Annual Report 2012-2013

North Queensland Bulk Ports Corporation

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North Queensland Bulk Ports Corporation Limited
ACN 136 880 218
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Ports Corporation of Queensland Limited
ACN 126 302 994
ABN 49 657 447 879

Mackay Ports Limited
ACN 131 965 707
ABN 69 131 965 707

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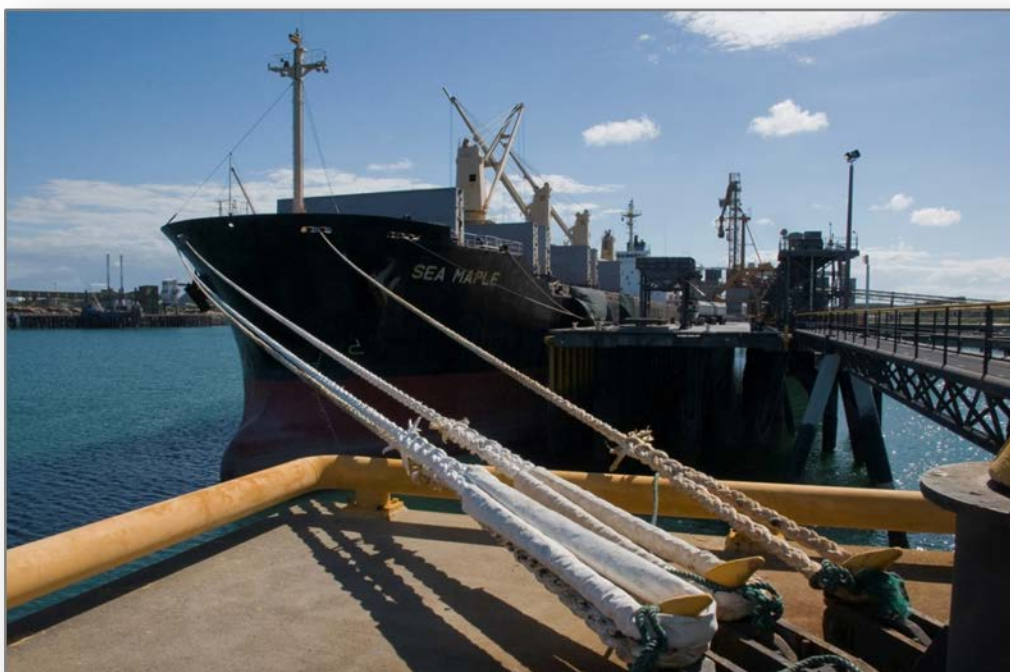
ABOUT THE REPORT

This report is a summary of the performance of North Queensland Bulk Ports Corporation Limited (NQBP) during 2012-13.

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.

NQBP is committed to supporting the economic growth of Queensland by providing world-class port facilities and a high level of customer service to be recognised as a major Australian port authority. NQBP's experienced leadership team supports and encourages its staff as they work together 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

Highlights

The composition of the NQBP Board changed this year when the terms of three directors, Robynne Dudley, Julie Bignell and Graham Davies, finished in September. Graham and Robynne had been directors of Mackay Ports Limited (MPL) since 1999 and Julie was a director of Ports Corporation of Queensland Limited (PCQ) since 2001. Their combined contribution to the ports has been significant in shaping the business today.

Four new directors were appointed to the Board: Suzanne Brown, Adrian Chambers, Gerry Johnstone and Alan Grummitt. The new directors bring a wide range of skills and experience to the Board relevant to positioning NQBP as a world-class provider of safe, sustainable commercial bulk ports facilities and services. Their areas of expertise include engineering, business management, commercial law and port development and operation.

The new Board immediately began working closely with NQBP management to review NQBP's business model and drive cost and productivity savings. The benefit of this work is reflected in NQBP's strong financial performance in 2012-13.

Draft Final Port of Hay Point Master Plan

The Draft Final Port of Hay Point Ten Year Development Master Plan was endorsed by NQBP's Board at its September 2012 meeting, replacing the April 2012 version. The purpose of the Draft Master Plan is to guide development in the Port of Hay Point over the next 10 to 15 years.

This revised Master Plan provides updated plans for offshore infrastructure and for supporting marine facilities for tugs and construction barges. It has also further optimised the lay-out of the proposed terminals at Dudgeon Point to improve their cost-effectiveness.

Development of an Environmental Impact Statement (EIS) for the Dudgeon Point Coal Terminals Project commenced at the start of 2011 and continued during this financial year. The draft EIS had reached 95% completion by the end of the period.

New petroleum terminal in Mackay

Puma Energy commenced construction of its new petroleum import terminal facility in the Port of Mackay. This represents a major investment for Puma. The proposed facility will see the development of 57 megalitres of storage further securing fuel supply within the expanding Mackay region.

Port of Mackay Interim Master Plan

Over recent years, accelerated growth and demand for both land-based and marine facilities at the Port of Mackay has resulted in development pressure on infrastructure and available land, a problem not unique to Mackay. To manage sustainable long-term growth for the Port, NQBP commenced a strategic planning project for the Port of Mackay which culminated in the development of an 'Interim Master Plan' document. This document will form the basis of any future revision of the Mackay Land Use Plan, as well as the development of the 30-year Master Plan that is to be undertaken in 2013-14.

Cumulative Impact Assessment – Abbot Point

NQBP was a key participant in the Abbot Point Cumulative Impact Assessment (CIA) study. This body of research set a standard for understanding long-term environmental and social impacts of future port development. These studies will help to guide economic growth, and also ensure appropriate steps are taken to manage any potential impact on the Great Barrier Reef Marine Park.

The CIA will ensure that future port developments continue to protect the environmental and heritage values of the Great Barrier Reef and World Heritage Area. The CIA sets the national benchmark for the future, and will be used to inform best practice environmental management of future projects at Abbot Point.

Public Environmental Report for Abbot Point capital dredging

NQBP prepared a draft Public Environmental Report (PER) for the Port of Abbot Point Terminal 0, Terminal 2 and Terminal 3 (T0, T2 and T3) capital dredging project.

The aim of the PER was to provide information for the assessment of potential impacts the project is likely to have on the existing environment at Abbot Point. This PER covers a proposed capital dredging project comprising of up to 3 million metres^3 of sediment to support development across these three coal terminals.

The report was completed in accordance with the requirements of the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999* (EPBC) and the project is still awaiting a final approval decision.

Future expansions proposed for Abbot Point

Following a fresh review of expansion demand and alternatives for terminal expansions beyond the currently planned T0-T3 terminals, the Queensland Government commenced a Registration of Interest process for the allocation of further terminal capacity at the Port with the proposed project to be known as AP-X.

Two proponents have been invited to move to Stage Two of the AP-X process. They are mining group Anglo American and NorthHub (an Aurizon and Lend Lease joint venture).

The AP-X process reflects the Queensland Government's preference for encouraging staged terminal expansion and development.

Merinda Construction Camp sale

During 2012-13, NQBP sold the Merinda Construction Camp located near Bowen. This asset was built to house the workforce associated with the construction of the X50 expansion of Terminal 1 by NQBP. As there was no further need for this asset, offers were sought through a competitive bid process.

Weipa capital dredging program

The maintenance and capital dredging programs for Weipa were combined this financial year which resulted in reduced costs. This program led to the extension of the South Channel by a further 2.5 kilometres which has been beneficial for Rio Tinto Alcan which operates the commercial facilities at Weipa.

This campaign further substantiates NQBP's excellence in dredging activities. Since 2002 NQBP has undertaken 19 dredging campaigns successfully, with no long-term or unpredicted impacts. NQBP's record in relation to environmental management of dredging in its ports is without blemish.

Record throughput figures

The Port of Mackay saw record high throughput figures this financial year with trade throughput of around 3.3 million tonnes surpassing 3 million tonnes for this port for the first time.

Major throughput highlights included the ongoing substantial increase in fuel imports, mainly to service the northern Bowen Basin mines and expansions, with fuel imports increasing by 15% this financial year. As a result of the sugar industry recovering from the effects of Cyclone Ului, sugar throughput increased by almost 100% returning to pre-Cyclone Ului figures. Ethanol throughput figures rose substantially from a historical low base. In addition, fertiliser throughput rose by 44% from the previous financial year's solid figure.

The previous financial year's break bulk cargo figures had been strong, however, this year saw an increase of 130% on the previous year's figures. This trade relates to Hay Point port expansion works and the equipment required for regional mine development and expansions.

The Port of Weipa also achieved a record throughput figure with the increase reflected in increased bauxite and fuel throughput.

The Port of Hay Point saw a total throughput of 96.5 million tonnes of coal, its second largest throughput on record and not far below the highest throughput of 99.5 million tonnes in 2009-10.

This financial year the Port of Abbot Point also achieved an increase of more than 4 million tonnes on its throughput figures from 2011-12 and a record for the port.

Performance Overview 2012-13

Financial Performance

The 2012-13 year has seen NQBP's financial position stabilise after the successful $1.83 billion lease of the Abbot Point Coal Terminal and the associated repatriation of cash back to the Queensland Government during 2011-12.

NQBP continues to operate successfully with a strong balance sheet and cash flows from its reduced scale of operations. This year NQBP generated a profit after tax of $21.4 million which exceeded the budget by $4.6 million.

As expected, 2012-13 throughputs improved significantly from 2011-12 levels (up 17%) and modestly improved NQBP's financial performance when compared with forecast. In this period a total of 146,596,386 tonnes passed through our ports. While coal tonnages showed improved tonnages compared with budget (up 4.5%), the greatest improvements were seen in Mackay (up 19%) with continued growth of petroleum and break bulk imports. NQBP's industrial property portfolio also showed improved performance.

In addition, NQBP successfully sold its interest in the Merinda Construction Camp at Abbot Point. This was a good outcome for NQBP in difficult market conditions and it freed NQBP of associated risk and cost.

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

At Hay Point, NQBP is also working closely with preferred developers on two new coal terminals at Dudgeon Point to meet future demand.

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

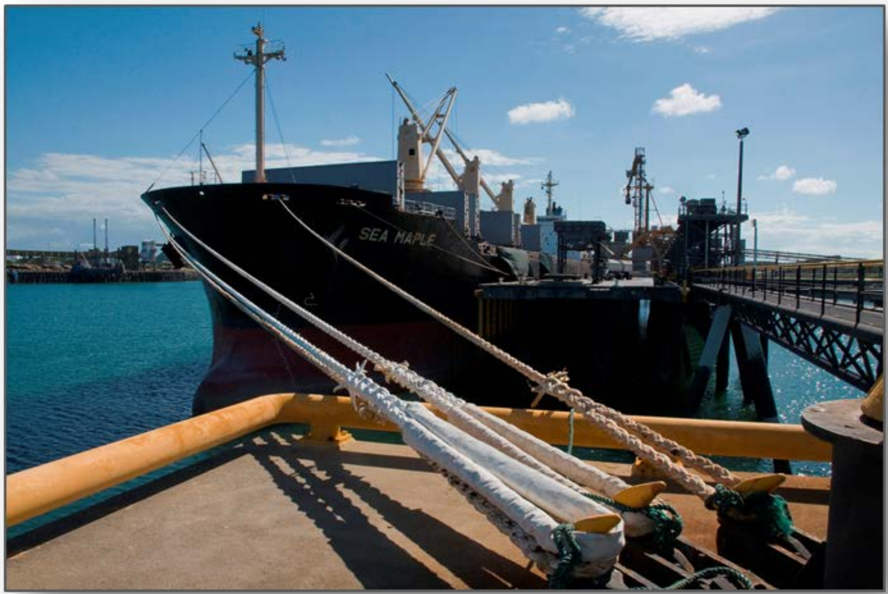
Financial Summary	2012-13 $'000 Budget	2012-13 $'000 Actuals	2011-12 $'000 Actuals
Total Income	88,918	100,331	69,613
Total Operating Expenditure	51,822	68,283	73,225
Earnings Before Interest, Taxes, Depreciation and Amortisation	37,096	45,536	7,577
Earnings Before Interest and Tax	29,755	36,977	687
Net Profit After Tax	16,774	21,386	(1,889)
Total Assets	423,478	407,622	414,568
Total Liabilities	186,652	166,478	181,115
Net Assets	236,825	241,144	233,471
Current Ratio (excluding provision for dividend)	0.80	1.53	1.55
Debt/Debt Plus Equity Ratio	0.28	0.22	0.28
Return on Assets	7%	8.9%	0.1%

Operational Performance

As a Government Owned Corporation, this document reports on NQBP's performance for the 2012-13 financial period. NQBP's performance against its 2012-13 Statement of Corporate Intent (SCI) is summarised below.

Strategy 1 — Plan sustainable port facilities, consistent with the Queensland Ports Strategy, to accommodate forecast trade needs through NQBP's ports	
Outcome	**Results**
A long-term Port of Hay Point Master Plan which defines the cumulative impacts of development	The Draft Final Port of Hay Point Ten Year Development Master Plan was approved by the NQBP Board in September 2012 and subsequently published. Community engagement followed to help inform community and industry about proposed future port expansion plans.
A long-term Port of Abbot Point Master Plan that defines the cumulative impacts of development, together with a strategy to facilitate obtaining environmental approvals	Working with industry, NQBP undertook a voluntary Cumulative Impact Assessment (CIA) study to understand the long-term environmental and social impact of development on Abbot Point. The CIA comprises 16 comprehensive studies and sets the national benchmark for the future. It will be used to inform best practice environmental management of future projects at Abbot Point. The CIA also informs the overall Port of Abbot Point Master Plan which NQBP is preparing in collaboration with the Office of the Coordinator-General. A Draft Master Plan is currently being prepared for consultation later in 2013 and will guide future development of coal export facilities at the port, as well as planning for development opportunities for other industries in the Abbot Point State Development Area.
Port of Mackay master planning and subsequent revision of the Mackay Land Use Plan	NQBP has developed an Interim Master Plan for the Port of Mackay. This document will form the basis of any future revision of the Mackay Land Use Plan, as well as support long-term strategic planning including development of a 30-year Port Master Plan.
Ensure the current industrial leases are regularised in accordance with the Land Use Plan	All leases are executed having given due consideration to the requirements of the Port of Mackay Land Use Plan.

Strategy 2 —	In consultation with the Department of State Development, Infrastructure and Planning and Projects Queensland, actively promote and facilitate the timely development and management of infrastructure in NQBP's ports to proactively meet our customers' requirements and generate value for NQBP and its shareholders
Outcomes	**Results**
Facilitate development and common user infrastructure including funding strategies for port expansion	NQBP continues to actively engage with proponents on its requirements for common user infrastructure or supporting infrastructure. However, progress has been constrained due to uncertainties of individual proponent requirements/ designs, together with investment concerns within the current economic climate.
Completion of the Environmental Impact Statement (EIS) and Social Impact Assessment required to facilitate the development of Dudgeon Point at the Port of Hay Point	Development of the EIS continued over the year with the process 95% completed.
Development of business opportunities to improve asset utilisation at the Port of Mackay	A Mackay Port Business Development Plan has been developed to identify and prioritise business opportunities and improve asset utilisation. Asset utilisation is monitored and forms part of ongoing reporting.



Strategy 3 —	Position NQBP with the right organisational capability to efficiently deliver the Corporate Plan
Outcomes	**Results**
Focus on business planning at all levels of the business	Integration of the business planning cycle throughout the business is progressing well. Further refinement is expected to continue next year. NQBP now aligns all levels of planning from the Operational and Performance Plans to the Strategic Plan.
Ensure organisation capability matches organisational requirements	A comprehensive review of the organisation's structure has been undertaken and implemented to realign workforce capability requirements with NQBP's new business model.
Focus on business improvement and operational efficiencies	Cost and value management initiatives have been closely monitored by NQBP's Senior Leadership Group and Board. In addition, NQBP is undertaking a staged review of the business to identify and implement operational efficiencies, leveraging systems capabilities, and improve business processes.
Continued focus on improving commercial performance in order to optimise returns	NQBP's focus on improving commercial performance leverages off several business improvement initiatives including the development of a new business model and focus on business improvement and operational efficiencies. This has enabled a greater focus on commercial activity within the ports achieving agreed benchmark returns.

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 $407,622,000, 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; 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 Environmental Management System 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.

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

Our vision

NQBP to be the recognised global leader for bulk ports.

Our mission

NQBP will provide safe, sustainable and competitive seaport services. We will manage our ports in accordance with our values to deliver excellent, commercial and sustainable outcomes for customers, employees, communities and shareholders.

Our values

NQBP is –

Customer focussed

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

Respectful

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

Environmentally responsible

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

Committed to safety

Striving for zero harm in improving health and safety outcomes.

Innovative

Embracing creativity and innovation to go beyond continuous improvement in achieving our mission.

Courageous in leading change

Being courageous in demonstrating personal and organisational leadership to make the changes needed for our future sustainability.

