NQBP's Environmental Management System (EMS) has been accredited against AS/NZS ISO14001:2004. The scope of the EMS includes all four of NQBP's bulk trading ports and corporate activities within its office environments.

As a commitment to continual improvement, NQBP recently upgraded the EMS to incorporate a risk-based approach that aligns more directly with AS/NZS ISO14001:2004's framework of PLAN-DO-CHECK-ACT. In addition, it provides clear delineation of Port Environmental Values and interaction of NQBP's activities with these.

The EMS Framework is based on adaptive management, where measurable Environmental Objectives are identified for Port environmental values. A risk assessment is undertaken which identifies specific management measures, such as environmental management programs, procedures or initiatives required to achieve the Environmental Objectives and Management Target. These are summarised in each Port's Environmental Management Plan (refer to Figure 1).

Through this repeatable, quantitative mechanism for evaluating the effectiveness of management measures currently adopted, the adaptive management process also offers a framework for continual improvement and an ongoing ability to maintain environmental values in the Port area.

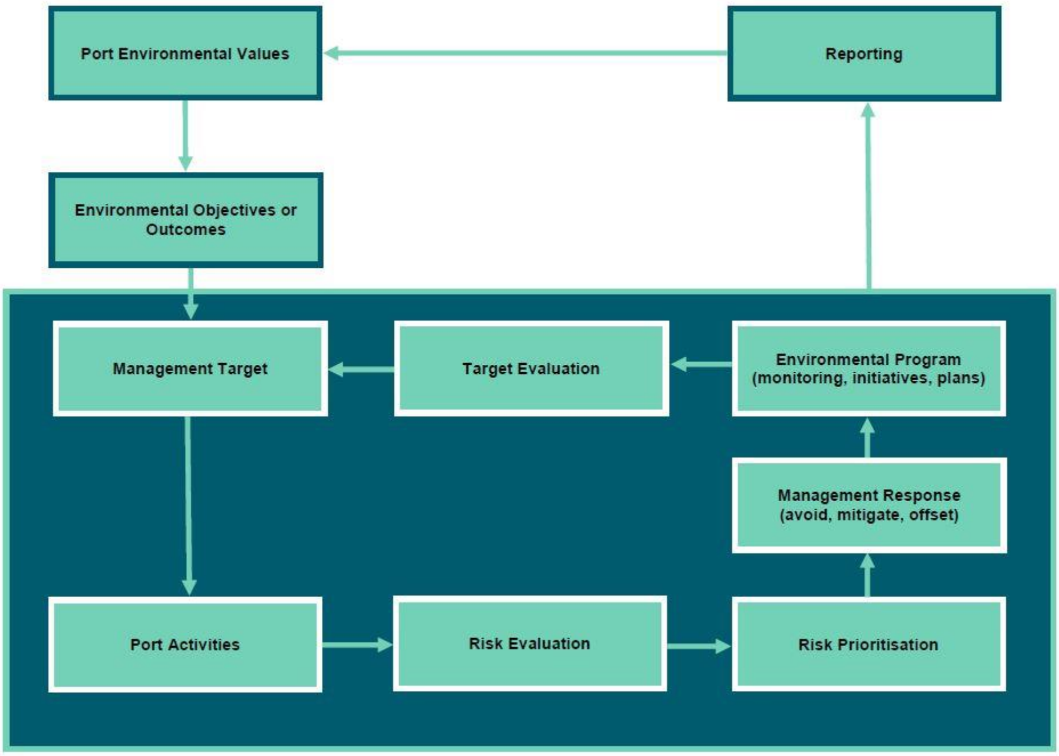


Figure 1 Adaptive Management Cycle

Case Study Two

Ambient Marine Water Quality Monitoring — Ports of Hay Point and Mackay

As a maritime nation, Australia's ports are an important gateway for goods and for our defence. Consequently, ports and associated infrastructure are of the utmost economic and social importance to Australia.

The Ports of Hay Point and Mackay are key trading ports within Queensland and have been identified as Priority Port Development Areas within the Queensland Ports Strategy.

NQBP is committed to pursuing high standards of environmental guardianship, performance and management within all our Ports and have a range of well-established monitoring programs at each location. NQBP has recently commenced an extensive ambient marine water quality monitoring program extending some 55 kilometres off the GBR coastline from Freshwater Point south of Sarina to Keswick Island in the southern Whitsunday Islands.

The program includes monitoring at 12 locations with loggers operating 24/7, with a complete water quality analysis undertaken on a quarterly basis (refer to Figure 2).

The program aims to provide greater understanding of the natural variability within key water quality parameters, including those experienced at the nearest sensitive receiving habitats and to facilitate effective management of port activities.

Other programs being undertaken by NQBP in the Mackay and Hay Point region include ones for:

- fringing coral reef;
- benthic habitat and seagrass;
- benthic infauna;
- invasive marine pests; and
- social impact program (fisheries and tourism).

Photo courtesy of James Cook University

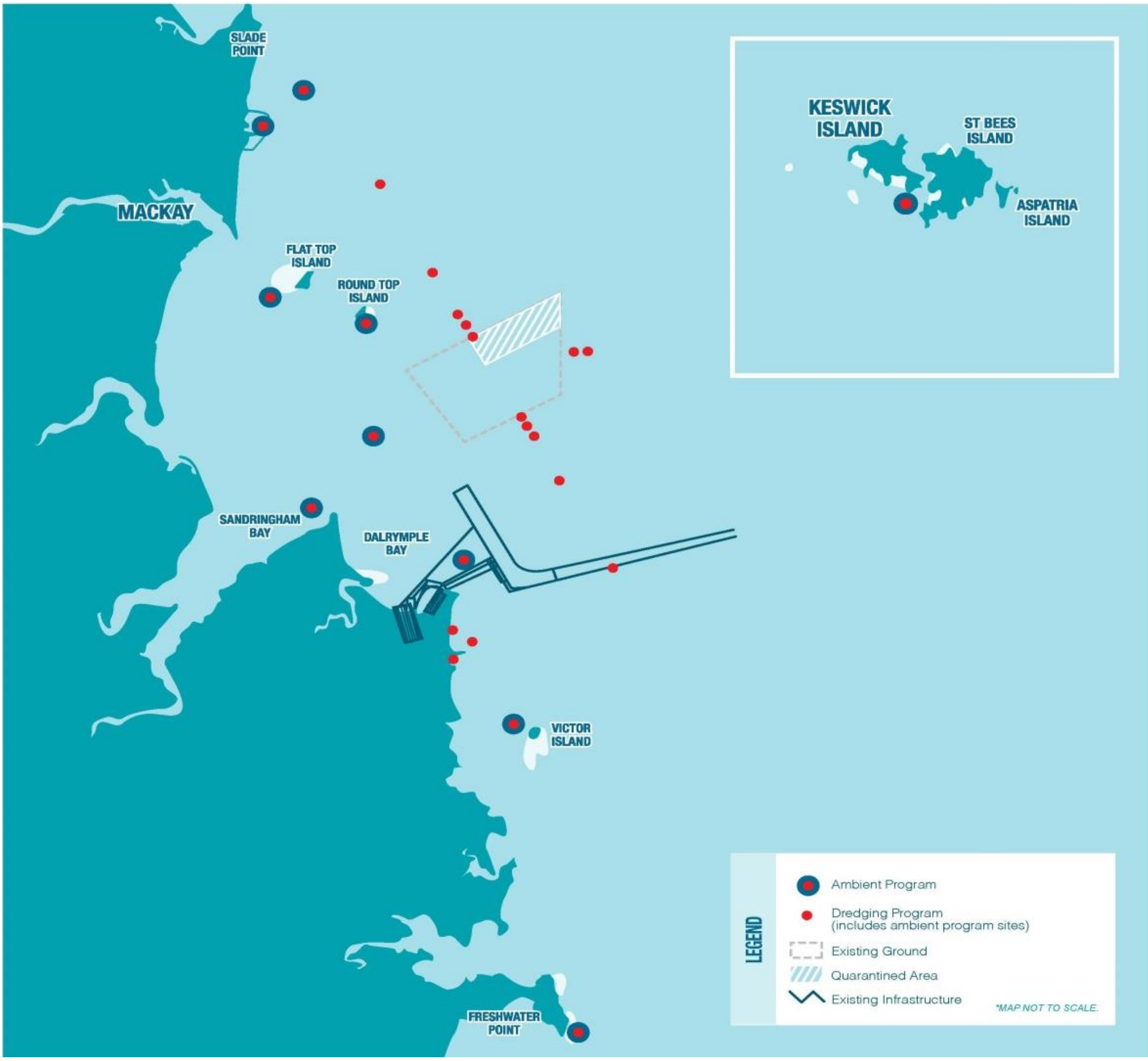


Figure 2 Ambient marine water quality monitoring sites for the Ports of Hay Point and Mackay

CORPORATE GOVERNANCE

Corporate Structure

In late 2008, the Queensland Government announced a review of the Queensland Port Network Structure. As a result of that review, a new company, North Queensland Bulk Ports Corporation Limited (NQBP) was formed and on 2 July 2009, Ports Corporation of Queensland Limited (PCQ) and Mackay Ports Limited (MPL) became wholly owned subsidiaries of 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 and Minister for Trade and the Minister for Transport and Main Roads. 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 NQBP's Board, including their terms of office and their skills, experience and expertise, are outlined on pages 16 to 19 and 68 to 73 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 assessment 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 Queensland Treasury and Trade's Shareholder and Structural Policy Division and the Department of Transport and Main Roads), 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 NQBP Board. A copy of the charter is included on NQBP's website.

The collective role of the NQBP Board is to:

- set corporate direction and goals;
- oversee the plans of management to achieve these goals; and
- 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 NQBP's shareholders for its performance as required by the GOC Act and other laws applying to NQBP; and
- ensuring that NQBP otherwise performs its functions in a proper, effective and efficient way.

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

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

Board meetings

The Board meets monthly (except in December), and in addition to this, they meet at other times should the need arise. During 2013-14 the Board met 11 times. Directors also met for committee meetings and to discuss strategic planning.

The Chairman generally meets the Chief Executive Officer and Company Secretary/ General Counsel 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; and
- commercial and governance decisions requiring a Board resolution.