Chairman's Message

A year in reflection

The 2012-13 year in review has presented many challenges for NQBP precipitated by a heightened community awareness of environmental considerations within the industry. Having now served as Chairman for a full financial year, and leading a board with a number of new faces, I have absolute confidence in NQBP's ability to deliver environmentally and economically sustainable projects.

The new board has brought to the table a range of experience from a State, national and international level, and leadership and staff at NQBP are experts in our field. We are in the business of managing ports and facilitating developments within our ports in accordance with best practice environmental standards.

During the past year, there has been consistent public discussion about the impacts of ports operating adjacent to the Great Barrier Reef Marine Park (GBRMP) and shipping on the health of the Great Barrier Reef (GBR).

Both ports and shipping have been successfully operating within the bounds of the GBRMP for over 100 years and supporting many industries that drive Queensland's economy.

Generally, growth in ports and shipping has been gradual and well managed, adhering to and employing sustainable development principles. In the past year, NQBP has spent a considerable amount of time ensuring that before any port expansions are presented to regulators, comprehensive cumulative impact studies are undertaken. We are acutely aware of our responsibilities in relation to environmental protection under our moral and social obligations and the requirements of international, Commonwealth and State laws. It is a responsibility which we take very seriously and one on which we stand on our record of careful, respectful environmental management.

A challenge for large infrastructure which services the mineral industry is its cyclical nature. Investing in infrastructure at a time of low demand often leads to public debate. Why do we need to expand ports if demand is not present? The answer is simple. It takes many years to plan and build this infrastructure. Economic indicators show that demand will return and we need to be ready for it so that Queensland can benefit.

Financial performance and trade

This has been a record year for NQBP achieving a profit after tax of $21.4 million which surpassed budget expectations. This figure reflects increased throughput figures for each of our ports with the Port of Mackay, in particular, showing strong growth.

Looking forward

Historically NQBP was a major developer of port expansion including research, design and construction, but now we are moving towards partnering with customers to facilitate expansions.

During the year, the Queensland Government sought independent advice on the State's financial position through a Commission of Audit. Relating to NQBP, the recommendation was to —

> 'retain North Queensland Bulk Ports as a GOC responsible for the management and future development of State strategic port facilities, and expand its role to include supply chain coordination.'

We are proud of this show of confidence from Government to expand our current role into a broader role as project facilitators in the years to come.

We are looking forward to working closely with shareholding departments, as well as the Department of State Development, Infrastructure and Planning to develop our skillset to include supply chain coordination.

To accommodate our changed focus from developer to facilitator, a new business model has been designed to drive cost and value management for the benefit of our customers and shareholders. This has involved realigning our corporate objectives and strategies and evaluating the existing organisational structure and capability to identify alternatives.

I am positive that the changes implemented with the new business model will provide a fresh approach to streamlining processes and delivering results.

(Peter Milton, Chairman NQBP)

In the coming year, we will have a leadership role in developing and promoting the role and operations of the Queensland Ports Association (QPA). The QPA will become a more prominent group in assisting all Queensland ports to achieve their desired outcomes. Raising the profile of QPA will assist in strategically improving coordination associated with port management and activities.

The efficient operation of Queensland's port network is essential to deliver continued economic growth, job creation and sustainable development for our community, State and nation.

Thank you

I have thoroughly enjoyed my first year as Chairman of North Queensland Bulk Ports Corporation. I am especially grateful for the opportunity to lead a Board of Directors who are eager and committed to ensuring the best decisions are guiding NQBP's future. I take this opportunity to thank former Directors Robynne Dudley, Graham Davies and Julie Bignell for their significant contributions as dedicated members of the NQBP Board.

I would like to extend my thanks and appreciation to the management and staff who are committed to achieving high standards in all activities of NQBP.

I am confident that as a team we will continue delivering and exceeding the expectations of our customers and stakeholders.

Together, we should be proud of what we have accomplished and look forward to what we will achieve in the future.

Peter Milton
Chairman

Chief Executive Officer's Report

We have always assumed that the value of our ports was well understood and the rigour in which we plan and manage sustainable ports was recognised.

Australia's seaports are gateways to domestic and international trade, connecting Australia to the world. The nation's port system ensures Australians can have access to necessary products such as food, goods and services and also ensures there is fuel to heat and light homes, businesses and cities.

Since the visit by the United Nations Educational, Scientific and Cultural Organisation (UNESCO) in March 2012, groups opposed to the coal industry have made claims that port expansions can put the Great Barrier Reef at risk with the intent to impact the export supply chain.

The ports in Queensland which are located adjacent to the Great Barrier Reef Marine Park (GBRMP), including Abbot Point and Hay Point, are in areas identified specifically for port growth to accommodate the planned expansion of facilities in support of Queensland's economic growth.

Their scale and reach compared to the overall 34.5 million hectares of the GBRMP is minor. For example, the offshore port area of Abbot Point and Hay Point is less than 0.004% of the total marine park area.

NQBP has an important role in the stewardship of the iconic GBRMP. This stewardship includes investing in detailed, scientific studies which guide sustainable development and protection of the values of the Great Barrier Reef (GBR). We are confident in our approach to ensuring ports and the reef can coexist.
(Brad Fish, CEO NQBP)

Over the past 30 years as a port authority and facilitator of development, we have invested millions of dollars in environmental research both as part of impact studies, and through ongoing monitoring of the environment such as seagrass and water quality studies. We place more value on the environment than we do on publicity and as a result, our strict environmental management and contribution to the economy has in large gone unnoticed.

Environmental focus

We are proud of our environmental performance and strive for sustainable operation and development of our ports. It is of utmost importance that we first understand any impacts and ensure management plans and offset strategies are developed before proceeding.

In October 2012 a draft Cumulative Impact Assessment (CIA) for Abbot Point was released for public comment. This CIA was the first of its kind – three multinational groups, supported by NQBP, funding a voluntary, comprehensive cumulative impact study for a port precinct. Public comment from all interest groups was minimal, a testament to the detail and depth of this research.

In February 2013 the final CIA was released representing a rigorous scientific approach which can be safely and confidently used as the basis for making decisions around projects proposed for Abbot Point.

Peer review and expert input was at the core of the work. The CIA is a credible, best practice scientific approach that has been reviewed by a panel of experts in the fields of world heritage, marine biodiversity and migratory birds, as well as the baseline studies being independently peer reviewed.

The CIA responds to the expectations of the government and community and reflects a best practice approach to managing the outstanding environmental values of the GBR, sought by the community, UNESCO and regulators.

We need to stand by the rigorous scientific studies and our commitment to the environment to ensure sustainable growth.

Facilitating port development

While the mining industry has experienced a significant downturn during the year, NQBP has continued planning to ensure that we are ready to respond to demand in the future. We have worked extensively with government and proponents to facilitate growth at our ports.

This is particularly relevant for developments at Abbot Point including T0, T2, T3 and AP-X, as well as progression of the Environmental Impact Statement for developments at Dudgeon Point. Future developments at both Hay Point and Abbot Point will be of great value to the Queensland and Australian economies.

We are also well advanced in planning for additional and upgraded facilities at the Port of Mackay to cater for the future demands of the mining industry. These plans include increased petroleum import facilities, additional land for supporting import cargos and upgrades to wharf facilities.

Jointly the ports of Hay Point, Mackay and Abbot Point will form the backbone of the future operation and development of the Bowen and Galilee basins whether for coal or other bulk commodity developments.

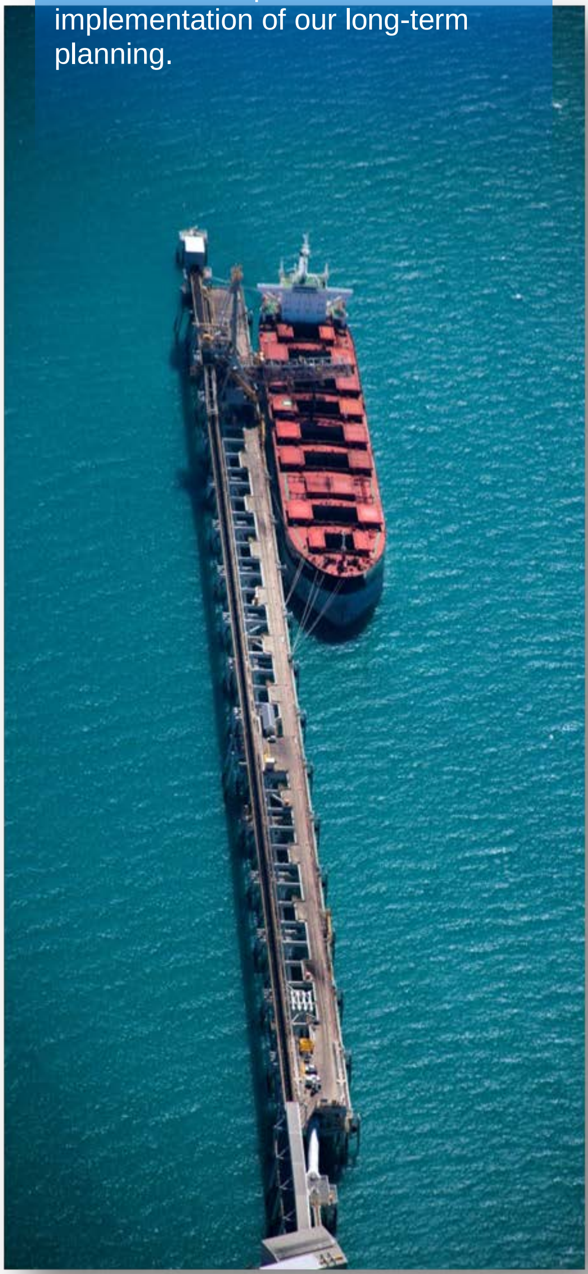
We continue also to work with Rio Tinto Alcan at Weipa to investigate new ways of improving productivity and operation of the Weipa port operations. Again, Weipa remains a vital part of the Queensland economy providing essential bauxite supplies to the Gladstone refineries and the world market.

Finally, I extend thanks to all my colleagues at NQBP for their dedication over the past year. We have continued our focus on improved safety performance at NQBP over the past year and I am pleased to say that our already good performance continues to improve.

Brad Fish
Chief Executive Officer

Board of Directors

NQBP's Board and executive management team are instrumental in the strategic growth of NQBP and lead the development and implementation of our long-term planning.



PETER MILTON

Chairman

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

Term of Office –
to 30 September 2015

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

For over 38 years Peter Milton has worked in port and country operations of the grain industry. More recently before his retirement, Mr Milton was Executive Manager for 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.

Peter 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. Peter is also Chairman of Newcastle Agri Terminal.

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

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

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.

Captain Kuiper 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, 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.

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

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

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.

PETER TAIT

BCom, M Info Systems, FCA GAICD

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

Term of Office –
to 30 September 2014

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

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.

Dedicating his time and talent to the community, Mr Tait 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.

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

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

Suzanne Brown is employed as a solicitor at McKays Solicitors in Mackay where she began her legal career in 2003. She is one of the practice's youngest Associates, as well as Team Manager of McKays' Commercial and Mining divisions.

Ms Brown hails from a local sugarcane farming family and her late grandfather was a shipping manager. Born and bred in Mackay, Ms Brown has a passion for regional areas and their development. Professionally, Ms Brown's focus has been targeted 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.

Ms Brown brings a youthful outlook which will assist in managing the sustainability of the company into the future. Being active in the Mackay community, Ms Brown is a member of the:

- Mackay Area Industry Network (MAIN);
- MAIN "Resetting for Resilience" Committee;
- Bowen Basin Mining Club;
- Queensland Law Society;
- Mackay District Law Association; and
- Young Professionals Mackay Network.

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

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

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.

GERRY JOHNSTONE

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

Term of Office –
to 30 September 2015

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

Throughout Mr 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.

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

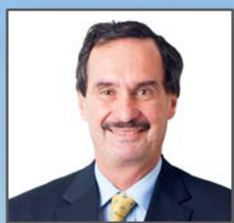
— *Member Corporate Governance and Planning Committee*

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 the Riverside Group, Fantasea Cruising, a number of RiverWijs companies, and also a director of Darwin Port Corporation.

Further details about NQBP's Board and its meetings can be found in the Corporate Governance section of this report, on pages 62 to 65, as well as pages 86 to 93.

Senior Leadership Group



Brad Fish
Chief Executive Officer

Jeff Stewart-Harris
Deputy Chief Executive Officer

Bernie Wilson
Chief Financial Officer

Peter Sinnott
Company Secretary/ General Counsel

Martin McAdam
Executive General Manager Major Projects

From 1 July 2012 to 15 August 2012

Grant Gaston
Acting Executive General Manager Major Projects

From 16 August 2012

NQBP's OPERATIONS

Port of Hay Point

The Port of Hay Point is situated about 40 kilometres south of Mackay by road and is one of the largest coal export ports in the world.

The Port of Hay Point 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 and operated by Hay Point Services Pty Ltd.

Central Queensland mines are linked to the port terminals through an integrated rail-port network. 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.

Planning for future port expansion

Planning for further major expansion of the port progressed. As a culmination of nearly two years of port master planning studies, the NQBP Board approved the document 'Draft Final Port of Hay Point Ten Year Development Master Plan' (the "Master Plan") which provides a detailed concept for future development of the port.

After a review of a number of development options in the port environs, the planning studies recommended further port development occur on 1400 hectares of NQBP land located at Dudgeon Point. Dudgeon Point is four kilometres to the north-west of the existing two coal terminals in the port. This land had been previously designated as strategic port land and around 800 hectares of the area was zoned for port use, with the remainder set aside for environmental or general buffer purposes.

The Master Plan identified that the Dudgeon Point site was capable of providing additional port export capacity of up to 180 million tonnes per annum (Mtpa). A concept for two separate terminals on the site of 90 Mtpa each was provided in the Master Plan.

Proposed Dudgeon Point Coal Terminals Project

In 2010, Dudgeon Point Project Management Pty Ltd and Adani Mining were appointed as preferred developers of new export facilities in the port. Dedicated planning for this proposed project commenced in 2011. It involves construction over a period of 15 to 20 years of two separate terminals of up to 90 Mtpa each as recommended in the Master Plan.

The proposed project was designated as a significant project under the *State Development and Public Works Organisation Act 1971* in 2011. The expected total construction cost of the new terminals is AUD$10-12 billion which is to be funded by the industry proponents.

NQBP is facilitating environmental investigations for the combined project and is preparing the Environmental Impact Statement (EIS) for assessment by the Queensland and Commonwealth Governments. Studies for the EIS commenced in January 2011 and continued over the 2012-13 year until April 2013 when EIS studies were paused while a strategic review of the project was undertaken due to the downturn in the coal market.

Hay Point dust and noise monitoring

Monthly reports are prepared based on four primary sites located in the surrounding residential areas for continuous dust and noise monitoring and 19 secondary sites for dust deposition. The reports provide the results of real time airborne dust, noise and meteorological conditions.

During the year NQBP, along with its terminal operators, investigated an expansion of the monitoring program to account for future growth in the Port of Hay Point, as well as capturing activities at the Port of Mackay. The first stage in the expansion of the monitoring network was completed in March 2012 with the commissioning of two new dust monitoring systems for PM_{10} and $PM_{2.5}$ at McEwens Beach, which is around four kilometres north-west of the Dudgeon Point site. This monitoring exceeds regulatory requirements.

Tug Harbour

NQBP is responsible for all capital and maintenance works at the Half Tide Tug Harbour located immediately south of the coal outloading facilities of Hay Point. In 2012-13 NQBP commenced a project to upgrade the access way for tug operators.

The Half TideTug Harbour access upgrade project is due to be completed in the third quarter of 2013. The existing access pontoons were in urgent need of upgrade or replacement to ensure they continued to meet current safety requirements.

The design drawings were scrutinised and revised in order to accommodate the particular site conditions considering Half Tide Tug Harbour is located in tropical North Queensland and is subject to adverse cyclonic conditions. This required a design beyond the standard commercial specifications.

This project has involved constructing a heavier, more robust standard of gangway and pontoon landing, raising the standard of the facility.

The project cost $1.3 million and involved the relocation of all electrical and water services along the jetties, and also the relocation of the six 20 tonne mooring bollards and frames.

The new system allows the operators to access the tugs without being exposed to the risk of falling into the water compared to the previous system which required ladder access.