Key stakeholders are regularly invited to attend an informal lunch which is held after the scheduled Board meetings. This provides an opportunity for the directors to discuss relevant port-industry topics, while also developing and maintaining important relationships.

Membership of the Board

Collectively, members of the Board should possess:

- a thorough understanding of the core activities of NQBP and the environment in which it operates to make informed decisions;
- a commitment to the continual improvement of NQBP operations, strategic direction and policy framework;
- strong business acumen, management skills and financial and operational reporting;
- a high level of understanding of best practice employee relations, industrial relations and remuneration and motivation concepts;
- an inquiring attitude, objectivity and independence; and
- a strong, demonstrated sense of probity and ethical conduct.

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 as well.

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 a NQBP director. Each director has a duty to comply with the law and binding government and NQBP policies.

The Board supports the ongoing development of individual directors as appropriate, so that the Board has the skills and knowledge to effectively perform its role in relation to NQBP. Annual 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. The Board has also approved a training plan for directors to assist in this process.

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 its 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 NQBP policies which apply to directors and all NQBP 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 (Official Misconduct 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 NQBP's business, as well as NQBP's confidential information and intellectual property.

The Code of Conduct, Integrity Framework Policy (Official Misconduct 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 management also meets with representatives of Queensland Treasury and Department of Transport and Main Roads 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 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 2013, an external review of NQBP Board performance was undertaken.

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

In addition, each committee (in accordance with their charters) addresses competency and performance issues at least annually, as well as their information needs. The Board then reviews the performance of each committee on an annual basis. This was undertaken in May and June 2014.

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 110 to 111. 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.

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.

The Chief Executive Officer's employment contract expired on 30 June 2014 with severance payments agreed to be two weeks superannuable salary for each year of recognised service up to a maximum of 52 weeks.

All new senior executive and senior manager employment agreements include provisions consistent with revised 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 for the 2013-14 year 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 the overall performance of NQBP. The scheme involves a performance payment pool for the 2013-14 financial year of 6% of the base pay of participants. Not all of the 6% pool was distributed for the 2013-14 year.

Relevant remuneration policies are disclosed on NQBP's website and are listed on page 59 of this report.

Board committees

During the 2013-14 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 NQBP's website.

A general description of the role and achievements of NQBP's 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 68 through to 73 respectively of this report.

Audit and Financial Risk Management Committee

Chairman: Peter Tait

Members: Kasper Kuiper, Peter Milton, Adrian Chambers and Gerry Johnstone

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; and
- monitors matters and transactions which may have a material effect on the financial position of NQBP.

The membership of 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 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 2013-14

The Committee followed a key list of standing items to ensure coverage of:

- strategic and significant items;
- financial risk management;
- financial governance;
- external audit; and
- proposed board papers.

In addition, during the 2013-14, the AFRMC also considered the following key matters:

- credit review;
- accounting paper – Periodic Dredging;
- review of insourcing of internal audit;
- financial systems and reporting;
- insurance review;
- capital management plan;
- pricing policy;
- Queensland Treasury Corporation (QTC) Master Facility Agreement;
- accounting paper – Impairment of Assets 2013-14;
- accounting paper – Calculation of Underlying Profit;
- annual review of Committee Performance and Charter; and
- quarterly financial management reviews.

Human Resources and Industrial Relations Committee

Chairman: Gerry Johnstone

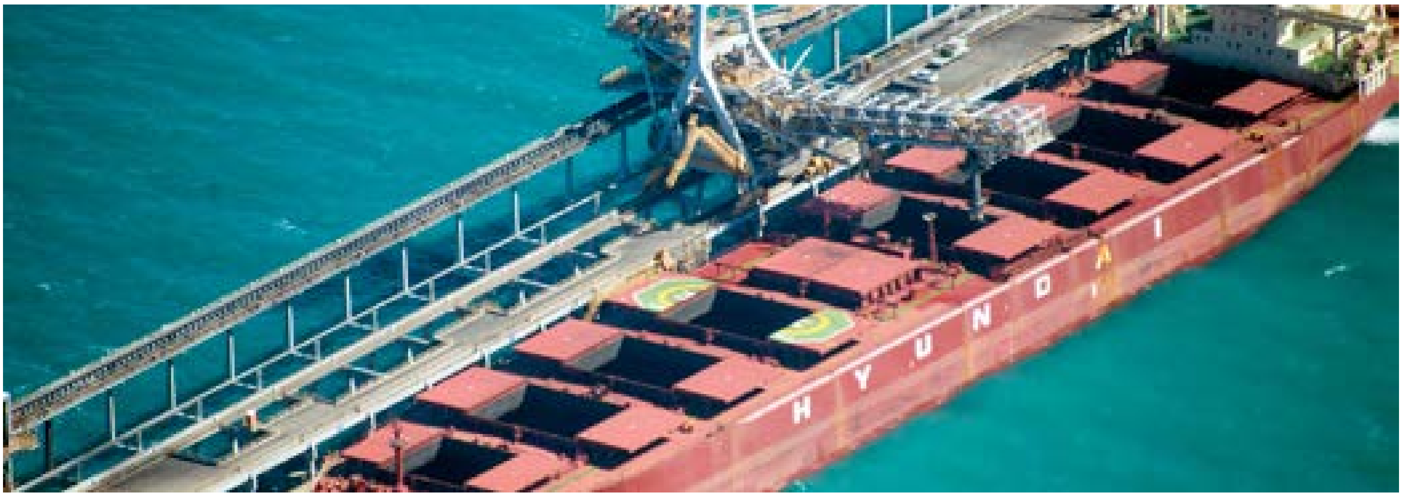
Members: Peter Milton, Stephen Golding, Adrian Chambers and Suzanne Brown

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 NQBP's 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 NQBP's 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 NQBP's handling of conflict of interest issues; and
- reviews the appropriateness of NQBP's Employment and Industrial Relations Plan.

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. 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.

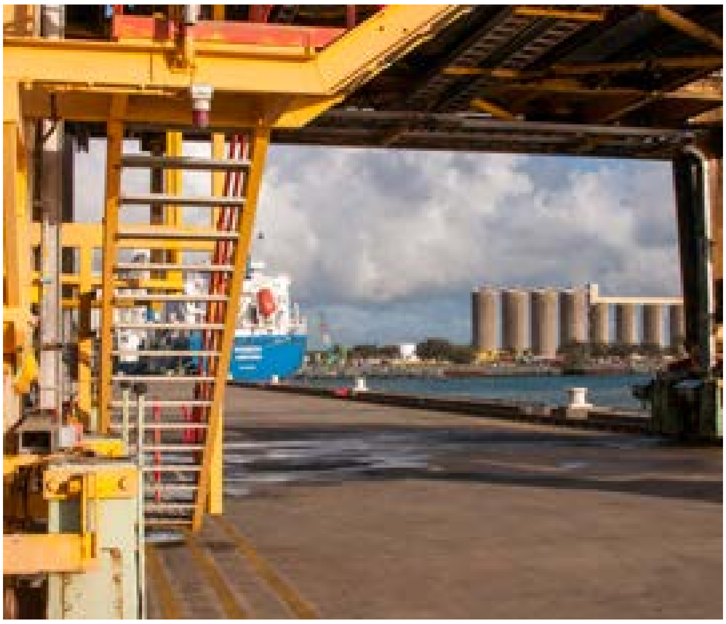
The Committee has observed the terms of its charter and had due regard to industrial and other relevant legislation, relevant binding policy of the Queensland Government, as well as NQBP's policies.

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

HRIRC achievements in 2013-14

During 2013-14, the key matters considered by the Committee included:

- reviewing and making recommendations to the Board to consolidate human resources (HR) policies;
- continuing a focus on the development and maintenance of leadership capability including consideration of career and management development planning processes;
- reviewing and providing input into the planning for the upcoming Enterprise Bargaining Agreements for Enterprise Agreement (EA) staff and Marine Pilots;
- reviewing the integration of marine pilots into NQBP including options for negotiating new terms and conditions of employment;
- considering processes to improve organisational performance and safety management including a review of Fitness for Work Policy and Procedure, Port of Mackay operations, and improved HR reporting on matters including annual leave and overtime management;
- reviewing Group Key Performance Indicators, performance evaluation criteria and payments, and senior management and executive salary arrangements;
- providing input into the review of organisational structure to align with NQBP's business model and proposed changes to NQBP's Vision, Mission and Values; and
- monitoring the key risks for NQBP in relation to HRIR matters.



Corporate Governance and Planning Committee

Chairman: Stephen Golding

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

*Peter Milton's membership finished on 20 August 2013

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.

The CGAPC:

- reports to the Board on the adequacy of the corporate governance system;
- monitors NQBP's adherence to policies related to corporate governance and instilling a culture of compliance;
- reviews pricing proposals and commercial negotiating frameworks which impact on NQBP's 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 NQBP's plans; and
- requests the Chief Executive Officer to consider or further consider any strategic issue relevant to NQBP.

The membership of 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. 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 2013-14

During 2013-14, the key matters considered by the Committee included updates to the Committee Charter, as well as reviewing:

- the continual development of information technology (IT) functions and systems;
- the continual review of the development of risk management systems and reports;
- relevant policies;
- Board performance;
- operational risks including line handling and fatigue management;
- risk issues associated with NQBP's major projects;
- NQBP's complaints report;
- the transfer of pilotage functions from Maritime Safety Queensland (MSQ) to NQBP;
- issues for the annual Board Strategic Planning Workshop and progressing strategic initiatives;
- issues relating to NQBP's infrastructure improvements; and
- insurance issues.

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 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.

Risk Management

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. The risk management framework undergoes continual improvements to ensure it adequately meets the needs of NQBP.

Risk management for NQBP involves the culture, processes and structures that are directed towards realising potential opportunities, while managing adverse effects. 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; and
- build a risk aware culture with risk embedded into day to day activities.

Risk management is an integral part of NQBP business management.

The risk management framework has been aligned with corporate and operational objectives through active consideration of business risks in strategic planning activities. For strategic risks the Board takes the leadership on identification, assessment and evaluation.

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 NQBP 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 NQBP's 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.

Risks are managed through a detailed process of identification and quantification of the risks, followed by determination of appropriate and cost-effective risk controls. Control measures are then implemented to mitigate the risk to acceptable levels. Identified risks are ranked to ensure appropriate attention to the higher risks of the business. For major projects, comprehensive risk workshops are held with multi-disciplinary teams to identify risks and to determine appropriate controls.

Individual risks and controls are documented in a risk register. Each risk is assigned to a senior manager for implementation of risk treatment strategies and controls. Risks rated above the risk tolerance level are monitored by a Board committee (primarily CGAPC) for oversight to ensure mitigation strategies are effectively addressing the risk.

The risk management framework has operated efficiently and effectively throughout the year. However, 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 2013-14.

NQBP's website includes a copy of NQBP's Risk Management Policy.

Legal Compliance

NQBP's legal compliance framework is designed to ensure that NQBP employees remain up to date and aware of the key legal requirements under Commonwealth and Queensland laws, regulations, policies and guidelines that impact on NQBP's business.

NQBP's compliance approach is to assign compliance of a statutory requirement to the relevant business unit within NQBP, which then has accountability within the scope of the particular statutory requirement, as that business unit is best equipped to identify and address compliance issues.

Regular legal updates and training are provided to all NQBP staff on key legislative changes.

Internal Audit

In 2013-14 NQBP trialled the in-house provision of the internal audit function, which has subsequently been endorsed to continue for a three-year period to 2015-16. In-house internal audit resources are supplemented by external resources where specialist skills or greater independence is required.

The role of internal audit is to assist the Board of Directors and management in the effective discharge of their responsibilities. 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; and
- determining effectiveness of financial and operational controls and systems in meeting goals.

The 2013-14 audit program included reviews of:

- asset acquisition, recording and disposal;
- lease and permits, management and compliance;
- safety incident reporting;
- port pricing models;
- emergency management review;
- workplace health and safety;
- payroll system pre go-live audit; and
- quarterly follow up reviews of internal audit actions.

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, NQBP has two objectives:

- establish the capital structure to minimise its cost of capital while maintaining an appropriate credit rating; and
- maintain flexibility for current and future infrastructure opportunities.

Dividend policy

The NQBP 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.

The directors of NQBP have recommended a total dividend payment for this year of $18.7 million based on 80% of net profit after tax adjusted for abnormal items.

Investments policy

Cash at bank or on hand, not currently required by NQBP, is invested in Board-approved investments in the 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.

NQBP works closely with QTC to obtain State borrowing approval. In accordance with Government policy, NQBP borrows from QTC for ordinary requirements.

Government policies applicable to NQBP

NQBP is to comply with the following Government policies in addition to Queensland and Commonwealth legislative requirements. As at 30 June 2014, NQBP was required to apply various government policies, including:

- *Code of Practice for GOC Financial Arrangements*
- *Code of Practice for the Building and Construction Industry (Department of Justice and Attorney-General website)*
- *Corporate Entertainment and Hospitality Guidelines*
- *Corporate Governance Guidelines for Government Owned Corporations*
- *Cost of Capital Principles - Government Owned Corporations*
- *Government Owned Corporations Release of Information Arrangements*
- *Guidance for Chief Executive Officers - Agreement Making and Industrial Relations in Government Owned Corporations*
- *Guidelines for Export of Services by GOCs*
- *Guidelines for the Issue of Harbour Towage Licences*
- *Investment Guidelines for Government Owned Corporations*
- *Government Owned Corporations Guidelines for Joint Venture Agreements*
- *Key Shareholder Requirements for Constitutions*
- *Local Industry Policy: A fair Go for Local Industry (Department of Employment, Economic Development and Innovation website)*
- *Supplementary Remuneration Disclosure Requirements*
- *Queensland Port Government Owned Corporations - Local Government General Rates Equivalents Regime: Guidelines for Assessment, Collection and Payment.*

There were no commercial impacts of major significance identified by NQBP in adopting any revised policy positions. The continuing application of the Right to Information legislative framework to NQBP 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 2013-14 financial year in relation to the revocation of notifications requiring compliance with the State Procurement Policy.

Community service obligations
There were no community service obligations identified during 2013-14.

Employment and Industrial Relations Plan
NQBP's Employment and Industrial Relations Plan 2013-14 establishes the corporation's intent with respect to directors' and staff remuneration and employment conditions and its human resource priorities.

Corporate entertainment and hospitality
During this financial year NQBP hosted a farewell dinner for the departing Chief Executive Officer, Brad Fish, at a cost of $5,564. The function was held to recognise the significant contribution Mr Fish made to NQBP and the Queensland port industry over many years.

NQBP did not hold any other events throughout 2013-14 which cost more than $5,000.

Right to Information
NQBP received four access applications and five consultation requests from Queensland Government departments for information under the *Right to Information Act 2009 (Qld)* (RTI Act 2009) during 2013-14. One access application remains outstanding. All other access applications were finalised. Two internal reviews were finalised. One external review by the Office of the Information Commissioner was also finalised.

NQBP received two consultation requests from Commonwealth Government departments under the *Freedom of Information Act 1982 (Cth)* in 2013-14. All consultation requests were completed.

In November 2013, NQBP made submissions to the Department of Justice and Attorney General's Review of the RTI Act 2009 and IP Act 2009 seeking to expand the exemptions available to port GOCs under the RTI Act.

Statement of Corporate Intent
NQBP's SCI for 2013-14 is summarised on pages 4 to 8 of this report.

FINANCIAL PERFORMANCE 2013-14

North Queensland Bulk Ports Corporation Limited ACN 136 880 218

Financial Statements for the Year Ended 30 June 2014

Directors' Report
for the year ended 30 June 2014

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 2014.

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
Mr Stephen Golding
Mr Alan Grummitt
Mr Gerry Johnstone
Mr Kasper Kuiper
Mr Peter Tait

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 2014, both MPL and PCQ remain as non-operating companies with nil assets and liabilities.

NQBP has experienced improved tonnage throughput across all ports when compared with 2012-13 throughput with the exception of Mackay which had marginally less throughput due to the slowdown in the mining industry. Despite the low coal prices experienced during the year, NQBP coal ports achieved record exports with a 15% increase against the previous year.

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

Operating Results

The profit of the consolidated NQBP Group for the financial year, after providing for income tax equivalents, amounted to $24.8 million. This result is primarily due to improved port income, the receipt of an underwriting payment, and successful income tax claims for research and development 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; and
- pilotage services.

In November 2013, the pilotage services provided at the ports of Hay Point and Mackay were transferred from Maritime Services Queensland to the Group.

NQBP welcomes the opportunity to incorporate the pilotage service into its operations and is working closely with the pilots to ensure a smooth transition and continue to provide a safe and reliable service to its customers.

Dividends

A dividend of $15.3 million was paid to shareholders during the current financial year out of the dividend declared at 30 June 2013.

The directors of NQBP have recommended a total dividend payment for this year of $18.7 million. This dividend represents a final dividend of $18.7 million based on 80% of net profit after tax adjusted for abnormal items.

As advised in the Directors' Report for the year ended 30 June 2013, a capital reduction of $3.98 million was returned to shareholders during December 2013.

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

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

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

NQBP has obtained approvals from the State and Commonwealth Governments to undertake development dredging at the Port of Abbot Point to deepen the seafloor at the berth sites of proposed new offshore trestles for Terminal 0, Terminal 2 and Terminal 3. These approvals are being challenged in the courts.

The outcome of the legal challenges may impact the cost of future dredging activities with flow on impacts to the cost of the 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 Norwegian owned company Det Norske Veritas (DNV) granting recertification for another three years.

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 a fundamental necessity in the development and maintenance of safe access to the maritime arterials that service each of NQBP's trading ports. NQBP has a demonstrated profile of well managed dredging programs and continues to encompass leading practice approaches into its environmental monitoring programs.

Two successful maintenance dredging programs were accomplished during the year at the Ports of Weipa and Mackay. Each of these ports 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. The Port of Weipa campaign was carried out over a 33-day period between 16 June and 18 July 2013 and the Port of Mackay campaign was carried out over a 7-day period from 19 to 25 August 2013.

There were no breaches of licence conditions.

NQBP gained State and Commonwealth Government approvals to undertake development dredging at the Port of Abbot Point to deepen the seafloor at the berth sites of proposed new offshore trestles for Terminal 0, Terminal 2 and Terminal 3.

Approval was also granted by the Great Barrier Reef Marine Park Authority to undertake progressive maintenance dredging at the Port of Hay Point over the next three years.

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 marine water quality monitoring program at the Port of Abbot Point.

This intensive monitoring program, which spans 60 kilometres of coastline from Nares Rock to Cape Upstart and covers over 1000 square kilometres, commenced in May 2013 and consisted of nine 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 from 13 monitoring sites are sent for laboratory analysis including total suspended solids, total and dissolved metals, chlorophyll a, ultratrace nutrients, hydrocarbons, herbicides, pesticides and pathogens.

A complementary ambient marine water quality monitoring program has also been developed for the Ports of Hay Point and Mackay. This large regional program has 12 monitoring sites that extend from south of the ports at Freshwater Point, and approximately 55 kilometres north to Keswick Island in the southern Whitsundays.

NQBP is also progressing several other studies to complete the information requirements for this Commonwealth Sea Dumping Permit application. These include:

- hydrodynamic modelling and dredge plume impact assessment;
- macro-benthic infauna survey;
- development of a dredge management plan;
- dredge material relocation options and disposal options report;
- sediment characterisation of spoil ground; and
- development of marine monitoring plans – including water quality, coral, seagrass and marine pests.

NQBP holds a Ten Year Sea Dumping Permit and has developed a Long Term Dredge Management Plan (LTDMP) for the Port of Mackay, both of which were approved under the *Environment Protection (Sea Dumping) Act 1981.*

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

Information on 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

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 all 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 has also been closely involved in port enterprise bargaining agreement negotiations which introduced a change in culture with a predominant focus on improved customer service.

Mr Milton is also Chairman of Newcastle Agri Terminal.

— Member Audit and Financial Risk Management Committee
— Member Human Resources and Industrial Relations Committee
— Member Corporate Governance and Planning Committee until 20 August 2013

SUZANNE BROWN
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

Suzanne Brown is a Principal at McKays Solicitors in Mackay where she began her legal career in 2003.

Ms Brown hails from a local sugarcane farming family and her late grandfather was a shipping manager.

Ms Brown's experience has focused 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.