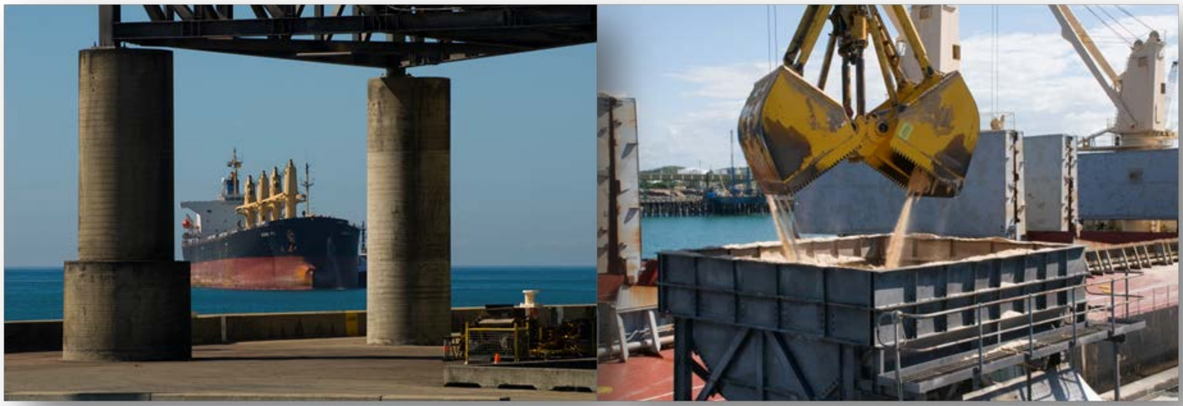
The completed components will add 25 years to the facility's design life.

Annual throughput

The total throughput for the port was 96,540,226 tonnes, comprising 62,203,846 tonnes through DBCT and 34,336,380 tonnes through HPCT. This was an increase on the previous financial year when 82,883,893 tonnes were recorded.

A total of 883 bulk carriers visited the port in 2012-13.

Port of Mackay



The Port of Mackay is a multi cargo port which historically has had close links to the sugar and grain industries in the Mackay region.

The port is located five kilometres north of the Mackay central business district and comprises an artificial harbour formed by rock breakwaters. The predominant import cargo is petroleum products and the predominant exports are sugar and grain.

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

Two independently owned fuel terminals were under construction on port land during the year due to the increasing demand for diesel to predominantly service the expansion/ development of coal mines in the northern Bowen Basin.

These two new fuel terminals are scheduled for completion in the first half of 2014 and will complement the existing terminals at the port operated by major fuel companies BP, Caltex and Shell.

Wharf 5 fender repairs

During this financial year fender repairs were undertaken at Wharf 5 which had been damaged following a storm event in 2010. The fender repairs commenced in September 2012 and were undertaken over four months in accordance with the shipping schedule. The damaged fenders and piles have now been replaced.

Commercial fishing berth access road upgrade

To mitigate the safety risks associated with the recurring sinkholes on the Fishing Berth Access Road along the middle breakwater, an upgrade was completed in early 2013. The upgrade design involved replacing a section of the base course with a concrete slab.

Harbour Road East drainage installation

An upgrade of the stormwater drainage along Harbour Road was required to improve the existing drainage and to accommodate additional discharge of water from the Pioneer Energy development site.

The works commenced in early 2012 and entailed finalising the design, removal of the existing drainage, the installation of the new stormwater drainage and the relocation of existing services. The project was completed in late 2012.

Record throughput

The Port of Mackay recorded its greatest ever throughput figures this financial year. As can be seen in the following table, the Port of Mackay handled 3,269,967 tonnes this financial year compared to 2,713,018 tonnes in the previous financial year.

In 2012-13, the Port of Mackay handled a total of 209 vessels carrying the following cargo for import and export.

Cargo	Throughput tonnes 2011-12	Throughput tonnes 2012-13
Tallow	5,724	5,003
Raw sugar	382,966	754,647
Petroleum	1,256,756	1,448,406
Grain - Sorghum	386,324	332,850
Logs	46,803	0
Ethanol	2,102	22,518
Fertiliser	59,972	60,284
Molasses	40,001	27,737
Cement	31,215	28,848
Scrap metal	43,093	37,372
Magnetite	76,935	52,439
Other goods	73,051	167,887
Sulphuric acid	2,498	2,960
Refined sugar	298,941	318,493
Machinery	6,637	10,423
Motor vehicles	0	0
Empty containers	0	100
Total	**2,713,018**	**3,269,967**

Port of Abbot Point

The Port of Abbot Point is located 25 kilometres north of Bowen and north-east of the Bowen and Galilee coal basins.

The Port of Abbot Point comprises rail in-loading facilities, coal handling and stockpiling areas and a single trestle jetty and conveyor connecting to two offshore berths and two shiploaders, all 2.8 kilometres offshore.

Coal is currently supplied to the Abbot Point Terminal 1 (T1) by rail from users in the Newlands System and Goonyella System. Current nominal export capacity from T1 is 50 Mtpa.

In 2011, T1 was leased for 99 years from NQBP to Mundra Port Pty Ltd, part of the Adani Group, and is operated by Abbot Point Bulkcoal Pty Ltd.

Abbot Point, along with 10 other Queensland ports, sits adjacent to the Great Barrier Reef Marine Park and within the Great Barrier Reef World Heritage area. NQBP considers itself to be a steward of this marine environment. This stewardship includes investing in in-depth studies which guide sustainable development and protection of the values of the Great Barrier Reef.

Terminal 0 development

The Adani Group (Adani) is investigating the development of a coal terminal (T0) to the east of the existing Terminal 1, in conjunction with offshore berths. NQBP is assisting Adani in these investigations.

Terminal 2 and Terminal 3

In April 2010, NQBP awarded BHP Coal Pty Ltd (BHPB) and Hancock Coal Infrastructure Pty Ltd (now owned by GVK Hancock) preferred developer status for the development of two separate coal terminals at Abbot Point.

Framework agreements between NQBP and each entity guide the planning and proposed development of these terminals.

During the year GVK Hancock progressed its feasibility studies for the Terminal 3 (T3) development. In line with scaling back its forward planning for coal mine expansions, BHPB placed the Terminal 2 (T2) development on hold.

Abbot Point expansion

In April 2013, the Queensland Government announced the selection of Anglo American and NorthHub (a consortium of Aurizon and Lend Lease) as Preferred Proponents to explore the feasibility of the next stage of development at Abbot Point.

On this project, known as AP-X, NQBP will collaborate with the Department of State Development, Infrastructure and Planning and Projects Queensland.

Bowen Wharf

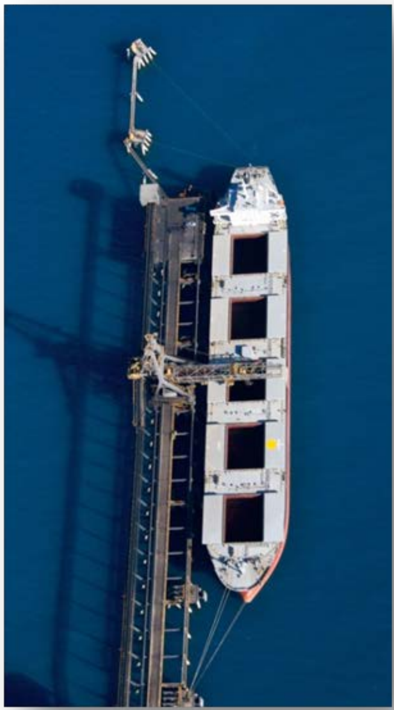
The past expansion project at the Port of Abbot Point (known as X50) identified there was a need to increase the tug fleet by an additional two vessels. The most cost effective solution was to upgrade the existing tug wharf and facilities at Bowen.

The new berth and facilities were successfully delivered by NQBP's internal workforce.

Record throughput

The Port of Abbot Point achieved record throughput this year of 17,744,621 tonnes, the highest in the history of the port and exceeding the previous financial year's throughput figure by more than 4 million tonnes.

A total of 201 bulk carriers visited the port in 2012-13.



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. RTA also operates the bauxite loading facilities.

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.

Dredging program

In 2010, a maximum sailing draft (MSD) profile was developed for future vessels departing the Port of Weipa South Channel with the aim of further increasing throughput for the Port of Weipa. This new MSD profile required the South Channel to be deepened and extended a further 2.5 kilometres west towards port limits.

Extensive sediment sampling and testing of the channel extension was undertaken in accordance with the National Assessment Guidelines for Dredging (NAGD) to determine the suitability for at sea disposal of the capital dredge material. All tested material was determined to be suitable for at sea disposal.

To reduce costs associated with the capital dredging campaign, it was combined with the annual maintenance dredging campaign and commenced on 18 July 2012. Dredging works continued until 3 September 2012 (48 days) with a total of 869,717 m^3 of material being dredged from the channel. Following the completion of the dredging, navigational beacons were required to be installed to delineate the new channel extension and were completed on 30 September 2012.

The 2012 capital dredging project for the Port of Weipa has already provided considerable returns for RTA.

Weipa public boat ramp

NQBP conducted engineering and safety audits of its assets at the Port of Weipa. All audit results will be completed in the next financial year. However, it has been identified that operational efficiencies need to be found for the Weipa public boat ramp.

NQBP has been working collaboratively with RTA and the Department of Transport and Main Roads to find an alternative boat ramp site which will prove more effective than its current location.

Annual throughput

In 2012-13, the Port of Weipa handled 534 ships, carrying 28,916,842 tonnes of bauxite, 79,890 tonnes of fuel and 44,840 tonnes of general cargo.

SOCIAL PERFORMANCE

Social Performance Summary

NQBP's objectives	Indicators	2012-13 NQBP Group
NQBP'S workforce profile	Number of employees	109
	Employee turnover	20%
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	13%
	Percentage of women in the workforce	41%
	Percentage of women in the senior leadership team	0%
	Percentage of women in middle management	29%
	Percentage of women covered by the enterprise agreement (all employees covered under the agreement)	51%
	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

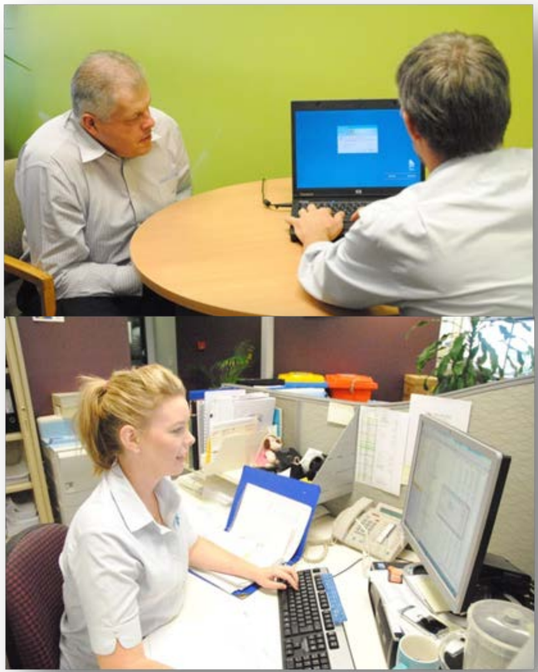
NQBP's objectives	Indicators	2012-13 NQBP Group
Developing NQBP's people NQBP is committed to the professional and personal development of its people	Training expenditure total (excluding on-the-job training)	$124,000
	Number of employees receiving support for accredited courses	6
	Percentage of employees rated 'good performer' or above in their annual performance review	95.24%
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	1
	Lost Time Injury frequency rate	4.1%
	Percentage of eligible employees who participated in an annual health check	68%
	Percentage of eligible employees who participated in gym membership reimbursement	12%
	Number of health and safety committee members who are employee representatives	4
NQBP's Community NQBP's aim is to become a role-model corporate citizen	Amount spent on community support (donations, sponsorships)	$86,174
	Amount spent on community support as a percentage of pre-tax profit, less impairment losses/write offs	0.5%

Human Resources Performance

Employee performance improvement

In the past year a new performance review process was implemented throughout the organisation. Employees set performance objectives at the start of the year and reviews between managers and employees were completed both mid-year and at the end of the year.

The primary intent for this process is to drive accountability and responsibility with all levels of staff, and to ensure staff focus on tasks required to improve business outcomes. The high level of involvement by staff in this process demonstrates the commitment by managers and employees to deliver business expectations.



Employment development

NQBP believes in the continual and ongoing development of its employees. As well as training course attendance, NQBP is committed to other development activities for employees such as the extension of work responsibilities, involvement in projects and exposure to other activities that may assist their understanding and career development. This year all staff were expected to have an employee development plan that highlighted the training and non-training activities that will increase skills and competencies and/or career development.

Bullying, harassment and discrimination

Several training sessions were conducted across the organisation in the areas of bullying, harassment and discrimination. These sessions were widely attended by staff at the ports and corporate offices.

There were no formal harassment complaints reported in the 2012-13 financial year.

Managing labour expenditure

In the past year, NQBP has focused on total labour cost reductions including management of annual leave, workplace employee development and maximising the use of in-house staff for temporary assignments. This has led to a reduction in the annual human resources spending of 5% or approximately $800,000 compared to the previous year.

Health and Safety

Significant milestone

The annual auditing of all NQBP locations has confirmed that its workplaces are well managed to a high standard of compliance with current legislation.

This year the workplace health and safety program at NQBP achieved a significant milestone in overall safety performance for the organisation. The Lost Time Injury Frequency Rate for NQBP has been reduced by 77% to 4.1% during the last financial year. This change was due to increased focus from all employees in working with a number of processes and systems which assist in maintaining a safe workplace.

Health and Safety Approach and Initiatives

NQBP has adopted a risk-based approach to ensuring continual improvement of work practices, processes and procedures. This approach aims to improve the effectiveness of systems while ensuring legislative compliance.

The use and development of checklists from risk assessed tasks has proven to be beneficial and an effective use of resources. During the year there have been improvements in consultation, reporting, recording and feedback throughout the business. This has resulted in increased awareness from incidents and events which have prevented further recurrence.

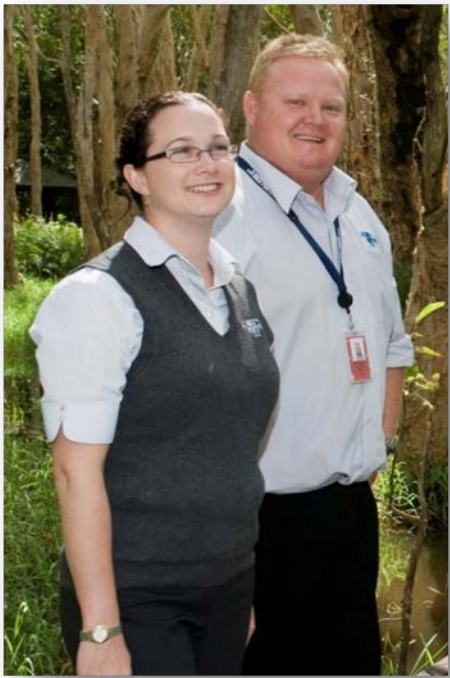
The continual improvement process is sustainable and augers well for the year ahead.

NQBP has implemented a structured and highly consultative framework for communicating and collaborating with employees, contractors and port users. This involves regular meetings for sharing information between parties. For example, safety performance is monitored, discussed and analysed at weekly and monthly intervals by all employees. Overall, this improvement in safety performance can be attributed to a variety of other processes including:

- 453 pre-start meetings;
- 57 Health Safety Environment and Community (HSEC) meetings;
- 114 individual safety training competencies;
- 865 inductions;
- 153 risk reviews;
- 689 job hazard analyses;
- 582 Take 5 entry level risk assessments; and
- 69 audits and inspections.

NQBP has continued to update and improve systems by:

- reviewing ongoing refresher training and competencies for all employees by implementing competency assessment within toolbox meetings;
- implementing a complete fatigue management system;
- reviewing ships lines handling and implementation of an ongoing working group to reduce manual handling issues, as well as functional assessment for line handlers;
- reviewing supplier and purchaser obligations and contracts policies and procedures to ensure they meet legislative requirements;
- reviewing the Port of Mackay Traffic Management Plan and the implementation of excess dimension load process and procedures;
- developing a Construction Safety Management Plan;
- auditing current plant and equipment to ensure each item of plant has a complete system to ensure it complies with legislation;
- integrating safety management systems into normal business activities; and
- continuing to improve recording and reporting of work health and safety performance.