Being active in the Mackay community, Ms Brown is a member of the:

- Resource Industry Network (formerly known as Mackay Area Industry Network);
- Mackay Chamber of Commerce;
- Bowen Basin Mining Club;
- Queensland Law Society;
- Mackay District Law Association; and
- Young Professionals Mackay Network.

— Member Corporate Governance and Planning Committee
— Member Human Resources and Industrial Relations Committee

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

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.

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

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 2014

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.

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

ALAN GRUMMITT
BE (Civil), 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

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 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.

— Member Corporate Governance and Planning Committee

GERRY JOHNSTONE

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

Term of Office – to 30 September 2015

Throughout Gerry Johnstone's career he obtained an intimate knowledge of Queensland ports and, in particular, their relationship to their environments.

Prior to Mr Johnstone's retirement in 2010, he 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. His experience involved being responsible for the planning, construction and maintenance of port facilities and infrastructure, and for dredging and reclamation activities.

Mr Johnstone has extensive experience in dealing with complex negotiations. He was a lead negotiator in discussions in relation to developments at Fisherman Islands, the purchase and sale of port assets, port expansion, terminal leases and industrial agreements with the Maritime Unions. He also represented PBC in discussions with the Australian Competition and Consumer Commission, where negotiations mainly centred on access issues to wharves, terminals and loading equipment.

— Chairman Human Resources and Industrial Relations Committee
— Member Audit and Financial Risk Management Committee

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

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

Term of Office – to 30 September 2014

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'.

In May 2013 Captain Kuiper was a force behind the establishment and dedication of the 'First Contact Memorial', together with the Mapoon Aboriginal Shire Council in north Queensland. He is the Honorary Consul of The Netherlands in Queensland and was decorated as a Knight in the Order of Oranje-Nassau by Queen Beatrix of the Netherlands in May 2006.

Captain Kuiper holds a Queensland Real Estate Principal's Licence and is a member of the Real Estate Institute of Queensland. He is a member of the Institute of Company Directors and a Director of Dredging Consultants Australia. He is also a Director of Universal Partners NCI Pty Ltd and as a local Director in Australia, assists with the running and management of the property.

— Member Audit and Financial Risk Management Committee
— Member Corporate Governance and Planning Committee

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 2014

Peter Tait has been practising in chartered accountancy for 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 diverse industries.

Mr Tait is a registered tax agent and registered company auditor providing business and audit services and advices to a variety of industries and clients.

Mr Tait is the Company Secretary of Queensland Mines Rescue Service Limited. Dedicating some of his time and talent to the community, he has been Honorary Treasurer of the George Street Neighbourhood Centre Association Inc in Mackay and Honorary Treasurer of Mackay Children's Contact Service Inc since 2001.

— Chairman Audit and Financial Risk Management Committee
— Member Corporate Governance and Planning Committee

Company Secretary

Peter Sinnott
BCom, LLB (Hons), MFM
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 is a graduate of the Governance Institute of Australia.

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 2013-14

Details about 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 are outlined below.

	NQBP		PCQ		MPL	
Director	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended
P Milton *Chairman*	11	11	11	11	11	11
S Brown[1]	8	8	8	8	8	8
A Chambers	11	10	11	10	11	10
S Golding	11	11	11	11	11	11
A Grummitt	11	9	11	9	11	9
G Johnstone	11	11	11	11	11	11
K Kuiper	11	11	11	11	11	11
P Tait	11	11	11	11	11	11

[1] In addition to the meetings noted in this table, Ms Brown voluntarily attended two Board meetings while on maternity leave.

	Audit and Financial Risk Management Committee		Corporate Governance and Planning Committee		Human Resources and Industrial Relations Committee	
Director	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended
P Milton[2]	4	4	1*	1	5	5
S Brown[3]	0	0	2	1	3	3
A Chambers	4	3	0	0	5	4
S Golding	0	0	4	4	5	5
A Grummitt	0	0	4	3	0	0
G Johnstone	4	4	0	0	5	5
K Kuiper	4	4	4	4	0	0
P Tait	4	4	4	4	0	0

[2] Mr Milton's term as a member of the Corporate Governance and Planning Committee finished on 20 August 2013.

[3] In addition to the meetings noted in this table, Ms Brown voluntarily attended two meetings of the Corporate Governance and Planning Committee and two meetings of the Human Resources and Industrial Relations Committee while on maternity leave.

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; and
- 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; and
- 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 Independence Declaration

A copy of the auditor‟s independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on page 76.

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

Peter Milton
Chairman
North Queensland Bulk Ports Corporation Limited

26 August 2014

North Queensland Bulk Ports Corporation Limited

Auditor's Independence Declaration

For the Year Ended 30 June 2014

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 2014, 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 1 AUG 2014
AUDIT OFFICE

D R ADAMS FCPA
as Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane

Statement of Comprehensive Income

for the year ended 30 June 2014

	Note	Consolidated 2014 $'000	2013 $'000
Income from operations			
Revenue	5	100,792	95,350
Other income	5	13	4,981
Expenses from operations			
Consultancies		2,016	1,882
Depreciation and amortisation expense	6	8,829	8,101
Dynamic under keel clearance expenses		1,018	870
Employee benefits expense	6	18,508	14,643
Finance costs	6	3,880	4,929
Impairment losses/write-offs	6	8,838	15,040
Insurance		1,158	1,258
Legal expenses		557	293
Other expenses		5,952	2,557
Promotional expenses		251	210
Property expenses	6	6,048	8,322
Quarantine waste expenses		998	783
Repairs and maintenance		9,951	8,855
Travelling expenses		459	540
Profit before income tax equivalent		32,342	32,048
Income tax equivalent refund/(expense)	7	(7,520)	(10,662)
Profit from continuing operations		24,822	21,386
Profit (loss) from discontinued operations		-	-
Profit		**24,822**	21,386
Other comprehensive income, net of income tax equivalent	18	**(329)**	-
Total comprehensive income		**24,493**	21,386

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

Statement of Financial Position

as at 30 June 2014

		Consolidated		
ASSETS		**2014**	**2013**	**1 July 2012**
			Restated*	**Restated***
Current assets	**Note**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	8	84,245	59,213	64,886
Trade and other receivables	9	9,373	8,667	13,427
Inventories	10	-	646	1,056
Other current assets	11	948	558	424
		94,566	69,084	79,793
Assets classified as held for sale		-	-	1,249
Total current assets		94,566	69,084	81,042
Non-current assets				
Receivables	9	-	-	3,686
Investment properties	12	38,745	40,225	40,684
Property, plant and equipment	13	287,743	298,313	289,174
Total non-current assets		326,488	338,538	333,544
Total assets		421,054	407,622	414,586
LIABILITIES				
Current liabilities				
Trade and other payables	14	30,510	26,602	42,598
Current income tax equivalent liabilities		11,378	13,540	7,471
Provisions	16	21,514	17,565	2,400
Total current liabilities		63,402	57,707	52,469
Non-current liabilities				
Trade and other payables	14	8,471	3,579	787
Interest-bearing liabilities	15	66,559	66,559	90,218
Deferred income tax equivalent liabilities (assets)	7	15,532	16,473	15,473
Provisions	16	248	138	146
Total non-current liabilities		90,810	86,749	106,624
Total liabilities		154,212	144,456	159,093
Net assets		266,842	263,166	255,493
EQUITY				
Issued capital	17	157,805	161,295	161,295
Reserves	18	76,569	83,298	87,005
Retained earnings	19	32,468	18,573	7,193
Capital and reserves attributable to owners of NQBP		266,842	263,166	255,493
Total equity		266,842	263,166	255,493

The above Statement of Financial Position should be read in conjunction with the accompanying notes.
*See Note 2 (xxiii) for details about restatement for changes as a result of an error.

Statement of Changes in Equity
for the year ended 30 June 2014

	Note	Issued Capital $'000	Asset Revaluation Reserve $'000	Retained Earnings $'000	Total $'000
Balance as at 1 July 2012		**161,295**	**87,005**	**(14,829)**	**233,471**
Correction of error (net of tax)	2(xxiii)	-	-	22,022	22,022
Restate total equity at the beginning of the financial year		**161,295**	**87,005**	**7,193**	**255,493**
Total comprehensive income for the year	19	**-**	**-**	**21,386**	**21,386**
Transactions with owners in their capacity as owners					
Transfer from/(to) asset revaluation reserve	18, 19	-	(5,294)	5,294	-
Income tax equivalent	18	-	1,587	-	1,587
Dividends provided for or paid	19	-	-	(15,300)	(15,300)
		-	**(3,707)**	**(10,006)**	**(13,713)**
At 30 June 2013		**161,295**	**83,298**	**18,573**	**263,166**
Total comprehensive income for the year	19	**-**	**-**	**24,822**	**24,822**
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	17	490	-	-	490
Transfer from/(to) equity	17	(3,980)	-	-	(3,980)
Impairment losses on revalued assets	18	-	(329)	-	(329)
Transfer from/(to) asset revaluation reserve	18, 19	-	(7,773)	7,773	-
Income tax equivalent	18	-	1,373	-	1,373
Dividends provided for or paid	19	-	-	(18,700)	(18,700)
		(3,490)	**(6,729)**	**(10,927)**	**(21,146)**
At 30 June 2014		**157,805**	**76,569**	**32,468**	**266,842**

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 2014

	Note	Consolidated 2014 $'000	2013 $'000
Cash flows from operating activities			
Cash receipts from customers		117,718	118,570
Cash paid to suppliers and employees		(53,459)	(69,550)
GST refund by/(remitted to) Australian Taxation Office		(7,414)	(2,300)
Interest received/(paid)		(1,474)	(3,456)
Income tax equivalents received/(paid)		(5,616)	(2,004)
Net cash inflow/(outflow) from operating activities	21 (ii)	**49,755**	**41,260**
Cash flows from investing activities			
Purchase of property, plant and equipment		(7,662)	(35,487)
Proceeds from sale - property, plant and equipment		1,729	530
Proceeds from sale - assets held for sale		-	7,000
Net cash inflow/(outflow) from investing activities		**(5,933)**	**(27,957)**
Cash flows from financing activities			
Proceeds returned to shareholders		(3,490)	-
Proceeds from repayment of loans		-	4,024
Proceeds/(repayments) from borrowings		-	(23,000)
Dividends paid to company shareholders		(15,300)	-
Net cash inflow/(outflow) from financing activities		**(18,790)**	**(18,976)**
Net increase/(decrease) in cash and cash equivalents		25,032	(5,673)
Cash and cash equivalents at beginning of period		59,213	64,886
Cash and cash equivalents at end of period	8	**84,245**	**59,213**

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

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

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.

NQBP is required to comply with the requirements of the *Corporations Act 2001*. Under the terms of Section 118 of the *Government Owned Corporations Act 1993*, specified sections of the *Financial Accountability Act 2009* apply as if NQBP was a statutory body. From 2 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

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

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 two subsidiary entities, PCQ and MPL are dormant. 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. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

The financial statements were authorised for issue by the Board on 26 August 2014.

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 14) and then in the Statement of Comprehensive Income when derived.

Where the Group acts as an agent in the performance of work on behalf of others, and does not have any exposure to the risks and rewards of rendering the services, amounts collected on behalf of the principal do not meet the definition of revenue, and are booked in the Statement of Financial Position.

The profit or loss on disposal of property, plant and equipment is determined as the difference between the net book value at the time of disposal and the proceeds of disposal and is included in the Statement of Comprehensive Income in the year of disposal.

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) Grants and Contributions

Grants and contributions that are non-reciprocal in nature are recognised as revenue when there is a reasonable assurance that the grant will be received and matched to the related expense.

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

2. Summary of Significant Accounting Policies (continued)

iv) 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.

v) 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.

vi) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred on acquiring inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

vii) 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.

Revaluations using 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.

For financial reporting purposes, the revaluation process is managed by the Finance Team who determine, with advice obtained from internal property staff and external advisers, the specific revaluation practices and procedures. The Board of Directors considers the outcomes and recommendations arising from each annual review.

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

2. Summary of Significant Accounting Policies (continued)

vii) Property, Plant and Equipment (continued)

Where appropriate, advice is sought from independent professional valuers on the indices to be used for the various types of assets. Such indices are either publicly available, or are derived from available market information. Based on external advice, as well as input obtained from internal staff who have knowledge of current market trends, which is undertaken annually, management assesses and confirms the relevance and suitability of indices to be used.

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 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(xi)).

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.

Materiality concepts under AASB 1031 Materiality are considered in determining whether the difference between the carrying amount and the fair value of an asset is material.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

viii) Non-Current Assets Held for Sale

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction instead of use. These assets are not depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

A gain is recognised for any subsequent increases in fair value less costs to sell an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset is recognised at the date of de-recognition.

ix) 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.

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

2. Summary of Significant Accounting Policies (continued)

ix) Leases (continued)

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.

x) 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 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 are recognised as income on a periodic straight line basis over the lease term.

xi) 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 the department include, but are not limited to, published sales data for land and general office buildings.

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.

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2014

2. Summary of Significant Accounting Policies (continued)

xi) Fair Value Measurement (continued)

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. As 2013-14 is the first year of application of AASB 13 by the Group, there were no transfers of assets between fair value hierarchy levels during the period.

More specific fair value information about the Group's Property, Plant and Equipment and Investment Property is outlined in Notes 12 and 13, respectively.

xii) 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	38 – 54 years
Infrastructure and major plant and equipment	8 – 40 years
Plant and equipment	3 – 25 years

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

xiii) 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*.

Under tax effect accounting, the income tax equivalent expense in the Statement of Comprehensive Income represents the tax equivalent on the pre-tax equivalent accounting profit adjusted for income and expenses never to be assessed or allowed for taxation equivalent purposes. The deferred income tax equivalent liability and the deferred income tax equivalent asset include the tax equivalent effect of temporary differences between income and expense items recognised in different accounting periods for book and tax equivalent purposes, calculated at the tax equivalent rates expected to apply when the differences reverse. The benefit arising from estimated carry forward tax equivalent losses has been recorded in the deferred income tax equivalent asset account where realisation of such benefit is considered to be probable.

Where temporary differences on property, plant and equipment give rise to unrealised capital losses, a deferred tax equivalent asset is not recognised unless sufficient foreseeable taxable gains exist against which the unrealised losses may be claimed.

An election has been made to participate in the tax consolidation regime.

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

2. Summary of Significant Accounting Policies (continued)

xiii) Income Tax Equivalent (continued)

Tax Consolidation Legislation

NQBP and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, NQBP, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right. In addition to its own current and deferred tax equivalent amounts, NQBP also recognises the current tax equivalent liabilities (or assets) and the deferred tax equivalent assets arising from unused tax equivalent losses and unused tax equivalent credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

xiv) 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.

xv) Borrowings

Borrowings are recognised at amortised cost. Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired.

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

xvi) 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.

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 on-costs.

Sick leave
Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This experience is expected to recur in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

2. Summary of Significant Accounting Policies (continued)

xvii) Employee Benefits

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 on costs.

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.

xviii) Non-reciprocal transactions

Transfers of assets and/or liabilities via transfer notices are accounted for as a transfer under Interpretation 1038 *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.

xix) 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.

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

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

2. Summary of Significant Accounting Policies (continued)

xx) 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 (vii) – (x) and Note 12 and 13;
- Provisions - Note 2(xvi) and Note 16;
- Contingencies - Note 24; and
- Depreciation and Amortisation - Note 2(xii) and Note 6.

xxi) New Accounting Standards and Interpretations

The following standards, amendments to standards and interpretations are mandatory for the first time for the financial year 2013-14. The Group did not voluntarily change any of its accounting policies during 2013-14. The only Australian Accounting Standard changes applicable for the first time as from 2013-14 that have had an impact on the Group's financial statements are those arising from AASB 13 Fair Value Measurement and revised version of AASB 119 Employee Benefits.

AASB 13 Fair Value Measurement

AASB 13 became effective from reporting periods beginning on or after 1 January 2013.

The standard sets out a new definition of 'fair value' as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements apply to all of the Group's assets and liabilities that are measured and/or disclosed at fair value or another measurement based on fair value. The impacts of AASB 13 relate to the fair value measurement methodologies used and financial statement disclosures made in respect of such assets and liabilities.

The Group reviewed its fair value methodologies for all items of investment properties and property, plant and equipment measured at fair value to assess whether those methodologies comply with AASB 13.

AASB 13 has required an increased amount of information to be disclosed in relation to fair value measurements for both assets and liabilities. For those fair value measurements of assets or liabilities that substantially are based on data that is not 'observable' (i.e. accessible outside the Group), the amount of information disclosed has significantly increased. Note 2 (xi) explains the principles underpinning the additional fair value information disclosed. Additional information is set out in Note 13 Property, Plant and Equipment.

AASB 119 Employee Benefits

AASB 119 became effective from reporting periods beginning on or after 1 January 2013.

The implication for NQBP is that the revised standard clarifies the concept of 'termination benefits', and the recognition criteria for liabilities for termination benefits will be different. If termination benefits meet the frame criterion for "short-term employee benefits", they will be measured according to the AASB 119 requirements for "other long-term employee benefits".

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

2. Summary of Significant Accounting Policies (continued)

xxi) New Accounting Standards and Interpretations (continued)

The revised AASB 119 includes changed criteria for accounting for employee benefits as "short-term employee benefits" in relation to annual leave and long service leave. This change includes requirements for the measurement of employer liabilities/assets arising defined from benefit plans, and the measurement and presentation of changes in such liabilities/assets.

These changes had no material impact on the financial statements and its application to retrospective periods from 1 July 2012.

xxii) New and Amended Standards and Interpretations Not Yet Adopted

A number of new and revised standards apply as from the reporting periods beginning on or after 1 January 2014. However, these amendments are not applicable to NQBP and predominantly deal with consolidated financial statements, joint arrangements, disclosures of interests in other entities, separate financial statements, investments in associates and joint ventures.

In addition to the above, *AASB15 Revenue from Contracts with Customers* was issued on 28 May 2014 for application in 2017. This standard is not expected to have a material impact on the Group.

xxiii) Correction of Error in accounting for Deferred Income Tax Equivalent Liabilities

North Queensland Bulk Ports Corporation Limited was established on 7 May 2009 and became the parent entity of Ports Corporation of Queensland Limited ("PCQ") and Mackay Ports Limited ("MPL") on 2 July 2009.

On acquisition, both PCQ and MPL had derecognised the deferred income tax equivalent asset associated with unrealised (tax) capital losses for specified PCQ and MPL property, plant and equipment which had a tax base higher than the accounting base due to uncertainty as to whether the probability test (as set out in AASB 112 Income Taxes) has been met. Accordingly deferred income tax equivalent asset has not previously been recognised in relation to property, plant and equipment to the extent of these unrealised (tax) capital losses of $73,407,018 ($22,022,105 tax effected at 30%).

During the calculation of the income tax equivalent asset/liability balances as at 30 June 2014, the Group has determined that deferred income tax equivalent asset should be recognised in relation to above property, plant and equipment for which the deferred income tax equivalent asset had previously not been recognised. This is on the basis that the probability test has been met in relation to the unrealised (tax) capital losses and that the circumstances that led to previous uncertainties no longer exist. The Group has determined that this conclusion could have been reached in prior years and accordingly this adjustment should be considered to be the correction of a prior year error.

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

2. Summary of Significant Accounting Policies (continued)

xxiii) Correction of Error in Accounting for Deferred Income Tax Equivalent Liabilities (continued)

The error has been corrected by restating each of the financial statement line items for the prior periods as follows:

	30 June 2013 $'000	Increase/ (Decrease) $'000	30 June 2013 (Restated) $'000	30 June 2012 $'000	Increase/ (Decrease) $'000	1 July 2012 (Restated) $'000
Statement of Financial Position (extract)						
Deferred income tax equivalent liabilities	38,495	(22,022)	16,473	37,495	(22,022)	15,473
Total non-current liabilities	108,771	(22,022)	86,749	128,646	(22,022)	106,624
Total liabilities	166,478	(22,022)	144,456	181,115	(22,022)	159,093
Net assets	241,144	22,022	263,166	233,471	22,022	255,493
Retained earnings	(3,449)	22,022	18,573	(14,829)	22,022	7,193
Total equity	241,144	22,022	263,166	233,471	22,022	255,493

This correction has impacted on the Group's gearing ratio calculation shown in Note 4 (Capital Risk Management) as follows:

	30 June 2013 $'000	Increase/ (Decrease) $'000	30 June 2013 (Restated) $'000
Total borrowings	66,559		66,559
Total capital	241,144	22,022	263,166
	307,703	22,022	329,725
Gearing ratio	21.63%		20.19%

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

2. Summary of Significant Accounting Policies (continued)

xxiv) Comparative Figures

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

xxv) 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 foreign exchange, interest rate, liquidity and credit risks.