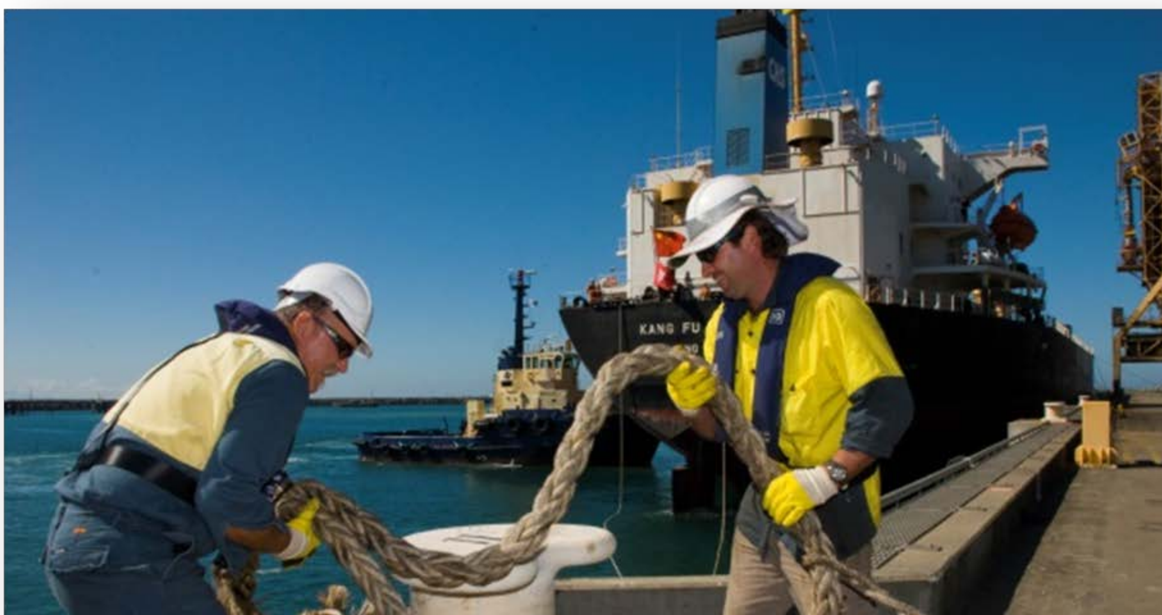
Safety management system

Safety management systems are designed to be self-sustaining and perpetual.

NQBP continues to consolidate processes, procedures and systems which are designed to ensure a safe place of work for all employees and port users.

The 2013-14 Safety Management Program has been developed to create a forward looking plan. Actions in the plan will be implemented using a system of metrics to monitor performance of activities.

The plan is based on a scheduled review of current policies to align NQBP's intentions with a work health and safety management strategy. This program is dynamic to ensure that emerging priorities can be managed.



Community

Corporate Communities Program

NQBP is committed to meeting its community responsibilities. 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 the communities in which it operates.

Through its community and external relations 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 2012-13 NQBP supported a number of community events representing a total contribution of $86,174 for the following:

- Mackay Marina Run;
- Mackay Marine Festival;
- Reef Guardian School Grants for ten schools;
- Weipa Fishing Classic;
- Queens Beach Action Group – turtle monitoring;
- Coal to Coast Festival;
- Mackay Raft Race;
- Catalina Memorial Day;
- Sea Turtle Health and Rehabilitation Workshop; and
- Sarina State High School's *Imagining Futures Together*.

A majority of these events gave NQBP an opportunity to actively participate in initiatives which align with its community interest areas of environmental programs and initiatives, employment pathways, youth education, health and wellbeing and business and regional development.

Environmental management engagement

NQBP is committed to engaging with stakeholders to ensure transparency and understanding of its approach to environmental management.

For many years, NQBP has invested millions of dollars in environmental research both as part of impact studies, and through ongoing monitoring of the environment such as seagrass and water quality studies. NQBP is confident its ports can co-exist with a healthy environment, and the past year has emphasised the importance of communicating this through its community engagement activities.

In 2012-13 NQBP undertook comprehensive issues monitoring, developed targeted engagement campaigns, and participated in collaborative working groups. Further, NQBP has worked with communities, Traditional Owners, businesses, farmers, contractors, coal miners, environmentally concerned individuals and groups, regulators, tourism groups and many others in being transparent in relation to its sustainable port planning and operations and the potential impacts they have and how impacts are avoided or managed.

NQBP places a high value on the environment and strict environmental management has been closely associated with NQBP's significant contribution to the nation's economy.

ENVIRONMENTAL AND SUSTAINABILITY PERFORMANCE

Environmental Approach

NQBP is committed to a sustainable and responsible environmental approach that seeks to, where possible, prevent, reduce and manage its impact on the environment.

NQBP's Environment Policy, together with its Sustainability Policy, defines its commitment to sustainable development and minimising its ecological footprint across its business. NQBP's policies are communicated to all employees and contractors through a continual program of staff training and development of environmental management plans.

Environmental Management

ISO 14001 Certification

ISO 14001 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 has maintained accreditation for Environmental Management Systems AS/NZS ISO 14001 which demonstrates the organisation's sound environmental performance and commitment to environmental management.

NQBP is committed to **sustainable development** and **minimising its ecological footprint** across its business.

Port of Weipa

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

NQBP, together with Rio Tinto Alcan, Maritime Safety Queensland and OMC International, commissioned a study to determine the optimum sailing draft to get maximum benefit from the Dynamic Under Keel Clearance (DUKC) technology employed by modern vessels entering the Port of Weipa.

The study identified that to operate more efficiently, further development of the shipping channel was necessary, which was best achieved by extending the South Channel by approximately 2.5 kilometres seaward and minor deepening of the existing channel. The 2012 dredging campaign therefore included both a maintenance and capital component.

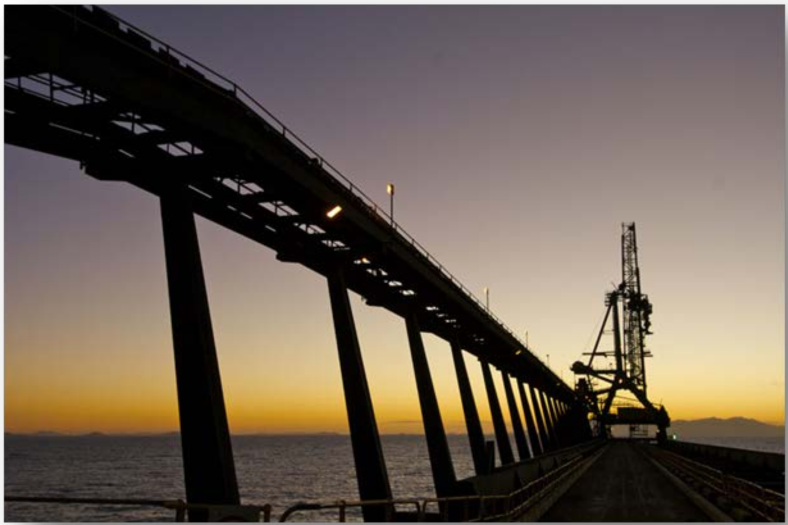
NQBP already held Commonwealth and State permits for ongoing maintenance dredging at the Port of Weipa. A separate Commonwealth Sea Dumping Permit and a State Dredging approval was issued for the capital dredge program. The combined capital and maintenance dredging campaign was completed over a 48-day period between 18 July and 3 September 2012, with no environmental incidents reported.

Both the Commonwealth 10 Year Sea Dumping Permit and the State Dredging Approval have been amended to reflect the extended dredge footprint from the 2012 capital dredging works. The 2013 annual maintenance dredging campaign commenced in June 2013.

As part of NQBP's port health monitoring program, James Cook University monitors the seagrass communities around the port annually and have recently installed Photosynthetically Active Radiation (PAR) sensors at prominent seagrass meadows. All seagrass meadows in the Port of Weipa were reported as healthy during the 2012 survey. Ongoing PAR monitoring has identified a significant correlation between the health of seagrass meadows and both tidal exposure and solar radiation, and offers an opportunity for further research into the relationship between daylight exposure and seagrass health.

Port of Abbot Point

NQBP compiled a draft Public Environment Report (PER) for the proposed capital dredging of the T0, T2 and T3 offshore berths and apron area at the Port of Abbot Point, in accordance with the requirements of the *Environment Protection and Biodiversity Conservation Act 1999*.



The Draft PER was issued for public consultation from 4 January 2013 to 15 February 2013. A total of 103 submissions were received and a PER Supplementary Report was lodged with the Department of Sustainability, Environment, Water, Population and Communities (SEWPaC) to respond to the issues identified.

Commonwealth and Queensland Government approval applications for this project were prepared and lodged in parallel with the PER public review period. A decision is expected to be made in the third quarter of 2013.

Extensive consultation with the local fishers and community resulted in a revised offshore relocation zone for the dredged material. Although this proposed zone is part of the Great Barrier Reef World Heritage Area (GBRWHA) and Marine Park, it is not recognised as a notable or significant biodiversity site, and does not contain natural heritage attributes at a scale or value of consequence to the GBRWHA as a whole.

The value of the GBRWHA and Marine Park in this context has been assessed and documented as part of a Cumulative Impact Assessment (CIA) for Abbot Point confirming that ongoing development of the port, including dredging, can occur in a manner which can sustain biodiversity and heritage values.

Well managed dredging programs are a **vital** component of keeping Queensland's ports operating and safe for shipping.

While the specific relocation site within the zone is yet to be determined, the zone offers the flexibility for optimal site selection ensuring that the site is moved away from local fisheries, Holbourne Island and the WWII Catalina Wreck site. This flexibility also affords the proponents the ability to advance their projects with confidence that a good environmental outcome will be achieved, with the commitment that further site-specific studies will be undertaken in addition to further community participation through an extended Technical Advisory Consultative Committee (TACC).

A TACC was established for the Port of Abbot Point in May 2012 as a mechanism to consult with stakeholders and regulators on all aspects of dredging projects within the Port. The committee, formed primarily to comply with the requirements of the NAGD, comprises representatives from Commonwealth, Queensland and Local Governments, the fishing industry, tourism industry, general community, conservation groups and proponents.

This committee has met on two occasions and continued consultation will occur. Traditional Owners of the area have also been consulted on the project separate to the TACC.

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 group (a community not-for-profit organisation). This strategy will be finalised in consultation with Department of Agriculture, Fisheries and Forestry (DAFF) and SEWPaC and will be implemented on commencement of the proposed dredging.

The proposed Abbot Point developments will play a **vital role** in the **economic prosperity** of both Bowen and Queensland.

Abbot Point Cumulative Impact Assessment

NQBP, together with Adani, Hancock Coal Infrastructure Pty Ltd (now GVK Hancock) and BHP Coal Pty Ltd, undertook a new environmental initiative, over and above that required under relevant Commonwealth legislation and policy, as part of best practice in environmental and world heritage management. All four organisations came together to assess the cumulative nature of their proposed projects at the Port of Abbot Point and to undertake a comprehensive investigation of the environmental impacts from these proposed projects at the port.

These investigations were to provide the basis for a Joint Environmental Management Framework (JEMF) for joint and coordinated management of cumulative environmental impacts over the life of the Port of Abbot Point.

This Cumulative Impact Assessment (CIA) process was a voluntary industry initiative and covered 16 comprehensive environmental studies covering all aspects of the environment, including shipping, fishing, noise, dredging, marine and terrestrial biodiversity and visual amenity. These studies were conducted and reviewed by scientific experts, including eminent university professors, environmental consultants, port industry professionals and maritime safety experts.

Extensive consultation was maintained with SEWPaC, Great Barrier Reef Marine Park Authority (GBRMPA) and the Queensland Government throughout the entire CIA process, and culminated in the publication of one overall synthesis report.

The CIA and associated JEMF were released for public comment from 24 October to 4 December 2012. A total of 21 submissions were received and, upon consideration of these submissions, the CIA and JEMF were finalised in February 2013.

The CIA and JEMF will be used to inform best practice environmental management of future projects at the Port of Abbot Point, ensuring that future port developments continue to protect the environmental and heritage values of the Great Barrier Reef Marine Park and World Heritage Area. Both the CIA and the JEMF were designed to be complementary to the strategic assessment of the Great Barrier Reef being undertaken by the Queensland Government and GBRMPA.

Port of Mackay

In January 2012, SEWPaC approved the NQBP Long-Term Dredge Management Plan (LTDMP) for maintenance dredging within the Port of Mackay over a 10-year period. This LTDMP defines a comprehensive set of environmental investigations and monitoring programs required over this ten-year period, thereby ensuring high environmental standards are maintained throughout.

NQBP will conduct **wide ranging environmental research** and ensure monitoring programs assist in safeguarding NQBP's environmental principles.

NQBP is completing the following investigations as described in the Port of Mackay LTDMP in preparation for the 2013 maintenance dredging campaign which is scheduled to commence in October 2013:

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

A major upgrade of the Port of Mackay stormwater system commenced in May 2012 and continued through 2013. The upgrades involved the installation of advanced gross pollutant traps which will not only capture solids and debris, but also effectively remove up to 91% of suspended solids and up to 97% of free oils and grease. The traps also offer greater control of stormwater flows through the port.

NQBP has undertaken water quality monitoring at the Port of Mackay since 1998 offering a historical dataset and providing an indicator of overall port health. The 2012 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.

A review is underway of the Water Quality Monitoring Program to ensure that the sampling density and regularity is representative of the modern port environment and captures all relevant external influences. This review will consider new developments in monitoring techniques, data representation and regional based water quality objectives, as well as other potential water quality contaminants that may be from sources external to the port.

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 2012, NQBP completed a variety of studies to facilitate the submission of a Sea Dumping Approval under the *Environment Protection (Sea Dumping) Act 1981* to allow these maintenance activities to proceed.

In accordance with Commonwealth requirements, a rigorous chemical analysis of sediments within the Port of Hay Point maintenance dredge areas commenced in May 2012.

Sediment characterisation reports are being finalised and NQBP will continue to facilitate discussions with GBRMPA and the terminal operators regarding the proposed dredging.

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 report;
- sediment characterisation of disposal site; and
- development of marine monitoring plans – including water quality, coral, seagrass and marine pests.

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.

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, to the north of the port. 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 ($PM_{2.5}$).

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. This investigation is expected to be completed in late 2013.

Programs and Initiatives

EcoPorts Program

NQBP addresses its significant environmental risks within all areas of operations and each port through its EcoPorts Program. The EcoPorts Program is updated and assessed on an annual basis, and 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-term and long-term sustainability of the ports. Actions within this program include monitoring of aspects such as water quality, noise and dust, seagrass, and environmental auditing.

The EcoPorts 2012-13 Program included 60 actions that are in progress or 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:

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

NQBP conducts a range of **comprehensive environmental monitoring** at each of its ports.

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

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.

The significant reduction between the 2011-12 and 2012-13 usage can be attributed to an audit and upgrade of water meters within the Port of Mackay. This has enabled NQBP to more accurately reflect usage by NQBP compared to that used by Port of Mackay tenants.

Table 1 summarises water usage across NQBP ports.

Table 1 – Water usage in kilolitres across NQBP Ports[1]

Port	2011-12	2012-13
Bowen	833	836
Hay Point[2]	18,940[3]	20,888
Mackay	150,611	18,205[4]
Total	**170,384**	**39,929**

Table notes –

1. Water usage in the Brisbane and Mackay offices is not metered separately to other users in multi-storey buildings. However, usage is expected to be low. Weipa town water usage is not metered and therefore no usage rates are available. NQBP does not have an office at the Port of Abbot Point.
2. Water usage does not include quarantine waste facility.
3. Within the 2011-12 Annual Report, the 2011-12 water usage for the Port of Hay Point identified a quantity that incorrectly included all on charged volumes and listed these as 60 megalitres rather than 18,940 kilolitres.
4. Water usage at the Port of Mackay during 2012-13 reflects NQPB usage only, whereas the figure for 2011-12 includes other users whose premises were not metered separately at the time.

Sustainable design

NQBP's Brisbane corporate office relocated in 2012-13. 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 managed by motion sensors was fitted throughout.
- Guest toilet facilities were fitted with motion sensing water and soap dispensers.
- Water saving devices were upgraded to all staff facilities.
- Low emission paints were used throughout.
- All workstations were provided with Australasian Furnishing Research and Development Institute blue tick product certification, as well as Good Environment Choice Australia and Forest Stewardship Council certification.
- Whitegoods for kitchen and staff breakout areas were selected with a minimum energy efficiency rating of four stars.
- Original office equipment was reused in the new office fitout wherever possible.
- Additional audio visual conferencing equipment was installed reducing corporate travel requirements between Brisbane and Mackay offices.
- To minimise paper usage, new office printers have been set to default double-sided printing and are activated by swipe cards.
- Office task chairs and meeting room chairs were certified to Level 6 AS/NZS 4438:1997 and selected 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 recyclables.
- Each of the utility rooms was fitted with paper recycling bins.

Waste management

NQBP promotes the minimisation of paper use and paper recycling.

The amount of paper recycled in the Brisbane office for 2012-13 was 0.245 tonnes. This effectively equates to a reduction in paper usage by 75%, and a saving of close to 1 $metre^3$ of landfill, 1000 kilowatts of electricity, 7.8 kilolitres of water and 0.61 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, paper is sourced which has at least 50% recycled content or is certified carbon neutral by the Carbon Reduction Institute of Australia. All paper has Programme for the Endorsement of Forest Certification meaning the paper is from sustainably managed forests and, wherever possible, is sourced from Australian paper mills that are certified under AS/NZS ISO 9001 for Quality Management and AS/NZS ISO14001 for Environment Management.

Environmental Improvement

Each year, NQBP carries out environmental improvement projects. The details of activities that occurred in 2012-13 follow.

Mackay Clean Up Australia Day 2013

NQBP hosts a Clean Up Australia Day event each year at the Port of Mackay. The 2013 Clean Up Australia Day event was a success with 30 volunteers offering their assistance to collect 26 bags of rubbish from the Mackay Harbour Beach region.

Mackay Coastal Clean Up 2012

In 2012 NQBP participated in the first in a series of biannual Mackay Coastal Clean Up events to be held over the next three years. The clean-up focussed on removing marine debris from the beaches near Mackay.

Many volunteers participated along various beaches in the Mackay and Hay Point region, including Dudgeon Point, to cover approximately 40 kilometres of shoreline.
A total of 2,689 kilograms of marine debris was removed over this two-day event. The debris filled a total of four six metre skip bins.

Great Barrier Reef Marine Park Authority – Reef Guardian Program

One broad program NQBP has ongoing involvement in, is the GBRMPA's Reef Guardian Program. This program aims to educate students and the wider community about the protection of the environment and the Great Barrier Reef.

NQBP offered a number of grants to Reef Guardian Schools in its port communities. These schools were encouraged to apply for an NQBP grant to enable them to fund an environmental initiative at their school. These included, for example, setting up a bush tucker garden, a worm farm and vegetable patch using recycled water, the development of a sustainability corridor, and setting up a recycling program for regional communities to offer facilities for glass and batteries.

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.

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 2011, NQBP provided funding to the Queens Beach Action Group (QBAG) to enhance the existing program to monitor turtle behaviour via satellite from a transponder attached to a teenage turtle named Peanut.

In 2012 NQBP provided further funding to QBAG to fit another satellite transponder to a healthy male turtle to determine where he lives and his behaviour during and after breeding season. NQBP is proud to support this monitoring which will create awareness of turtle behaviours.

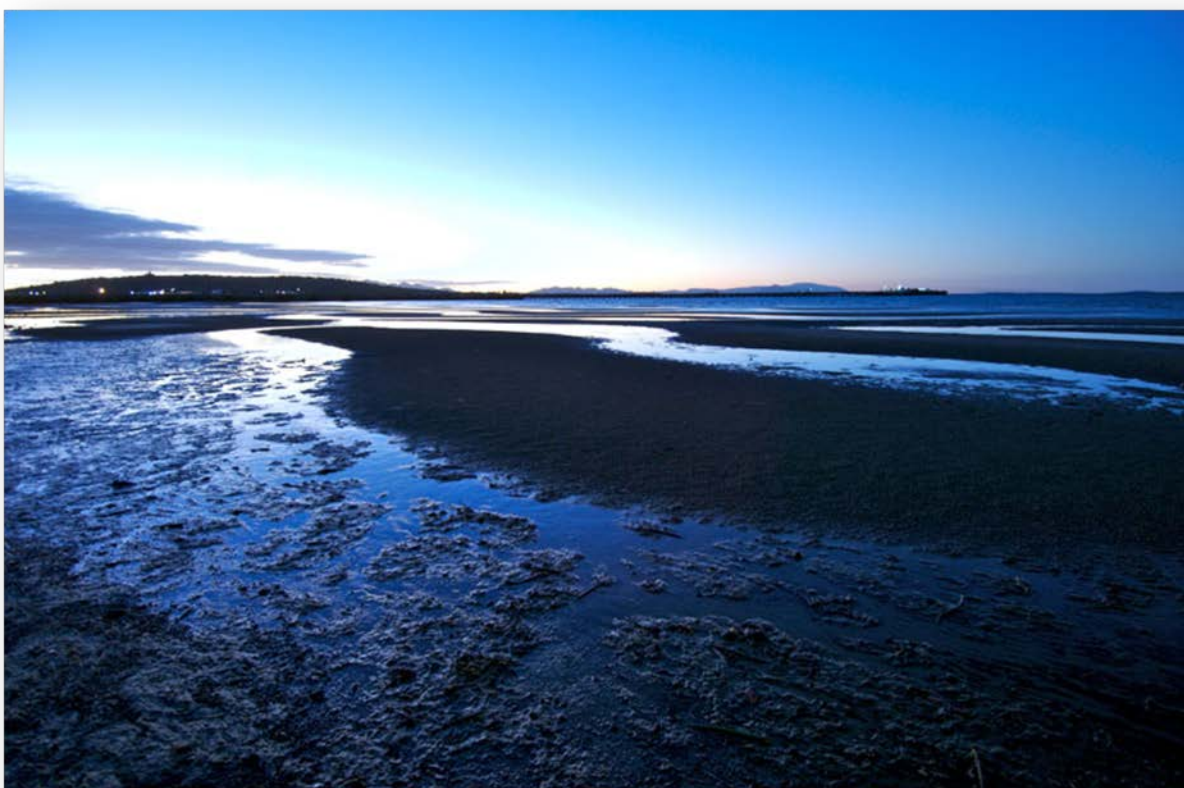
The Sea Turtle Foundation and James Cook University have, since 2009, organised and hosted annual workshops for sea turtle health and rehabilitation. The event has grown in success and now includes field trips to provide participants with hands-on experience dealing with sick, injured, stranded or dead sea turtles.

In addition to sponsoring the QBAG monitoring program, NQBP also sponsored the GBRMPA 2013 Sea Turtle Health and Rehabilitation Workshop.

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 five Queensland ports: NQBP, Ports North, Port of Townsville Limited, Gladstone Ports Corporation Limited and 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

Seagrass

NQBP monitors seagrass communities that grow along the inshore coastline near all of NQBP's operating ports.

Our monitoring programs are world class and long running. The long-term monitoring program at the Port of Weipa was established in 2000 and has provided a valuable contribution to the science of seagrass growth and distribution for 13 years.

The centre for Tropical Water and Aquatic Ecosystem Research at James Cook University is independently contracted to undertake the current monitoring programs and determine the overall health of the seagrass populations surrounding the ports. This was formerly undertaken by the Department of Agriculture, Fisheries and Forestry.

Seagrasses play multiple roles within the marine environment, such as:

- stabilising fine sediments with their leaf and root system;
- helping maintain water quality; and
- providing a valuable source of shelter and food for a wide variety of prawn and fish communities.

Seagrasses are a recognised indicator of marine health, and as they derive energy from the sun to grow, are susceptible to processes that alter the availability of sunlight.

To further enhance NQBP's knowledge of the relationship between sunlight and seagrass population dynamics, photosynthetically active radiation (PAR) loggers were installed at the Port of Weipa in 2010. These continually measure the amount of light available for photosynthesis on known seagrass meadows near the Port of Weipa.

The monitoring programs have provided valuable information on the environmental health of NQBP's ports and assist in the effective management of port activities.

The results of these long running monitoring programs have shown that, if managed responsibly, port activities such as capital and maintenance dredging do not result in the decline of seagrasses surrounding the ports. What NQBP's monitoring programs show is that significant declines in seagrass populations result from natural weather driven events.

There have been noticeable declines of some seagrass species on the east coast of Queensland as a result of several years of strong cyclones and record flooding. The seagrass communities around the Port of Weipa located on the west coast of Queensland have not seen intense cyclone or flood events and has not seen the same decline in seagrass distribution.

NQBP is proud of its leading seagrass monitoring programs in this important area of marine environmental monitoring.

Case Study

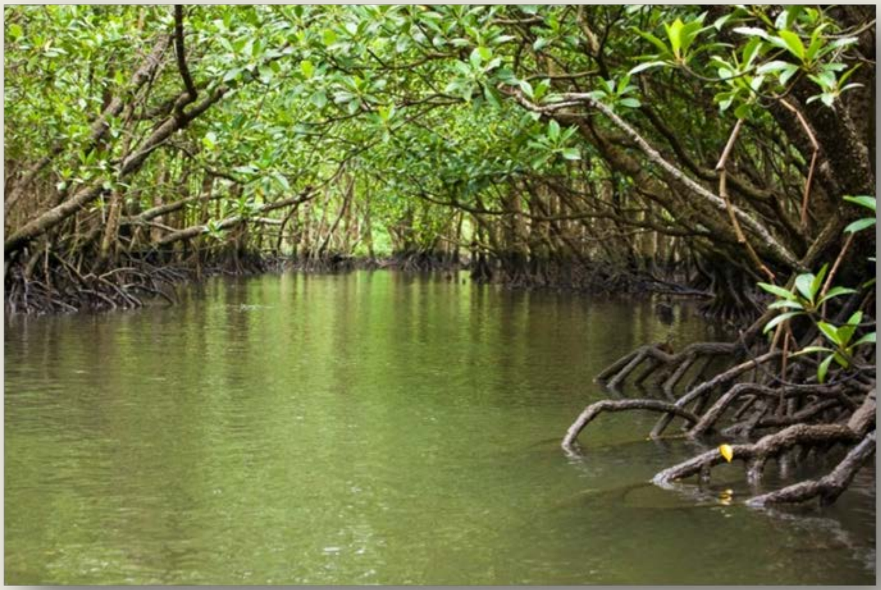
Dust monitoring

NQBP, together with Hay Point and Dalrymple Bay Coal Terminals, has been monitoring air quality at the Port of Hay Point since 1993. The existing monitoring program consists of 23 locations carrying out a variety of monitoring such as ambient air quality, dust deposition, noise and weather.

In April 2013, NQBP commissioned the installation of another dust monitoring station at McEwens Beach. The existing stations have traditionally measured Total Suspended Particles (TSP), however, the McEwens Beach station will monitor the finer particle sizes of $PM_{2.5}$ and PM_{10}, being 2.5µm and 10µm respectively.

Although the finer fractions or particulate matter found in windborne dust are usually related to vehicle emissions and smoke or smog from burning and combustions, NQBP has responded to community concerns related to the potential impacts of coal dust from the coal stockpiles at the Port of Hay Point.

The monitoring undertaken at the McEwens Beach station is well beyond that required by Queensland or Commonwealth Government regulations and was installed with the expectation that it will assist with NQBP and the community's understanding of the amount of finer fraction dust in the area. It will also assist with further enhancing the world-class dust management system that exists within the Port of Hay Point.



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 Queensland Limited (PCQ) and Mackay Ports Limited (MPL) became wholly owned subsidiaries of NQBP.

NQBP is a company 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 effectively 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, being NQBP, PCQ and MPL, have the same Board of Directors (the group being referred to in this section as NQBP).

At NQBP 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 on an annual basis 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 86 to 90 of this report.

Appointment

Directors of NQBP are appointed by the Governor-in-Council. PCQ and MPL have the same directors as NQBP. All of the directors are non-executive directors. The Board assesses the independence of each of the directors on a regular basis.

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 Commercial Monitoring Group[1] and the Department of Transport and Main Roads [DTMR]), the Board has comprehensive criteria which are applied on a case-by-case basis, to determine any potential conflict situation.

The Board considers that the process adopted by the Board as outlined above provides an effective way to comprehensively assess director independence.

All of the directors are considered by each Board to be independent.

[1] Formerly called the Office of Government Owned Corporations

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. This financial year the Board met 11 times. Directors also met for committee meetings and to discuss strategic planning.

The Chairman 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;
- commercial and governance decisions requiring a Board resolution; and
- performance reports for commercial projects.

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.

From 1 January 2010, NQBP fell within the jurisdiction of the Crime and Misconduct Commission (CMC), and is now required to report any "official misconduct" by NQBP staff to the CMC.

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 official 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 DTMR 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 July 2012, an internal review of NQBP Board performance was undertaken.

NQBP policy also requires that directors' skills and competencies be reviewed on an annual basis. The Human Resources and Industrial Relations Committee is the relevant Committee that reviews development needs and opportunities in relation to directors.

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 2013.

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 126 to 127. 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 is appointed by an outer limit employment agreement which expires on 1 July 2014 with severance payments agreed to be two weeks superannuable salary for each year of recognised service. Other senior executives are appointed on outer limit employment agreements and senior managers are employed on tenured employment agreements and have as a minimum entitlement, a redundancy payment of two weeks ordinary pay for each completed year of service.

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 2012-13 was determined in accordance with the shareholder guidelines, as reflected in NQBP's policies and procedures: Chief and Senior Executives – Remuneration and Chief and Senior Executives – Performance Pay.

Details of the remuneration paid to NQBP's senior executives are contained in the Notes to the Financial Statements on page 128.

The Board keeps shareholding Ministers informed of the remuneration arrangements of senior executives on a regular basis. This advice is provided in writing and details the nature and amount of the remuneration and the way in which the remuneration has been determined.

The Board is required to submit any significant amendments or variations to NQBP's remuneration policies to shareholding Ministers.

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 comprises two components:

- 70% based on group performance; and
- 30% based on individual performance.

The recommended payments are determined by the Board after the end of the financial year and paid and reported to shareholding Ministers in accordance with current guidelines. The proposed performance payments for the 2012-13 year were approved by the Board after the end of the financial year.

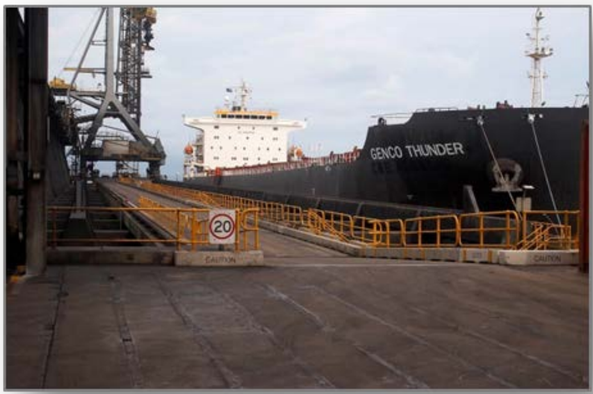
The performance pay scheme applicable to other employees is based on pre-set individual targets that are linked to the individual's position description and their required contributions to the current goals and objectives of their section.

The scheme was not mandatory and involves a performance payment pool for the 2012-13 financial year of 6% of the salaries of participants. Individual payments are up to a maximum 7.5% of a participant's base salary. Not all of the 6% pool was distributed relating to the 2012-13 year.

Relevant remuneration policies are disclosed on NQBP's website and are listed on page 79 of this report.

Board committees

During the 2012-13 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 86 through to 93 respectively of this report.

Audit and Financial Risk Management Committee

Chairman: Peter Tait

Members: Robynne Dudley*, Peter Tait, Kasper Kuiper, Peter Milton, Adrian Chambers^ and Gerry Johnstone⌂

* Robynne Dudley's term of office finished 30 September 2012

^ Adrian Chambers was appointed to the Committee on 14 November 2012

⌂ Gerry Johnstone was appointed to the Committee on 14 November 2012

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 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 2012-13

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

- matters or circumstances of significant impact;
- risk management;
- internal audit program;
- external audit;
- financial statement – timetable approval;
- annual budget process;
- NQBP's SCI and Corporate Plan;
- asset valuations;
- taxation;
- capital structure and borrowings;
- dividends;
- insurance;
- review of policies;
- entertainment and gift registers; and
- foreign exchange transactions.

The Committee also considered two new items:

- financial systems and reporting; and
- amendment to Chief Executive Officer delegations.

In addition, during 2012-13 financial year, the AFRMC also considered the following key matters:

- draft Chief Financial Officer's Report;
- Capital Management Plan;
- timing for the external credit review;
- in-sourcing the internal audit function;
- goods and services tax (GST) issues associated with Merinda Camp; and
- Port rehabilitation obligations.

Human Resources and Industrial Relations Committee

Chairman: Gerry Johnstone

Members: Julie Bignell*, Graham Davies^, Stephen Golding, Peter Milton, Adrian Chambers[⌂], Gerry Johnstone[~] and Suzanne Brown[#]

- * Julie Bignell's term of office finished 30 September 2012
- ^ Graham Davies' term of office finished 30 September 2012
- ⌂ Adrian Chambers was appointed to the Committee on 14 November 2012
- ~ Gerry Johnstone was appointed to the Committee on 14 November 2012
- # Suzanne Brown was appointed to the Committee on 14 November 2012

Secretary:
Jeff Stewart-Harris (Deputy Chief Executive Officer) from 1 July 2012 to 31 May 2013
Bernie Wilson (Chief Financial Officer) from 1 June 2013

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

HRIRC achievements in 2012-13

During this financial year, the key matters considered by the Committee included:

- reviewing and making recommendations to the Board in relation to key human resources and industrial relations (HRIR) policies including the *Fitness for Work Policy* and *Recruitment and Selection Policy*;
- continuing a focus on the development and maintenance of leadership capability including consideration of succession planning processes;
- considering processes to improve organisational performance and safety management including a review of the Port of Mackay operations, consideration of lines handling fatigue management, establishment of a Health Safety Environment and Community Steering Group, 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 arrangement;
- providing input into the review of organisational structure to align with NQBP's business model;
- reviewing and providing input in relation to the Enterprise Agreement; and
- monitoring the key risks for NQBP in relation to human resources and industrial relations matters.