(i) Foreign Exchange Risk

The Group seeks to have all agreements, tenders and contracts denominated in Australian dollars. The Board requires all foreign exchange exposures greater than $1 million to be hedged unless explicitly determined otherwise. Forward foreign exchange contracts have been used to manage foreign exchange rate risk, if any.

There was no exposure to Foreign Exchange Risk at balance date (2013: nil).

(ii) Interest Rate Risk

Financial Assets

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

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

	Consolidated			
	2014		2013	
	Interest Rate	Balance $'000	Interest Rate	Balance $'000
Commonwealth Bank - Operating Account	2.51%	850	2.57%	6,410
Queensland Treasury Corporation - Cash Fund	3.43%	69,156	3.60%	45,801
Queensland Treasury Corporation - Cash Fund	3.46%	14,239	4.06%	7,002

Sensitivity

At 30 June 2014, 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 $0.6 million (2013: $0.5 million) as a result of higher/lower interest income.

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

3. Financial Risk Management (continued)

(ii) Interest Rate Risk (continued)

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.

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:

	Consolidated			
	2014		2013	
	Weighted Interest Rate	Balance $'000	Weighted Interest Rate	Balance $'000
Queensland Treasury Corporation - book value	5.49%	66,559	5.82%	66,559
Queensland Treasury Corporation - market value		69,622		69,613

Sensitivity

At 30 June 2014, 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 (2013: $0.8 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.

(iii) Credit Risk

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.

Impaired receivables relating to trade debtors have been provided for as disclosed in Note 9, and are not material. Included in financial assets are debtors with a carrying amount of $921,691 (2013:$2,226,072) 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.

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

3. Financial Risk Management (continued)

(iv) Liquidity Risk

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 (2013: $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
Consolidated				
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
2013				
Trade and other payables	26,602	46	3,533	30,181
Queensland Treasury Corporation borrowings	3,928	15,722	66,689	86,339
	30,530	15,768	70,222	116,520

QTC 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 2014.

(iv) Fair Value Estimation

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 34% to 56% and NQBP uses these rates as benchmarks when assessing the level of borrowings to capital.

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

4. Capital Risk Management (continued)

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

	Consolidated	
	2014	2013 Restated*
	$'000	$'000
Total borrowings	66,559	66,559
Total capital	266,842	263,166
	333,401	329,725
Gearing ratio	19.96%	20.19%

*See Note 2(xxiii) for details about restatement for changes as a result of an error.

5. Revenue and Other Income

	Consolidated	
	2014	2013
	$'000	$'000
REVENUE		
Vessel income	56,388	53,760
Port usage income	8,252	1,887
Operating and maintenance recoveries	46	-
Rental income from investment properties	9,699	9,087
Other rental income	6,067	7,823
Underwriting income	14,231	15,000
Interest	2,498	1,844
Royalties	99	176
Other miscellaneous revenue	3,512	5,773
	100,792	95,350
OTHER INCOME		
Net gain on disposal of property, plant and equipment	13	3,303
Project income	-	1,678
	13	4,981

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.

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

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

		Consolidated	
		2014	2013
	Note	$'000	$'000
Depreciation expense			
Channels	13(i)	3,191	2,993
Infrastructure and major plant and equipment	13(i)	4,461	4,007
Plant and equipment	13(i)	1,177	1,101
		8,829	8,101
Employee benefits expense			
Salary and wages		16,571	12,138
Employee related costs		1,937	2,505
		18,508	14,643
Finance Costs			
Interest paid/payable		3,880	4,929
Amount capitalised		-	-
		3,880	4,929
Impairment/write off			
Write-down of inventories to net realisable value		5	-
Write off of capital work in progress	13(i)	8,833	15,269
Impairment losses to statement of comprehensive income	13(i)	-	(29)
Loss/(gain) on investments net of tax*		-	(659)
Change in fair value of investment property	12	-	459
		8,838	15,040
Property expenses (including investment properties)			
Land Tax		2,275	2,225
Rates and utilities		1,477	2,023
Other property expenses		2,296	4,074
		6,048	8,322

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

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

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

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 addition, projects that are funded through underwriting are recognised in the Statement of Comprehensive Income in accordance with contractual obligations.

*The gain on investment relates to a final adjustment on roll up of assets and liabilities for PCQ.

6.(ii) Auditor's Remuneration

	2014	2013
Amounts received, or due and receivable, by the Queensland Audit Office for auditing the accounts	83,000	92,000
(The Queensland Audit Office does not provide any other professional services to the Group.)		
Amounts received, or due and receivable, by third parties for providing internal audit services	25,351	29,904

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

7. Income Tax Equivalent

	Consolidated	
	2014	**2013 Restated***
	$'000	**$'000**
(i) Recognised in the Statement of Comprehensive Income		
Current tax expense		
Current tax expense	16,485	14,424
(Over)/Under provisions prior year	(2,720)	266
Deferred tax asset	(2,620)	(3,640)
Deferred tax liability	(3,625)	(388)
Total current income tax (income)/expense	7,520	10,662
(ii) Numerical Reconciliation Between Tax Expense and Pre-Tax Net Profit		
Prima facie income tax equivalent calculated at 30% on the profit before tax	9,702	9,614
Increase in income tax expense due to:		
Non-deductible entertainment	5	3
Others - legal fees from Abbot Point sale post completion matters	1	2
Merinda Camp - balance of proceeds	-	974
Asset Revaluation Reserve prior year	532	-
Decrease in income tax expense due to:		
Overprovision for income tax	(2,720)	266
Write off assets roll-up - correction entry	-	(197)
Income tax expense on pre-tax net profit	7,520	10,662

*See Note 2 (xxiii) for details about restatement for changes as a result of an error.

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

7. Income Tax Equivalent (continued)

	2014 $'000	2013 Restated* $'000
(iii) Deferred Income Tax Equivalent Assets		
Recognised deferred tax assets		
Property, plant and equipment	3,039	3,039
Accounts payable and other liabilities	9,116	6,753
Provisions	979	721
Tax assets	**13,134**	**10,513**
Opening balance	10,513	11,768
Prior year adjustments	1	(6,483)
(Charge)/credit to Statement of Comprehensive Income	2,620	3,640
Asset Revaluation Reserve - prior years	-	1,588
Closing balance	**13,134**	**10,513**
(iv) Deferred Income Tax Equivalent Liabilities		
Recognised deferred tax liabilities		
Property, plant and equipment	28,660	26,969
Accounts receivable and other assets	6	17
Tax liabilities	**28,666**	**26,986**
Opening balance	26,986	27,241
Prior year adjustments	6,678	133
Reclassification between deferred tax asset and income tax expense	(1,373)	-
(Charge)/credit to Statement of Comprehensive Income	(3,625)	(388)
Closing balance	**28,666**	**26,986**

Deferred tax balances are presented in the Statement of Financial Position as follows:

Deferred income tax equivalent assets	13,134	10,513
Deferred income tax equivalent liabilities	28,666	26,986
Deferred income tax equivalent liabilities/(assets)	**15,532**	**16,473**

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

*See Note 2 (xxiii) for details about restatement for changes as a result of an error.

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

8. Cash and Cash Equivalents

	Consolidated	
	2014	2013
	$'000	$'000
Cash at bank and in hand	84,245	59,213

All bank accounts held by NQBP in 2014 are interest bearing accounts. Interest rates for these accounts are between 2.51% and 3.46% (2013: 2.57% and 4.06%).

9. Trade and Other Receivables

	Consolidated	
	2014	2013
	$'000	$'000
Trade receivables	9,577	8,669
Provision for impaired debts	(204)	(3)
	9,373	8,666
Other receivables	-	1
	9,373	8,667

10. Inventories

	Consolidated	
	2014	2013
	$'000	$'000
Quarry rock and raw materials	-	646

11. Other Current Assets

	Consolidated	
	2014	2013
	$'000	$'000
Prepayments	948	558

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

12. Investment Properties

		Consolidated	
		2014	2013
	Note	$'000	$'000
At fair value			
Balance at beginning of year		40,225	40,684
Transfers to/from other asset classes	13(i)	(1,480)	-
Fair value adjustments	6(i)	-	(459)
Balance at end of year		**38,745**	**40,225**

The investment properties comprise land and buildings held for the purpose of letting to produce rental income or capital appreciation. Investment properties were measured at fair value at 30 June 2012 as independently determined by G Pyman (Registered Valuer) of AON Valuation Services.

Fair value was derived by reference to market based evidence including observable sales data for properties of similar nature and specification within NQBP port locations and surrounding areas 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(x)). At 30 June 2014, the current book value of investment properties substantially reflected the fair value of properties and no indexation was required.

Rental income from investment property recognised in the operating result is $9.7 million (2013: $9.1 million).

	Consolidated	
	2014	2013
Leasing Arrangements	$'000	$'000
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	8,749	9,324
- later than one year and not later than five years	28,317	30,915
- greater than five years	96,251	102,352
	133,317	**142,591**

The Group does not have any contractual obligations to purchase, construct or develop investment property.

Investment property expenses of $1.3 million (2013: $1.1 million) are included in property expenses (see Note 6).

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

13. Property, Plant and Equipment

	Consolidated 2014 $'000	Consolidated 2013 $'000
Land		
At fair value	95,071	95,220
Accumulated impairments	(329)	-
	94,742	**95,220**
Channels		
At fair value	212,410	214,410
Accumulated depreciation	(110,669)	(107,482)
	101,741	**106,928**
Infrastructure and major plant and equipment		
At fair value	123,160	121,846
Accumulated depreciation	(70,907)	(66,604)
	52,253	**55,242**
Plant and equipment		
At cost	13,036	11,012
Accumulated depreciation	(7,143)	(6,431)
	5,893	**4,581**
Capital work in progress - at cost	33,114	36,342
	33,114	**36,342**
Total non-current property, plant and equipment	**287,743**	**298,313**

Asset Valuations

Land
Land was measured at fair value as at 30 June 2012 independently by G Pyman (Registered Valuer) of AON Valuation Services. Fair value was derived by reference to market based evidence including observable sales data for properties of similar nature and specification within NQBP port locations and surrounding areas 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 majority of port land is subject to restrictions as to use and/or sale and has been categorised within level 3 of the fair value hierarchy.