Corporate Governance and Planning Committee

Chairman: Stephen Golding

Members: Julie Bignell*, Robynne Dudley^, Peter Tait, Stephen Golding, Suzanne Brown[⌂], Alan Grummitt[~], Kasper Kuiper[#] and Peter Milton

* Julie Bignell's term of office finished on 30 September 2012

^ Robynne Dudley's term of office finished on 30 September 2012

⌂ Suzanne Brown was appointed to the Committee on 14 November 2012

~ Alan Grummitt was appointed to the Committee on 26 March 2013

\# Kasper Kuiper was appointed to the Committee on 14 November 2012

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

The CGAPC:

- reports to the Board on the adequacy of the corporate governance system;
- monitors 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 2012-13

During this financial year, 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 development of risk management systems and reports;
- a new business model and Strategic Plan 2013-15;
- relevant policies;
- procedures for the Chief Executive Officer and Deputy Chief Executive Officer to approve increased expenditure limits;
- operational risks including line handling and fatigue management;
- risk issues associated with NQBP's major projects;
- issues experienced with the implementation of various IT projects; and
- the Business Continuity Plan.

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 will take 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 Board approved a revised risk management framework in April 2012.

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 as well as to 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 good business management.

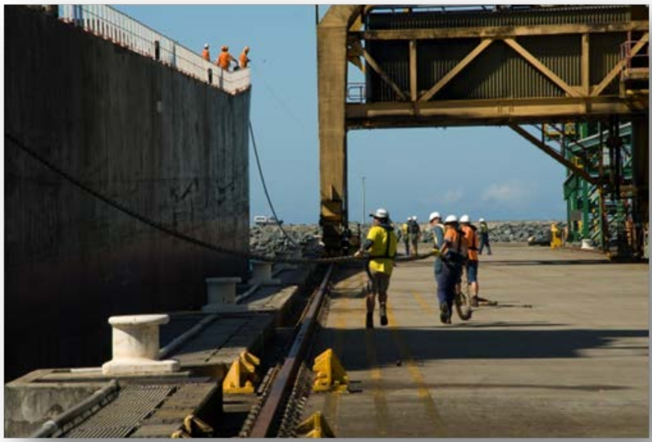
Under the revised framework, senior management continues to be responsible for identifying changes in the business environment that may generate new risks or require a change to risk rankings or controls. The organisation's risk profile is under constant review by the NQBP leadership team and the Board.

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 has been aligned with corporate and operational objectives through active consideration of business risks in strategic planning activities.

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 planning, 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 that NQBP has in place now has operated efficiently and effectively during the year. Internal compliance controls were in place to implement Board policies. Scheduled audits to ensure compliance with approvals and project management plans have been carried out during the year. There were no material breaches of risk management or compliance policies during 2012-13.

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 are provided to all NQBP Group staff on key legislative changes.

Internal Audit

2012-13 was the final year of NQBP's contract with Deloitte Australia to undertake the internal audit function on behalf of NQBP. In 2013-14, NQBP will be trialling the in-house provision of the internal audit function.

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 contract for audit services.

These include:

- completing an overall risk assessment and appraisal in formulating the audit plan, having regard to the audit criteria identified for each risk category as documented in the risk manual;
- 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 practices and systems in meeting goals.

The 2012-13 audit program included reviews of:

- payroll implementation;
- fraud risk assessment;
- credit card use;
- delegations;
- privacy/Right To Information; and
- follow up of prior audit results.

Additional Information

The Capital Structure 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 $15.3 million. This dividend represents a final dividend of $15.3 million based on 80% of Net Profit after Tax adjusted for abnormal items. In addition, in recognition of NQBP's strong financial position this year, a proposed capital reduction of $3.98 million is expected to be returned to shareholders next financial year.

Investments policy

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

Foreign exchange and derivative policy

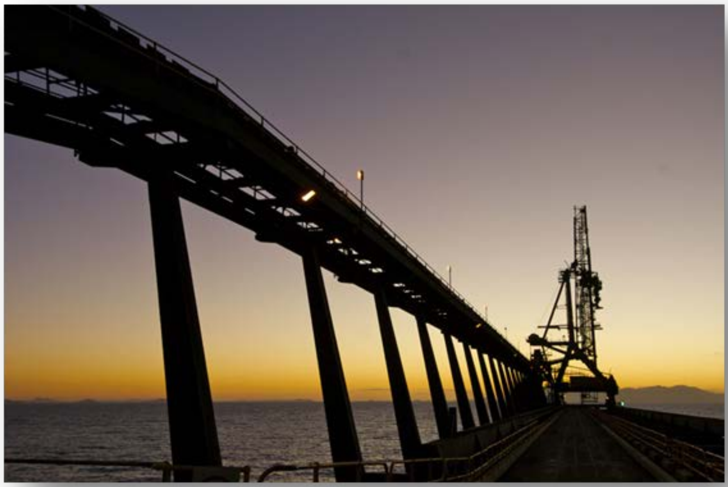
NQBP seeks to have all agreements, tenders and contracts denominated in Australian dollars. Every month the Board is advised on any Foreign Exchange (FX) exposure or derivative transactions exceeding $100,000 and whether the exposures are hedged or unhedged. Full details of any hedges placed, or derivative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

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

General borrowing policy

An estimated borrowing requirement for the succeeding year was included in the Statement of Corporate Intent.

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 2013, 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*
- *CSO Policy Framework*
- *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)*
- *Minimum 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 implementation of the Right to Information Arrangements resulted in NQBP needing ongoing resources directed to this activity.

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 2012-13 financial year in relation to the revocation of notifications requiring compliance with the purchasing of carbon offsets for Queensland Government air travel, the QFleet ClimateSmart Action Policy and the Sport and Recreation Sponsorships Policy.

Community service obligations

There were no community service obligations identified during 2012-13.

Employment and industrial relations plan

NQBP's Employment and Industrial Relations Plan 2012-13 establishes the corporation's intent with respect to directors' and staff remuneration and employment conditions and human resource priorities such as staff attraction and retention initiatives. Achievements and delivery of the plan are summarised throughout this report.

Corporate entertainment and hospitality

NQBP did not hold any events throughout 2012-13 which cost more than $5,000.

Right to Information

NQBP received four access applications and six consultation requests from Queensland Government departments for information under the *Right to Information Act 2009* (Qld) during 2012-13.

All access applications and consultation requests were completed. Two external reviews by the Office of the Information Commissioner were also finalised.

NQBP received seven consultation requests from Commonwealth Government departments under the *Freedom of Information Act 1982* (Cth) in 2012-13. All consultation requests were completed.

Statement of Corporate Intent

NQBP's SCI for 2012-13 is summarised on pages 8 to 10 of this report.

FINANCIAL PERFORMANCE 2012-13

North Queensland Bulk Ports Corporation Limited ACN 136 880 218

Financial Statements for the Year Ended 30 June 2013

Directors' Report

For the year ended 30 June 2013

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 2013.

Directors

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

Mr Peter Milton
Mr Graham Davies
Ms Julie Bignell
Ms Robynne Dudley
Mr Stephen Golding
Mr Kasper Kuiper
Mr Peter Tait
Mr Adrian Chambers
Mr Gerry Johnstone
Ms Suzanne Brown
Mr Alan Grummitt

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*.

The 2011-12 financial year saw NQBP complete the integration of MPL and PCQ with all assets and liabilities of these entities transferred to NQBP. As at 30 June 2013, 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 2011-12 throughput. Mackay in particular has continued to benefit from increased activity in the mining industry despite the recent slowdown. This includes continued growth in petroleum and break bulk cargo imports.

Despite the challenges inherent in the slowdown in mining experienced this financial 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 they are positioned to take advantage of future increases in demand for coal.

Operating Results

The profit of the consolidated NQBP Group for the financial year, after providing for income tax equivalents, amounted to $21.4 million. This result exceeds budget expectations by $4.6 million primarily due to improved port and property income and deferred expenditure. It also reflects an improvement on 2011-12 results after excluding abnormal write-offs. The successful sale of Merinda Camp at Abbot Point contributed to the improved results.

The Group has ensured the sustainable operation and development of the ports through a structured and cost effective 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 continuing activities of entities within the Group consisted of:

- port operation and management;
- strategic port planning and port infrastructure development; and
- trade facilitation and port marketing.

Dividends

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

	2013 $'000	2012 $'000
Dividends paid from prior year profits	0	20,300
Dividends declared	15,300	0

With the abnormal write-off of $22.7 million in 2011-12, there were no dividends paid during the 2012-13 financial year as recommended by the Board as at 30 June 2012.

The directors of NQBP have recommended a total dividend payment for this year of $15.3 million. This dividend represents a final dividend of $15.3 million based on 80% of Net Profit after Tax adjusted for abnormal items. In addition, in recognition of NQBP's strong financial position as at 30 June 2013, a proposed capital reduction of $3.98 million is expected to be 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

Following a Queensland Government decision to transfer pilotage services, NQBP is working with Maritime Safety Queensland (MSQ) to transition the Mackay and Hay Point pilotage service from MSQ to NQBP by the end of 2013.

NQBP welcomes the opportunity to incorporate the pilotage service into its operations and will work closely with the pilots to ensure a smooth transition and continue to provide a safe and reliable service to its customers. The pilotage service for Weipa will be provided by Ports North while the Department of Transport and Main Roads will enter into an agreement with Port of Townsville Limited to provide pilotage in Abbot Point.

Environmental Regulation

NQBP is subject to significant environmental regulation in respect to its activities.

Dredging

Well managed dredging programs are a vital component of keeping Queensland's ports operating, safe for shipping and economically viable so they can continue to drive Queensland's economy.

Dredging was carried out in the Port of Weipa during the year in accordance with approvals obtained under the Commonwealth's *Environment Protection (Sea Dumping) Act 1981* and Queensland's *Sustainable Planning Act 2009.* NQBP, together with Rio Tinto Alcan, MSQ and OMC International, commissioned a study to determine the optimum sailing draft to get maximum benefit from the Dynamic Under Keel Clearance (DUKC) technology employed by modern vessels entering the Port of Weipa.

The study identified that to operate more efficiently, further development of the shipping channel was necessary. NQBP obtained all necessary environmental approvals and permits for this capital work which was carried out by 'The Brisbane' Trailer Suction Hopper Dredge in a combined capital and maintenance campaign over a 48-day period between 18 July and 3 September 2012. There were no breaches to licence conditions.

Both the Commonwealth 10 Year Sea Dumping Permit and the State Dredging Approval were amended to reflect the extended dredge footprint. The 2013 annual maintenance dredging campaign commenced in June 2013.

NQBP compiled a Public Environment Report (PER) for the capital dredging proposed for the T0, T2 and T3 offshore berths and apron area at Abbot Point, in accordance with the requirements of the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999*. The Draft PER was issued for public consultation on 4 January 2013 closing on 15 February 2013. A total of 103 submissions were received and a PER Supplementary Report was lodged with the Commonwealth Department of Sustainability, Environment, Water, Population and Communities (SEWPaC) on 13 May 2013, to respond to the issues identified.

Applications for approvals under this legislation, as well as the *Environment Protection (Sea Dumping) Act 1981, Great Barrier Reef Marine Park Act 1975* and Queensland's *Sustainable Planning Act* 2009 were prepared and lodged in parallel with the PER public review period. A decision from the regulatory authorities is expected to be issued in August 2013.

NQBP undertook investigations on sediment accumulation and quality at the Port of Hay Point to support the development of a Port of Hay Point Maintenance Dredging Management Plan for submission of a Commonwealth Sea Dumping Permit regulated under the *Environment Protection (Sea Dumping) Act 1981*. Sediment Characterisation Reports are being finalised and NQBP will continue to facilitate discussions with Great Barrier Reef Marine Parks Authority and the terminal operators regarding the outcomes.

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 10 Year Sea Dumping Permit and has developed a Long-Term Dredge Management Plan (LTDMP) for the Port of Mackay, both approved under the *Environment Protection (Sea Dumping) Act 1981.* State permits have also been obtained for this port. NQBP is completing a suite of investigations as described in the Port of Mackay LTDMP in preparation for the 2013 maintenance dredging campaign.

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

Information on Directors

Name and qualifications	Experience, special responsibilities and other directorships
PETER MILTON **Chairman** First Appointed: NQBP on 31 May 2012; PCQ on 26 June 2012; MPL on 26 June 2012 Term of Office – to 30 September 2015 *Member Audit and Financial Risk Management Committee* *Member Human Resources and Industrial Relations Committee* *Member Corporate Governance and Planning Committee*	For over 38 years Peter Milton has worked in port and country operations of the grain industry. More recently before his retirement, Mr Milton was Executive Manager for 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. Peter is also Chairman of Newcastle Agri Terminal.
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 *Member Audit and Financial Risk Management Committee* *Member Corporate Governance and Planning Committee*	Captain Kasper Kuiper's expertise in port construction and reclamation includes some of the largest port and underwater constructions in the world – The Netherlands, Portugal, Saudi Arabia, Kuwait, India, Pakistan and Singapore, to name a few. Captain Kuiper 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, 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.

Name and qualifications	Experience, special responsibilities and other directorships
PETER TAIT BCom, M Info Systems, FCA GAICD First Appointed: NQBP on 19 June 2009; PCQ on 7 August 2009; MPL on 1 October 2007 Term of Office – to 30 September 2014 *Chairman Audit and Financial Risk Management Committee* *Member Corporate Governance and Planning Committee*	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. Dedicating his time and talent to the community, Mr Tait 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.
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 *Chairman Corporate Governance and Planning Committee* *Member Human Resources and Industrial Relations Committee*	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.

Name and qualifications	Experience, special responsibilities and other directorships
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 *Member Corporate Governance and Planning Committee* *Member Human Resources and Industrial Relations Committee*	Suzanne Brown is employed as a solicitor at McKays Solicitors in Mackay where she began her legal career in 2003. Ms Brown is one of the practice's youngest Associates, as well as Team Manager of McKays' Commercial and Mining divisions. Ms Brown hails from a local sugarcane farming family and her late grandfather was a shipping manager. Born and bred in Mackay, Ms Brown has a passion for regional areas and their development. Professionally, Ms Brown's focus has been targeted 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. Ms Brown brings a youthful outlook which will assist in managing the sustainability of the company into the future. Being active in the Mackay community, Ms Brown is a member of the: • Mackay Area Industry Network (MAIN); • MAIN "Resetting for Resilience" Committee; • Bowen Basin Mining Club; • Queensland Law Society; • Mackay District Law Association; and • Young Professionals Mackay Network.
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 *Member Audit and Financial Risk Management Committee* *Member Human Resources and Industrial Relations Committee*	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.

Name and qualifications	Experience, special responsibilities and other directorships
GERRY JOHNSTONE First Appointed: NQBP on 8 November 2012; PCQ and MPL on 14 November 2012 Term of Office – to 30 September 2015 *Chairman Human Resources and Industrial Relations Committee Member Audit and Financial Risk Management Committee*	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.
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 *Member Corporate Governance and Planning Committee*	Alan Grummitt has 50 years' experience in port and harbour engineering, cold storage, civil and structural engineering, associated materials and cargo handling. Mr Grummitt's is a also a member of Consult Australia (previously known as the Association of Consulting Engineers Australia), chair of the Cullen Grummitt and Roe group (worldwide port infrastructure), chair of the Riverside Group, Fantasea Cruising, a number of RiverWijs companies, and also a director of Darwin Port Corporation.

Name and qualifications	Experience, special responsibilities and other directorships
GRAHAM DAVIES AM First Appointed: NQBP on 7 May 2009; PCQ on 7 August 2009; MPL on 1 July 1999 Term of Office – to 30 September 2012 *Member Human Resources and Industrial Relations Committee*	Graham Davies has more than 30 years' experience as a non-executive Director on sugar boards, various companies and co-operatives. Until 2002, Mr Davies held the position of Chairman of the Mackay Sugar Co-operative for 16 years and in 2011, after 10 years, retired as Chairman of the Queensland Rural Adjustment Authority. Mr Davies recently retired as a Board Director (Hon.) of the Cerebral Palsy League of Queensland, a position he held for 10 years. Mr Davies owns and operates sugar farms in the Mackay and Burdekin districts and has cattle interests in the Mackay district hinterland. He was appointed a Member of the Order of Australia in June 2011.
JULIE BIGNELL BA, Grad. Dip. IR/HRM, FAICD First Appointed: NQBP on 19 June 2009; PCQ on 1 July 2001; MPL on 7 August 2009 Term of Office – to 30 September 2012 *Chairman Human Resources and Industrial Relations Committee* *Member Corporate Governance and Planning Committee*	Julie Bignell is the Branch Secretary of the Central and Southern Queensland Branch of the Australian Services Union, as well as the Assistant General Secretary of Together Queensland. In these roles she has executive responsibility within the union for overseeing the development and implementation of industrial and organising strategies to further the interests of professional, clerical, administrative, customer service and call centre workers in the private and public sectors. Ms Bignell is also Vice President of the Queensland Council of Unions and a Director of Workplace Health and Safety Queensland. In April 2013 Ms Bignell was appointed as a director of the Board of CareSuper.
ROBYNNE DUDLEY BBus, FCA First Appointed: NQBP on 19 June 2009; PCQ on 7 August 2009; MPL on 1 July 1999 Term of Office – to 30 September 2012 *Chairman Audit and Financial Risk Management Committee* *Member Corporate Governance and Planning Committee*	Robynne Dudley has strong ties with the Mackay business community and was a partner with Shepherd and Dudley Chartered Accountants until December 2012 when she retired from the practice. She has been an accountant for more than 30 years. Ms Dudley holds a Bachelor of Business and is a Fellow of the Institute of Chartered Accountants and a CPA.