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

13. Property, Plant and Equipment (continued)

Channels
The Group's channels including swing basins are of a specialised operational nature for which there exists no active market. These assets have been measured at fair value independently by G Pyman (Registered Valuer) of AON Valuation Services as at 30 June 2012 are based on their depreciated replacement cost taking into the Group's ongoing dredging program and estimated residual life.

The valuations have been prepared based on estimated volume required to be dredged from the natural channels and swing basins to reach their current usable depths.

The valuations of the assets were categorised within level 3 of the fair value hierarchy.

Infrastructure and Major Plant and Equipment
The Group's infrastructure and major plant and equipment are long lived, specialised operational assets for which there exists no active market. These assets have been measured at fair value independently by G Pyman (Registered Valuer) of AON Valuation Services as at 30 June 2012 based on their depreciated replacement cost as follows:

- Port infrastructure and specialised fixed land based assets have been valued by first establishing their estimated cost to replace with an equivalent new asset (using the abbreviated bill of quantities methodology with costing reference to third party civil engineering companies) less depreciation for their physical, functional and economic obsolescence. These three forms of obsolescence can be described as follows:

    - physical deterioration – this is the loss in value resulting from the consumption of the useful life or service potential of an asset caused by wear and tear, deterioration, exposure to various elements, physical stresses and similar factors;

    - functional obsolescence – this is the loss in value resulting from inefficiencies in the subject asset compared to a more efficient or less costly alternative. Such excessive operating costs and/or excess capital costs can be used to measure the extent of functional obsolescence; and

    - economic obsolescence – is the loss in value caused by factors which are external to the asset itself. Such factors often relate to the economics of the industry in which the assets operate. New legislation or fears/risks of it may also contribute to economic obsolescence.

    The valuations were categorised within level 3 of the fair value hierarchy.

    Non-specialised buildings were level 2 of the fair value hierarchy with the remainder of the assets in this class being categorised within level 3 of the fair value hierarchy.

- Major plant and machinery have been valued using the market comparison approach taking into account the age, condition and maintenance plans. In general, most of the major plant and equipment have a ready used market and market comparable values have been used. In many cases, the economic useful life has expired and the asset is still in operation and contributing to the going concern. In these instances, the asset has had a nominal residual market value applied and an extension to its remaining useful life.

Specialised plant such as the hydraulic pile extractor and power pack do not have fluid market. In this instance a depreciated replacement cost methodology has been applied using straight-line depreciation. Where age of the asset cannot be confirmed, it has been estimated. If the asset's economic life has expired, a nominal residual value has been applied for its existing use component.

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

13. Property, Plant and Equipment (continued)

Work boats and barges have been valued using a market comparison approach. Where a reasonable comparable asset could not be found, depreciated replacement cost methodology has been applied.

Non-specialised plant was categorised within level 2 of the fair value hierarchy and specialised plant within level 3 of the fair value hierarchy.

Plant and Equipment

The Group has plant and equipment with an original cost of $7.2 million and a written down value of zero still being used in the provision of services. These items are being regularly maintained so as to continue to operate. Regular assessments are made of the timing of the replacement of these items.

Categorisation of fair value recognised at 30 June 2014 (refer to note 2(xi))

	Level 2	Level 3	Total
	$'000	$'000	$'000
Land	-	94,742	94,742
Channels	-	101,741	101,741
Infrastructure and major plant and equipment	1,529	50,724	52,253

Level 3 Significant Valuation Inputs and Relationship to Fair Value

Land, channels, infrastructure (including buildings) and major plant and equipment are measured at fair value. The last independent valuation was performed by G Pyman (Registered Valuer) of AON Valuations Services at 30 June 2012 in accordance with the Group's accounting policies.

As noted previously in this Note, the 2012 valuation methodology adopted was:

- for non-specialised assets, the value was determined from comparable market evidence discounted for any restrictions on use and sale of those assets; and
- for specialised assets, the value was determined from using depreciated replacement cost methodology.

Inherent in this valuation is the assumption that all of the assets have been appropriately maintained for their ongoing use by the Group. This assumption is accurate given to continuous operation of those in the years following the valuation.

Use of alternative level 3 inputs as at 30 June 2012 would not have resulted in material changes in the reported fair value at 30 June 2014. There are no significant inter-relationships between unobservable inputs that materially impact fair value.

As stated in Note 2, independent valuations are performed at least once every five years, with a review of book values performed in each of the intervening years.

Based on the review performed at 30 June 2014, the current book value falls within an acceptable range (+/- 5%) of values if an independent valuation was performed at 30 June 2014.

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

13. Property, Plant and Equipment (continued)

(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.

2014 Consolidated	**Land**	**Channels**	**Infrastructure and Major Plant and Equipment**	**Plant and Equipment**	**Capital Work in Progress**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'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)
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)
Depreciation expense	-	(3,191)	(4,461)	(1,177)	-	(8,829)
Carrying amount at balance date	**94,742**	**101,741**	**52,253**	**5,893**	**33,114**	**287,743**

2013 Consolidated	**Land**	**Channels**	**Infrastructure and Major Plant and Equipment**	**Plant and Equipment**	**Capital Work in Progress**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Carrying amount at opening balance	85,450	103,427	48,932	3,242	48,123	289,174
Additions	10,090	6,494	10,444	2,975	5,484	35,487
Disposals	(320)	-	(127)	(535)	-	(982)
Transfer to assets available for sale	-	-	-	-	(1,996)	(1,996)
Impairment losses to statement of comprehensive income	-	-	-	-	(15,269)	(15,269)
Depreciation expense	-	(2,993)	(4,007)	(1,101)	-	(8,101)
Carrying amount at balance date	**95,220**	**106,928**	**55,242**	**4,581**	**36,342**	**298,313**

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

14. Trade and Other Payables

	Consolidated 2014 $'000	2013 $'000
Current		
Trade payables	1,476	1,456
Contract creditors	770	736
Lease rentals received in advance	5,553	4,807
Other revenue in advance	17,681	13,669
Interest payable - Queensland Treasury Corporation	967	1,059
Accrued expenses	2,821	3,613
Other payables	1,242	1,262
	30,510	**26,602**

Non-Current	Consolidated 2014 $'000	2013 $'000
Contract creditors	6	6
Lease rentals received in advance	8,465	3,573
	8,471	**3,579**

15. Borrowings

	Consolidated 2014 $'000	2013 $'000
Non-Current		
Queensland Treasury Corporation Loans - unsecured	66,559	66,559

16. Provisions

	Consolidated 2014 $'000	2013 $'000
Current		
Employee benefits	2,814	2,265
Dividend	18,700	15,300
	21,514	**17,565**
Non-Current		
Long term employee benefits	248	138
	248	**138**

Employee Benefits

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

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

16. Provisions (continued)

Dividend
The dividend provision is created for the dividend declared and payable as at the balance date. A return of capital of $3.98 million was made in 2014.

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 (xvii).

17. Issued Capital

	Consolidated			
	2014 Number of shares	**2014 $'000**	**2013 Number of shares**	**2013 $'000**
Opening balance	138,913,824	161,295	138,913,824	161,295
Distribution to owners	-	(3,980)	-	-
Contribution by owners for transfer of Pilotage Services	-	490	-	-
Closing balance	138,913,824	157,805	138,913,824	161,295

18. Reserves

	Consolidated	
	2014	**2013**
Asset Revaluation Reserve	**$'000**	**$'000**
Opening balance	83,298	87,005
Impairment loss on revalued assets	(329)	-
Transfer to and (from) reserve	(7,773)	(5,294)
Income tax equivalents	1,373	1,587
Closing balance	**76,569**	**83,298**

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

19. Retained Earnings

	Consolidated	
	2014	2013 Restated*
	$'000	$'000
Opening balance	18,573	7,193
Net profit/(loss) for the period	24,822	21,386
Transfer from asset revaluation reserve	7,773	5,294
Dividend provided for or paid	(18,700)	(15,300)
Closing balance	**32,468**	**18,573**

20. 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.

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

21. 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 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

	Consolidated	
	2014	**2013**
	$'000	**$'000**
Net profit/(loss) for the year	19,834	21,385
Depreciation and amortisation	8,829	8,101
Interest received classified as investing activities	-	-
Provision for impaired debts/other assets	-	-
Loss on sale of fixed assets	-	-
Net (gain) on sale of property, plant and equipment	(13)	(3,303)
Impairment	8,838	14,731
Fair value adjustment to investment property	-	-
Change in operating assets		
- Decrease (increase) in trade and other receivables	(706)	4,760
- Decrease (increase) in inventories	646	410
- Decrease (increase) in other current assets	(390)	(134)
- Decrease (increase) in foreign derivative asset	-	-
- Decrease (increase) in deferred tax equivalent asset	-	-
- Increase (decrease) in trade and other payables	8,794	(13,204)
- Increase (decrease) in other provisions	665	(144)
- (Decrease) increase transfers from subsidiaries	-	-
- Increase (decrease) in current tax equivalent liabilities	(2,163)	6,070
- Increase (decrease) in net deferred tax equivalent liabilities	5,421	2,588
Net cash flow from operating activities	**49,755**	**41,260**

(iii) Financing Facilities

Loan facilities are provided by QTC with any new borrowings approved pursuant to the annual Statement of Corporate Intent. The Group also has access to a working capital facility with QTC amounting to $15 million (2013:$15 million). As at the balance date, this facility has not been used.

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

22. Key Management Personnel Disclosures

(i) Key Management Personnel Compensation

	Consolidated 2014 $'000	Consolidated 2013 $'000
Short-term benefits	1,825	1,701
Post employment benefits	234	227
Other long-term benefits	21	20
	2,080	1,948

(ii) Compensation – Directors

2014 Name	Position	Short-term Employee Benefits (a) $'000	Post Employment Benefits (b) $'000	Total (c) $'000
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

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

22. Key Management Personnel Disclosures (continued)

(ii) Compensation - Directors (continued)

2013		**Short-term Employee Benefits (a)**	**Post Employment Benefits (b)**	**Total (c)**
Name	**Position**	**$'000**	**$'000**	**$'000**
P Milton	Chairman	58	7	65
G Davies	Director*	7	-	7
J Bignell	Director*	8	1	9
R Dudley	Director*	8	1	9
S Golding	Director	32	3	35
K Kuiper	Director	31	3	34
P Tait	Director	32	3	35
S Brown	Director**	20	2	22
G Johnstone	Director**	21	2	23
A Chambers	Director**	20	2	22
A Grummitt	Director***	13	1	14
		250	25	275

*Director's term expired on 30 September 2012 and new directors were appointed.

** New directors were appointed to the Board on 8 November 2012 and to the committees on 12 November 2012.

*** Director appointed on 20 December 2012.

(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.

(iii) Compensation - Other Key Management Personnel

Name	Position	Date Appointed	Resignation Date
Bradley Fish	Chief Executive Officer	3 July 1981	30 June 2014
Jeffrey Stewart-Harris	Chief Operating Officer	21 May 2007	
Martin McAdam	Executive General Manager - Major Projects	9 July 1984	9 July 2013
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	

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

22. Key Management Personnel Disclosures (continued)

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

	Short-term Benefits					Post Employment Benefits	Other Long-term Benefits		
	Cash Salary (a)	Non-Monetary Benefits (b)	Unused Annual Leave	Bonus	**Total Short-term Employee Benefits**	Superannuation	Unused LSL for the year only	Retirement/ Termination Benefits	**Total**
2014									
Position	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Chief Executive Officer	418	8	-	47	473	78	12	416	979
Chief Operating Officer	308	-	-	35	343	28	9	-	380
Acting General Manager - Business Development	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

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

22. Key Management Personnel Disclosures (continued)

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

	Short-term Benefits					Post Employment Benefits	Other Long-term Benefits		
2013	Cash Salary (a)	Non-Monetary Benefits (b)	Unused Annual Leave	Bonus	**Total Short-term Employee Benefits**	Superannuation	Unused LSL for the year only	Retirement/ Termination Benefits	**Total**
Position	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Chief Executive Officer	387	8	-	51	446	72	11	-	529
Chief Operating Officer	298	-	-	40	338	27	9	-	374
Executive General Manager - Major Projects*	110	3	-	29	142	21	-	-	163
Company Secretary/General Counsel	205	8	7	13	233	36	-	-	269
Chief Financial Officer	249	8	-	35	292	46	-	-	338
	1,249	27	7	168	1,451	202	20	-	1,673

* The Executive General Manager - Major Projects took extended leave during 2013.

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

22. 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 2012 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, new 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 executives 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 executives 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.

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2014

22. Key Management Personnel Disclosures (continued)

(iv) Compensation Principles (continued)

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

	Consolidated	
	2014	**2013**
	$'000	**$'000**
Aggregate performance bonuses paid	697	396
Total salaries paid (employees receiving a performance payment)	11,871	4,316
Number of employees who received a performance payment	107	31

(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 2013-2014 year have been approved by the Board and scheduled to be paid August 2014.

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 2013-2014 year have been approved and are scheduled to be paid in August 2014.

Other Employees

Other employees fall under the NQBP Enterprise Agreement which came into effect on 9 March 2012. Eligible employees performance pay for the 2013-2014 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 recommended payments are determined by the Board each financial year.

23. Commitments

	Consolidated 2014 $'000	Consolidated 2013 $'000
(i) Capital expenditure contracted for at balance date is payable as follows:		
- not later than one year	6,581	3,812
- later than one year and not later than five years	-	-
- greater than five years	-	-
	6,581	3,812

	Consolidated 2014 $'000	Consolidated 2013 $'000
(ii) Operating lease expenditure contracted for at balance date and payable as follows:		
- not later than one year	1,647	1,412
- later than one year and not later than five years	8,152	6,132
- greater than five years	388	1,697
	10,187	9,241

	Consolidated 2014 $'000	Consolidated 2013 $'000
(iii) Operating lease revenue not recognised in the financial statements as follows:		
- not later than one year	12,737	13,315
- later than one year and not later than five years	41,561	45,055
- greater than five years	366,862	376,056
	421,160	434,426

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

24. 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.

25. 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.

26. 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 17. Details of dividends paid or payable are detailed in Note 19.

As disclosed in Note 2(xiii), 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. The material parties in this category are:

- QTC for investments, borrowings and derivative transactions;
- Queensland Treasury for land tax and payroll tax;
- Department of Transport and Main Roads for hydraulic surveys, dredging support, pilotage and rentals; and
- Ergon Energy for electricity charges and minor contract works.

Details of transactions and balances with QTC are provided in Notes 8, 14 and 15. QTC borrowings are unsecured.

Payments to other related parties during the year totalled $27.6 million (2013: $23.3 million). Amounts totalling $0.2 million (2013:$0.1 million) were owing to other related parties at balance date. 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 22.

Post-Employment Benefit Plans

Payments made by the Group to superannuation schemes in respect of employees for the year were $2.1 million (2013: $1.78 million).

North Queensland Bulk Ports Corporation Limited

Directors' Declaration

For the Year Ended 30 June 2014

In the directors' opinion:

(a) The consolidated financial statements and notes set out on pages 16 to 53 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 2014 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

26 August 2014

North Queensland Bulk Ports Corporation Limited

Directors' Declaration

For the Year Ended 30 June 2014

In the directors' opinion:

(a) The consolidated financial statements and notes set out on pages 16 to 53 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 2014 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.

P. Milton

Peter Milton
Chairman
North Queensland Bulk Ports Corporation Limited

26 August 2014

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 2014, 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(i) 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 2014 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(i).

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
29 AUG 2014
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)
AMSA	Australian Maritime Safety Authority
APSDA	Abbot Point State Development Area
AUSMEPA	Australian Marine Environment Protection Association
BMA	BHP Billiton Mitsubishi Alliance
CGAPC	Corporate Governance and Planning Committee (Board committee)
CIA	Cumulative Impact Assessment
DBCT	Dalrymple Bay Coal Terminal (terminal)
DBCT Pty Ltd	Dalrymple Bay Coal Terminal Pty Ltd (terminal operator)
DBCTM	Dalrymple Bay Coal Terminal Management
DPPM	Dudgeon Point Project Management Pty Ltd
DSAP	Disposal Site Assessment Plan
DTMR	Department of Transport and Main Roads
DUKC	Dynamic Under Keel Clearance
EEO	Equal Employment Opportunity
EIS	Environmental Impact Statement
EMS	Environmental Management System
EPBC Act	*Environment Protection and Biodiversity Conservation Act 1999*
GOC	Government Owned Corporation
GOC Act	*Government Owned Corporations Act 1993*
GBRMP	Great Barrier Reef Marine Park
GBRMPA	Great Barrier Reef Marine Park Authority
GBRWHA	Great Barrier Reef World Heritage Area
GST	Goods and Services Tax
GVK Hancock Coal	Hancock Coal Infrastructure Pty Ltd
HPCT	Hay Point Coal Terminal
HRIRC	Human Resources and Industrial Relations Committee (Board committee)
LTDMP	Long Term Dredge Management Plan
LTPDP	Long Term Port Development Plans
MNES	Commonwealth Matters of National Environmental Significance
MPL	Mackay Ports Limited
Mtpa	Million tonnes per annum
MPP	Marine Park Permit
NQBP	North Queensland Bulk Ports Corporation Limited
PCQ	Ports Corporation of Queensland Limited
QAO	Queensland Audit Office
PAR	Photosynthetically Active Radiation
PER	Public Environment Report
QPA	Queensland Ports Association
QPS	Queensland Ports Strategy
QTC	Queensland Treasury Corporation
RIEP	Regional Indigenous Employment Program
RTA	Rio Tinto Alcan
SDP	Sea Dumping Permit
SOP	Statement of Proposals
TIA	*Transport Infrastructure Act 1994*
TACC	Technical Advisory Consultative Committee
T0	Terminal 0
T1	Adani Abbot Point Terminal (i.e. Terminal 1)
T2	Terminal 2
T3	Terminal 3

Feedback

One of NQBP's main aims is to fulfil the diverse information needs of readers and ensure that NQBP continues to improve on its reporting standards. Therefore, NQBP is interested to hear how you think the Annual Report can be improved.

NQBP invites you to provide feedback on the content or design of the report by completing the feedback form on the next page, by contacting the Corporate Relations Team on (07) 3011 7937 or by emailing communications@nqbp.com.au.

Postal details —

Corporate Relations Team
North Queensland Bulk Ports Corporation Limited
GPO Box 409
Brisbane Queensland 4001

This report and various other publications are available on NQBP's website: www.nqbp.com.au.

Requests for printed copies of the report can be made through the Corporate Relations team via the details above.

Feedback form

NQBP Annual Report 2013-14

As part of NQBP's aim to continually improve communications to stakeholders, NQBP would appreciate your feedback and comments. This feedback will be used to improve on next year's report so that NQBP can meet the needs and expectations of its stakeholders.

My main interest in the Annual Report is as a:

- ❐ Customer
- ❐ Business person
- ❐ Government stakeholder
- ❐ Member of an environmental group
- ❐ Member of a community group
- ❐ Contractor/supplier
- ❐ Employee
- ❐ Importer/exporter
- ❐ Shipping line/company
- ❐ Transport company
- ❐ Port operator
- ❐ Local resident in a port community
- ❐ Student

How would you rate the Annual Report?

- ❐ Below average
- ❐ Average
- ❐ Fair
- ❐ Above average
- ❐ Excellent

Do you have any other comments or suggestions about things we did not include in the report that you would like to see included?

I would like to receive further updates from NQBP and be included on the electronic mailing list.

Name ______________________________

Company ______________________________

Industry ______________________________

Email ______________________________

Please fax this form to 07 3011 7999, email to communications@nqbp.com.au or return via reply paid postage to: North Queensland Bulk Ports Corporation - Reply Paid 409 Brisbane Qld 4001.