Appointment dates for PCQ and MPL relate to the entity or its predecessor.

Company Secretary

Name and qualifications	Experience, special responsibilities and other directorships
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 was formerly a Senior Associate/Special Counsel at international law firm Minter Ellison.
Tina Marsh Appointed: NQBP on 1 July 2009; PCQ on 1 July 2007; MPL on 1 July 2009	Tina Marsh has a 20-year history with the Group. In addition to holding the Assistant Company Secretary position, Ms Marsh is extensively involved in the corporate administration of NQBP.

Meetings of Directors in 2012-13

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

Board Meetings

	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
J Bignell[1]	3	3	3	3	3	3
S Brown[2]	7	7	7	7	7	7
A Chambers[3]	7	7	7	7	7	7
G Davies[4]	3	3	3	3	3	3
R Dudley[5]	3	3	3	3	3	3
S Golding	11	10	11	10	11	10
A Grummitt[6]	6	5	6	5	6	5
G Johnstone[7]	7	7	7	7	7	7
K Kuiper	11	10	11	10	11	10
P Tait	11	10	11	10	11	10

No special board meetings of the NQBP group were held during this financial year.

[1] Ms Bignell's term finished 30 September 2012
[2] Ms Brown's term commenced 8 November 2012
[3] Mr Chambers' term commenced 8 November 2012
[4] Mr Davies' term finished 30 September 2012
[5] Ms Dudley's term finished 30 September 2012
[6] Mr Grummitt's term commenced 20 December 2012
[7] Mr Johnstone's term commenced 8 November 2012

Committee Meetings

Director	Audit and Financial Risk Management Committee		Corporate Governance and Planning Committee		Human Resources and Industrial Relations Committee	
	Eligible to attend	Number attended	Eligible to attend	Number attended	Eligible to attend	Number attended
P Milton *Chairman*	4	4	4	4	5	5
J Bignell[1]	0	0	1	1	1	1
S Brown[2]	1	1	3	3	4	4
A Chambers[3]	3	3	1	1	4	4
G Davies[4]	0	0	0	0	1	1
R Dudley[5]	1	1	1	0	0	0
S Golding	1	1	4	4	5	4
A Grummitt[6]	0	0	1	1	0	0
G Johnstone[7]	3	3	1	1	4	4
K Kuiper	4	4	3	3	0	0
P Tait	4	4	4	4	0	0

[1] Ms Bignell's term finished 30 September 2012
[2] Ms Brown's term commenced 8 November 2012
[3] Mr Chambers' term commenced 8 November 2012
[4] Mr Davies' term finished 30 September 2012
[5] Ms Dudley's term finished 30 September 2012
[6] Mr Grummitt's term commenced 20 December 2012
[7] Mr Johnstone's term commenced 8 November 2012

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 96.

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

Peter Milton
Chairman
North Queensland Bulk Ports Corporation Limited

27 August 2013

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of North Queensland Bulk Ports Corporation Limited

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

Independence Declaration

As lead auditor for the audit of North Queensland Bulk Ports Corporation Limited for the year ended 30 June 2013, 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
22 AUG 2013
AUDIT OFFICE

O.C.Clare

O C CLARE FCPA
As Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane

		Consolidated	
		2013	2012
	Note	$'000	$'000
Income from operations			
Revenue	6	95,350	68,002
Other income	6	4,981	1,611
Expenses from operations			
Repairs and maintenance		8,855	5,723
Depreciation and amortisation expense	7	8,101	6,374
Employee benefits expense		14,643	13,827
Finance costs	7	4,929	4,299
Impairment losses/write-offs	7	15,040	23,257
Cost of sale of non-current asset		-	80
Property expenses		6,097	7,058
Consultancies		1,882	1,863
Land tax		2,225	1,910
Quarantine waste expenses		783	826
Insurance		1,258	985
Dynamic under keel clearance expenses		870	842
Travelling expenses		540	711
Legal expenses		293	391
Promotional expenses		210	333
Other expenses		2,557	4,746
Profit before income tax		32,048	(3,612)
Income tax refund/(expense)	8	(10,662)	1,723
Profit from continuing operations		21,386	(1,889)
Profit (loss) from discontinued operations		-	-
Profit for the year		**21,386**	**(1,889)**
Other comprehensive income			
Other comprehensive income for the year, net of tax	20	-	22,623
Total comprehensive income for the year		**21,386**	**20,734**

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

		Consolidated	
ASSETS		**2013**	**2012**
Current assets	**Note**	**$'000**	**$'000**
Cash and equivalents	9	59,213	64,886
Trade and other receivables	10	8,667	13,427
Inventories	11	646	1,056
Other current assets	12	558	424
		69,084	79,793
Assets classified as held for sale	13	-	1,249
Total current assets		**69,084**	**81,042**
Non-current assets			
Receivables	10	-	3,686
Property, plant and equipment	15	298,313	289,174
Investment properties	14	40,225	40,684
Total non-current assets		338,538	333,544
Total assets		**407,622**	**414,586**
LIABILITIES			
Current liabilities			
Trade and other payables	16	29,402	42,598
Current income tax equivalent liabilities		13,540	7,471
Provisions	18	17,565	2,400
Total current liabilities		**60,507**	**52,469**
Non-current liabilities			
Trade and other payables	16	779	787
Interest-bearing liabilities	17	66,559	90,218
Deferred income tax equivalent liabilities (assets)	8	38,495	37,495
Provisions	18	138	146
Total non-current liabilities		**105,971**	**128,646**
Total liabilities		**166,478**	**181,115**
Net assets		**241,144**	**233,471**
EQUITY			
Issued capital	19	161,295	161,295
Other reserves	20	83,298	87,005
Retained earnings	21	(3,449)	(14,829)
Capital and reserves attributable to owners of NQBP		241,144	233,471
Total equity		**241,144**	**233,471**

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

	Note	Issued capital $'000	Retained earnings $'000	Revaluation surplus $'000	Total $'000
CONSOLIDATED ENTITY					
Total comprehensive income for the year					
Net loss for the year	21	-	(1,889)	-	(1,889)
Total comprehensive income for the year		**-**	**(1,889)**	**-**	**(1,889)**
Total other comprehensive income					
Increase/(decrease) in asset revaluation surplus		-	-	22,623	22,623
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	19	(1,534,449)	-	-	(1,534,449)
Transfer from/(to) equity	19, 21	508,664	(508,664)	-	-
Dividends provided for or paid	21	-	(11,070)	-	(11,070)
Prior year adjustment	19	-	701	-	701
		(1,025,785)	(519,033)	22,623	(1,522,195)
At 30 June 2012		**161,295**	**(14,829)**	**87,005**	**233,471**
Total comprehensive income for the year					
Net profit/(loss) for the year	21	-	21,386	-	21,386
Increase/(decrease) in asset revaluation surplus	20	-	-	-	-
Total comprehensive income for the year		**-**	**21,386**	**-**	**21,386**
Total other comprehensive income					
Increase/(decrease) in asset revaluation surplus	20	-	-	(3,707)	(3,707)
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	19	-	-	-	-
Transfer from/(to) equity	19, 21	-	5,294	-	5,294
Dividends provided for or paid	21	-	(15,300)	-	(15,300)
Prior year adjustment	21	-	-	-	-
		-	**(10,006)**	**(3,707)**	**(13,714)**
At 30 June 2013		**161,295**	**(3,449)**	**83,298**	**241,144**

The accompanying notes form part of these financial statements.

	Note	Consolidated 2013 $'000	Consolidated 2012 $'000
Cash flows from operating activities			
Cash receipts from customers		118,570	68,219
Cash paid to suppliers and employees		(69,550)	(34,195)
GST refund by/(remitted to) ATO		(2,300)	(3,459)
Interest paid/received		(3,456)	(593)
Income tax equivalents received/(paid)		(2,004)	(3,434)
Net cash inflow/(outflow) from operating activities	23(ii)	**41,260**	**26,538**
Cash flows from investing activities			
Interest received		-	-
Purchase of property, plant and equipment		(35,487)	(36,849)
Purchase of investment property		-	-
Stamp duty paid		-	-
Proceeds from sale of property, plant and equipment		530	5,277
Proceeds from sale - assets held for sale		7,000	-
Net cash inflow/(outflow) from investing activities		**(27,957)**	**(31,572)**
Cash flows from financing activities			
Proceeds returned to shareholders		-	(1,534,449)
Proceeds from repayment of loans		4,024	-
Proceeds/(repayments) from borrowings		(23,000)	23,330
Dividends paid to company shareholders		-	(231,370)
Net cash inflow/(outflow) from financing activities		**(18,976)**	**(1,742,489)**
Net increase/(decrease) in cash and cash equivalents		(5,673)	(1,747,523)
Cash and cash equivalents at beginning of period		64,886	1,812,409
Cash and cash equivalents at end of period	9	**59,213**	**64,886**

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

1. Corporate Information

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

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

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

Level 1 Wellington House
181 Victoria Street
Mackay 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 and designations signed by relevant Government ministers, 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 1 July 2009, NQBP is responsible as a port authority under the *Transport Infrastructure Act 1994* for the management and control of the following prescribed ports:

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

2. Summary of Significant Accounting Policies

i) Basis of Preparation

General

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 report has 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 27 August 2013.

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 recognised in the Statement of Financial Position (refer Note 16) and is recognised in the Statement of Financial Performance when derived.

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

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. Any mark-up is recognised as revenue in the year invoiced.

Where the Group has exposure to the risks and rewards of providing a service, it is considered to be acting as the principal. Payment for services provided are booked as revenue and associated costs are booked as expenses in the Statement of Comprehensive Income.

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.

2. Summary of Significant Accounting Policies (continued)

iii) Grants and Contributions

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

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, based on the lower of geographical location and separately identifiable agreements over facilities.

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.

Loan receivables are measured at amortised cost less any impairment losses.

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

The recording 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.

Land, channels and infrastructure, including buildings, are shown at fair value based on periodic revaluations. Independent revaluations are performed at least every five years and interim revaluations are performed annually, based on appropriate indices where there has been a material variation in the index. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in asset values on revaluation are credited, net of tax, to reserves in equity. To the extent that the increase reverses a decrease previously recognised as an expense in profit and loss, the increase is first recognised in profit and loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Statement of Comprehensive Income.

Plant and equipment and capital work in progress is stated at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

2. Summary of Significant Accounting Policies (continued)

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. They 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 non-current 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.

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.

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.

Lease income from operating leases is recognised in profit or loss 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 value it is recognised at fair value. Investment property is subsequently carried at fair value, based on periodic revaluations. Fair value is based on the selling prices in an active property market adjusted, if necessary, to reflect the nature, location or condition of the specific investment property. Independent revaluations are performed at least every five years and interim revaluations are performed annually, based on appropriate indices where there has been a material variation in the index.

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.

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 becomes its cost for subsequent accounting.

2. Summary of Significant Accounting Policies (continued)

xi) 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.

xii) 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.

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 standalone taxpayer in its own right. In addition to its own current and deferred tax amounts, NQBP also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax 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.

2. Summary of Significant Accounting Policies (continued)

xiii) 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.

xiv) 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.

xv) 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. 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 dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

xvi) Employee Benefits

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

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This 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.

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.

The Group's employees are members of QSuper and various other superannuation plans. Contributions to employee superannuation plans are charged as an expense as the contributions are paid or become payable. For employees in QSuper, the Treasurer of Queensland, based on advice from the State Actuary, determines employer contributions for superannuation expenses. No liability is recognised for accruing superannuation benefits as this liability is held on a whole of Government basis and reported in the whole of Government financial statements prepared pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

2. Summary of Significant Accounting Policies (continued)

xvii) 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 Commercial Monitoring's Accounting Policy for non-reciprocal liability and net liability transfers.

xviii) 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.

xix) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions about the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Income Taxes

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

(ii) Fair Value

The Group has made a significant judgement about the impairment of its property, plant and equipment. Future oriented estimates are necessary to measure the recoverable amount of classes of property, plant and equipment in the absence of recently observed market prices. These estimates involve assumptions about items such as the risk adjustment to cash flows or discount rates used, and future changes in prices affecting both revenues and other costs. Refer to Note 15 for details of the methodology and assumptions applied in performing impairment testing.

2. Summary of Significant Accounting Policies (continued)

xx) New Accounting Standards and Interpretations

The following standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 July 2012:

- *AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets*

The adoption of these standards and interpretations did not have any material impact on the current or any prior period and is not likely to materially affect future periods.

xxi) New and Amended Standards and Interpretations Not Yet Adopted

A number of new standards, amendments and interpretations are effective for annual periods beginning after 1 July 2012, and have not been applied in preparing these financial statements. The assessment on the impact of these new standards and interpretations is set out below:

(i) *AASB 9 Financial Instruments (effective from 1 January 2013)*

AASB 9 Financial Instruments, which replaces AASB *139* Financial Instruments: Recognition and Measurement is effective for reporting periods beginning on or after 1 January 2013 and must be applied retrospectively. AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities. It simplifies the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Financial assets are to be classified based on (a) the objective of the entity's business model for managing the financial assets, and (b) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139. The consolidated entity does not plan to adopt this standard early and there will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

(ii) *Revised AASB 119 Employee Benefits (effective from 1 January 2013)*

A revised version of *AASB 119 Employee Benefits (effective from 1 January 2013).* The revised AASB 119 is generally applied retrospectively. The implications 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".

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 from defined benefit plans, and the measurement and presentation of changes in such liabilities/assets. The Group does not plan to adopt this standard early and does not expect the new standard to have a material impact.

(iii) *AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)*

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The Group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the consolidated financial statements. The Group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2015.

2. Summary of Significant Accounting Policies (continued)

xxi) New and Amended Standards and Interpretations Not Yet Adopted (continued)

In addition to the above, new and amended standards dealing with consolidated financial statements, separate financial statements, joint arrangements, disclosure of interests in other entities have recently been released. These standards are effective from 1 January 2013. The Group does not expect the new standards to have a material impact.

xxii) Comparative Figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

xxiii) 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.

xxiv) Statement of Compliance

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

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 (2012: nil).

(ii) Interest Rate Risk

Financial Assets

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

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

	Consolidated			
	2013		2012	
	Interest rate	Balance $'000	Interest rate	Balance $'000
Commonwealth Bank - Operating Account	2.57%	6,410	3.75%	675
Queensland Treasury Corporation - Cash Fund	3.60%	45,801	4.12%	64,211
Queensland Treasury Corporation - Cash Fund	4.06%	7,002	-	-

3. Financial Risk Management (continued)

(ii) Interest Rate Risk (continued)

Sensitivity

At 30 June 2013, 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 $0.5 million (2012: $0.7 million) as a result of higher/lower interest income.

Financial Liabilities

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

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			
	2013		2012	
	Weighted interest rate	Balance $'000	Weighted interest rate	Balance $'000
Queensland Treasury Corporation - book value	5.82%	66,559	6.20%	90,218
Queensland Treasury Corporation - market value		69,613		93,365

Sensitivity

At 30 June 2013, 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 $0.8 million (2012: $0.7 million) lower/higher as a result of higher/lower interest expense. The increase/decrease in interest cost is the result of periodic rebalancing over the year.

(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 balance 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 debts relating to trade debtors have been provided for as disclosed in Note 10, and are not material. A provision for impaired loan has also been recognised as detailed in Note 10. Included in financial assets are debtors with a carrying amount of $2,226,072 (2012: $4,931,735) 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.

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 (2012: $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				
2013				
Trade and other payables	29,402	46	733	30,181
Queensland Treasury Corporation Borrowings	3,928	15,722	66,689	86,339
	33,330	15,768	67,422	116,520
2012				
Trade and other payables	42,598	46	741	43,385
Queensland Treasury Corporation Borrowings	5,623	22,507	88,165	116,295
	48,221	22,553	88,906	159,680

The repayment profile for borrowings is interest only with no fixed repayment date for the principal component. For the purposes of producing this report, the amount allocated over five years' is the principal amount plus interest and fees for one quarter.

All borrowing rates include administration charges, margins, competitive neutrality fees and incorporate book rate reviews effective 1 July 2013.

(v) Fair Value Estimation

The carrying value less impairment provision of trade receivables 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 28% to 55% and NQBP uses these rates as benchmarks when assessing the level of borrowings to capital.

4. Capital Risk Management (continued)

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

	Consolidated	
	2013	**2012**
Total borrowings	66,559	90,218
Total capital	241,144	233,471
Gearing ratio	21.63%	27.87%

5. Transfer of Assets and/or Liabilities

During the 2013 financial year, all assets and liabilities were held by NQBP as a result of Government Owned Corporations (NQBP Amalgamation) Regulation 2012. Both subsidiaries PCQ and MPL remain dormant entities.

All the transfers were completed in March 2012 for no consideration and designated and accounted for in accordance with AASB Interpretation 1038, *Contributions by Owners Made to Wholly-Owned Public Sector Entities* and Commercial Monitoring's *Accounting Policy of Non-Reciprocal Liability/Net Liability Transfers.*

6. Revenue and Other Income

	Consolidated	
	2013	**2012**
	$'000	**$'000**
REVENUE		
Port charges		
Vessel income	53,760	42,168
Port usage income	1,887	513
Operating and maintenance recoveries	-	-
Rental income from investment properties	16,910	11,518
Underwriting income	15,000	-
Interest	1,844	3,706
Other miscellaneous revenue	5,773	8,566
Royalties	176	1,531
	95,350	**68,002**
OTHER INCOME		
Net gain on disposal of property, plant and equipment	3,303	205
Project income	1,678	-
Government grants	-	1,406
	4,981	**1,611**

Underwriting income has been recorded in accordance with Note 2(ii) and includes contributions towards ongoing projects, revenue and expenses for these projects are brought to account during the period.

7. Profit Before Income Tax Equivalent Expense

(i) Profit Before Income Tax for the Year Includes the Following Specific Expenses:

		Consolidated	
		2013	2012
	Note	$'000	$'000
Depreciation expense			
Channels		2,993	2,725
Infrastructure and major plant and equipment		4,007	2,479
Plant and equipment		1,101	1,170
		8,101	**6,374**
Finance Costs			
Interest paid/payable		4,929	5,225
Amount capitalised		-	(926)
Total finance costs expensed		**4,929**	**4,299**
Impairment/write off			
Write-down of inventories to net realisable value		-	273
Write off of capital work in progress	15(i)	15,269	22,752
Revaluations to statement of comprehensive income	15(i)	-	(9,027)
Impairment losses to statement of comprehensive income	15(i)	(29)	9,870
Impairment of loan receivable		-	131
Loss/(gain) on investments net of tax*		(659)	-
Change in fair value of investment property	14	459	(742)
		15,040	**23,257**

As part of the annual review process NQBP reviews all work-in-progress to ensure that future economic benefits can be derived. Where no future benefit can be identified, projects 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.

7. Profit Before Income Tax Equivalent Expense (continued)

(ii) Auditor's Remuneration

	Consolidated	
	2013	**2012**
Amounts received, or due and receivable, by the Queensland Audit Office for auditing the accounts	92,000	111,500
(There are no non-audit services included in the amount.)		
Amounts received, or due and receivable, by Deloitte for providing internal audit services	29,904	121,436

A refocus of the internal audit program during the year coupled with a transition to insourcing resulted in cost savings.

8. Income Tax Equivalent

	Consolidated	
	2013	**2012**
	$'000	**$'000**
(i) Recognised in the Statement of Comprehensive Income		
Current tax expense	14,424	9,105
(Over)/Under provisions prior year	266	(677)
Deferred tax asset	(3,640)	(9,584)
Deferred tax liability	(388)	(567)
Total current income tax (income)/expense	**10,662**	**(1,723)**

8. Income Tax Equivalent (continued)

(ii) Numerical Reconciliation between Tax Expense and Pre-Tax Net Profit

	Consolidated	
	2013	**2012**
	$'000	**$'000**
Prima facie income tax equivalent calculated at 30% on the profit before tax	9,614	(1,082)
Increase income tax expense due to:		
Sundry items	-	-
Non-deductible entertainment	3	4
Others - legal fees from Abbot Point sale post completion matters	2	32
Merinda Camp - balance of proceeds	974	-
De-recognition of deferred tax asset	-	-
Recognition of deferred tax liability from prior year MPL acquisition	-	-
Decrease in income tax expense due to:		
Miscellaneous income - gain on sale/lease of APCT	-	-
Accrued income - APCT sale	-	-
Overprovision for income tax	266	(677)
Write off assets roll-up - correction entry	(197)	-
Deferred tax liability on land for onshore lease	-	-
Prior year adjustments	-	-
Income tax expense on pre-tax net profit	**10,662**	**(1,723)**

(iii) Deferred Income Tax Equivalent Assets

	2013	2012
Recognised deferred tax assets		
Property, plant and equipment	3,039	6,825
Accounts payable and other liabilities	6,753	4,170
Provisions	721	773
Tax assets	**10,513**	**11,768**
Opening balance	11,768	2,515
Prior year adjustments	(6,483)	(330)
(Charge)/credit to Statement of Comprehensive Income	3,640	9,583
Asset Revaluation Reserve - prior years	1,588	-
Closing balance	**10,513**	**11,768**

8. Income Tax Equivalent (continued)

	Consolidated	
	2013	**2012**
	$'000	**$'000**
(iv) Deferred Income Tax Equivalent Liabilities		
Recognised deferred tax liabilities		
Property, plant and equipment	48,991	49,259
Accounts receivable and other assets	17	4
Trading stock	-	-
Tax liabilities	**49,008**	**49,263**
Opening balance	49,263	40,641
Prior year adjustments	133	(506)
Transfers from subsidiaries	-	-
(Charge)/credit to Statement of Comprehensive Income	(388)	(567)
(Charge)/credit to Other Comprehensive Income	-	9,695
Closing balance	**49,008**	**49,263**

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

Deferred Income tax equivalent assets	10,513	11,768
Deferred Income tax equivalent liabilities	49,008	49,263
Deferred income tax equivalent liabilities/(assets)	**38,495**	**37,495**

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

9. Cash and Cash Equivalents

	Consolidated	
	2013	**2012**
	$'000	**$'000**
Cash at bank and in hand	59,213	64,886

All bank accounts held by NQBP in 2013 are interest bearing accounts. Interest rates for these accounts are between 2.57% and 4.06% (2012: 3.75% and 4.12%).

10. Trade and Other Receivables

	Consolidated	
	2013	**2012**
	$'000	**$'000**
CURRENT		
Trade receivables	8,669	12,911
Provision for impaired debts	(3)	(32)
	8,666	12,879
GST receivables	-	17
Other receivables	1	531
	8,667	**13,427**

	Consolidated	
	2013	**2012**
NON CURRENT	**$'000**	**$'000**
Loan - Graincorp Ltd	-	8,058
Provision for impaired loan	-	(4,372)
	-	**3,686**

Under the loan agreement with Graincorp Ltd, MPL (predecessor) constructed a grain loading facility at Mackay. This arrangement expired in August 2012, and the loan was paid out in accordance with the terms of the agreement.

11. Inventories

	Consolidated	
	2013	**2012**
	$'000	**$'000**
Quarry rock and raw materials	646	1,056

12. Other Current Assets

	Consolidated	
	2013	**2012**
	$'000	**$'000**
Prepayments	558	424

13. Assets Held for Sale

	Consolidated	
	2013	**2012**
	$'000	**$'000**
Assets classified as held for sale	-	1,249

During the 2012-2013 financial year, the sale of Merinda Camp was concluded. Refer to Note 6 for sale proceeds.

14. Investment Properties

		Consolidated	
		2013	**2012**
	Note	**$'000**	**$'000**
At fair value			
Balance at beginning of year		40,684	39,942
Additions		-	-
Fair value adjustments	7	(459)	742
Balance at end of year		**40,225**	**40,684**

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

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

15. Property, Plant and Equipment

	Consolidated	
	2013	2012
Land	**$'000**	**$'000**
At fair value	95,220	85,450
Accumulated depreciation	-	-
Accumulated impairments	-	-
	95,220	**85,450**
Channels		
At fair value	214,410	207,916
Accumulated depreciation	(2,993)	-
Accumulated impairments	(104,489)	(104,489)
	106,928	**103,427**
Infrastructure and major plant and equipment		
At fair value	121,846	111,529
Accumulated depreciation	(4,007)	-
Accumulated impairments	(62,597)	(62,597)
	55,242	**48,932**
Plant and equipment		
At cost	11,012	9,773
Accumulated depreciation	(6,431)	(6,531)
	4,581	**3,242**
Capital work in progress - at cost	36,342	52,745
Accumulated impairments	-	(4,622)
	36,342	**48,123**
Total non-current property, plant and equipment	**298,313**	**289,174**

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 any restrictions in use or other limitations.

In between independent valuations, land is adjusted by indexation where material, using appropriate indices (refer Note 2 (vii)).

Channels, Infrastructure and Major Plant and Equipment
The Group's channels, infrastructure and major plant and equipment are long lived, specialised 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:

15. Property, Plant and Equipment (continued)

- Channels include swing basins, and have been valued taking into account the Group's ongoing dredging program, estimated residual life and the estimated volume required to be dredged from the natural channels and swing basins to reach their current usable depths.
- Infrastructure and major plant and equipment includes wharves and associated structures, land-based buildings and site improvements, and have been valued taking into account the age, condition, estimated residual life and construction using the abbreviated bill of quantities methodology with costing reference to third party civil engineering companies, Cordell Building Cost Guide and Rawlinson's Australian Construction Handbook for Civic Works and Buildings.

Any accumulated depreciation at the date of revaluation is treated on a net basis in accordance with the accounting policy (refer Note 2(vii)).

In between independent valuations being performed, fair value is adjusted by indexation where material, using appropriate indices (refer Note 2(vii)).

Impairment Assessment
An impairment assessment is undertaken annually to determine whether there are any impairment indicators. The Group reviews the present value of the net cash flows (recoverable amount) associated with assets carried at valuation, where no active market exists in accordance with the accounting policies (refer to Note 2(iv) and 2(xix)). The recoverable amount is determined based on value-in-use calculations at a cash generating unit level using a discounted cash flow model. The net present value of the cash flows of the assets or group of assets forming a CGU are allocated across the individual assets in the Group.

Where an impairment has arisen, it has been reflected in the property, plant and equipment movement reconciliation disclosed at Note 15(i).

(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:

2013 Consolidated	Land $'000	Channels $'000	Infrastructure and major plant and equipment $'000	Plant and equipment $'000	Capital work in progress $'000	Total $'000
Carrying amount at opening balance	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	-	-	-	-	-	-
Impairment losses to asset revaluation surplus	-	-	-	-	-	-
Write-offs	-	-	-	-	(15,269)	(15,269)
Depreciation expense	-	(2,993)	(4,007)	(1,001)	-	(8,101)
Revaluations to asset revaluation surplus	-	-	-	-	-	-
Revaluations to statement of comprehensive income	-	-	-	-	-	-
Carrying amount at balance date	**95,220**	**106,928**	**55,242**	**4,581**	**36,342**	**298,313**

15. Property, Plant and Equipment (continued)

(i) Reconciliation (continued)

2012 Consolidated	Land $'000	Channels $'000	Infrastructure and major plant and equipment $'000	Plant and equipment $'000	Capital work in progress $'000	Total $'000
Carrying amount at opening balance	71,929	95,959	39,539	3,397	39,737	250,561
Additions	4,474	-	196	1,041	31,138	36,849
Disposals	(1,044)	-	(266)	(27)	-	(1,337)
Transfer to assets available for sale	-	-	-	-	-	-
Impairment losses to statement of comprehensive income	-	(6,662)	(3,208)	-	-	(9,870)
Impairment losses to asset revaluation surplus	-	(97,827)	(59,369)	-	-	(157,196)
Write-offs	-	-	-	-	(22,752)	(22,752)
Depreciation expense	-	(2,725)	(2,479)	(1,170)	-	(6,374)
Revaluations to asset revaluation surplus	13,485	106,196	70,585	-	-	190,266
Revaluations to statement of comprehensive income	(3,394)	8,486	3,935	-	-	9,027
Carrying amount at balance date	**85,450**	**103,427**	**48,932**	**3,242**	**48,123**	**289,174**

All assets were transferred to NQBP from MPL and PCQ on 31 March 2012.

16. Trade and Other Payables

	Consolidated 2013 $'000	Consolidated 2012 $'000
Current		
Trade payables	1,456	26,706
Contract creditors	736	1,511
Lease rentals received in advance	7,607	2,499
Other revenue in advance	13,669	9,475
Interest payable - Queensland Treasury Corporation	1,059	1,430
Accrued expenses	3,613	977
Others	1,262	-
	29,402	**42,598**

16. Trade and Other Payables (continued)

	Consolidated	
	2013	2012
Non-current	$'000	$'000
Contract creditors	6	6
Lease rentals received in advance	773	781
	779	**787**

17. Borrowings

	Consolidated	
	2013	2012
Non-current	$'000	$'000
Queensland Treasury Corporation Loans - unsecured	66,559	90,218

18. Provisions

	Consolidated	
	2013	2012
Current	$'000	$'000
Employee benefits	2,265	2,400
Dividends	15,300	-
	17,565	**2,400**
Non-current		
Long term employee benefits	138	146
	138	**146**

Employee Benefits
Current employee benefits include short-term employee benefits like annual leave and the current portion of long service leave.

Dividend
The dividend provision is created to allow for the accounting of dividends declared and payable as at the balance date. A return of capital of $3.98 million will be made in 2014.

Long-Term Employee Benefits
A provision had 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 (xvi).

19. Issued Capital

		Consolidated			
	Note	2013 No. of shares	2013 $'000	2012 No. of shares	2012 $'000
Opening balance		138,913,824	161,295	138,913,824	1,187,080
Distribution to owners		-	-	-	(1,534,449)
Transfers to/from equity accounts		-	-	-	508,664
Contribution by owners	28	-	-	-	-
Closing balance		**138,913,824**	**161,295**	**138,913,824**	**161,295**

20. Reserves

	Consolidated	
	2013	2012
Asset Revaluation Surplus	$'000	$'000
Opening Balance	87,005	64,382
Revaluation increments net of tax	-	22,623
Transfer to and from reserve	(3,707)	-
Closing balance	**83,298**	**87,005**

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets, whereas transfers to and from reserves arise from the disposal of assets with an existing asset revaluation reserve.

21. Retained Earnings

	Consolidated	
	2013	2012
	$'000	$'000
Retained earnings at the beginning of the financial year	(14,829)	506,093
Net profit/(loss) for the period	21,386	(1,889)
Transfer from asset revaluation surplus	-	-
Transfers to/from equity	5,294	(508,664)
Prior year adjustment	-	701
Dividend provided for or paid	(15,300)	(11,070)
Retained earnings at the end of the financial year	**(3,449)**	**(14,829)**

22. 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.

Subsidiary name	Total assets	Total liabilities	Total revenue	Profit/(loss) before income tax equivalents
2013	**$'000**	**$'000**	**$'000**	**$'000**
Mackay Ports Limited	-	-	-	-
Ports Corporation of Queensland Limited	-	-	-	-
2012				
Mackay Ports Limited	-	-	7,740	(3,414)
Ports Corporation of Queensland Limited	-	-	11,202	(17,140)

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 closed Group's financial performance and financial position is the same as that disclosed for the consolidated entity in the Statement of Financial Performance and Statement of Financial Position.

Furthermore as a result of the roll up of subsidiaries in 2012 the parent entity's financial information is the same as the consolidated position for the Group.

23. 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	
	2013	**2012**
	$'000	**$'000**
Net profit/(loss) for the year	21,385	(1,889)
Depreciation and amortisation	8,101	6,374
Interest received classified as investing activities	-	-
Provision for impaired debts/other assets	-	14,218
Loss on sale of fixed assets	-	-
Net (gain) on sale of property, plant and equipment	(3,303)	(3,730)
Impairment	14,731	-
Fair value adjustment to investment property	-	(742)
Change in operating assets		
- Decrease (increase) in trade and other receivables	4,760	7,228
- Decrease (Increase) in inventories	410	108
- Decrease (increase) in other current assets	(134)	(89)
- Decrease (increase) in foreign derivative asset	-	-
- Decrease (increase) in deferred tax equivalent asset	-	-
- Increase (decrease) in trade and other payables	(13,204)	1,459
- Increase in other provisions	(144)	4,232
- (Decrease) increase transfers from subsidiaries	-	-
- Increase (decrease) in current tax equivalent liabilities	6,070	(631)
- Increase (decrease) in net deferred tax equivalent liabilities	2,588	-
Net cash flow from operating activities	**41,260**	**26,538**

(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 (2012: $15 million). As at the balance date, this facility has not been used.

24. Key Management Personnel Disclosures

(i) Key Management Personnel Compensation

	Consolidated	
	2013	**2012**
	$'000	**$'000**
Short-term benefits	1,701	1,696
Post-employment benefits	227	221
Other long-term benefits	20	23
	1,948	**1,940**

(ii) Compensation – Directors

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.

24. Key Management Personnel Disclosures (continued)

(ii) Compensation – Directors (continued)

2012		Short-term employee benefits (a)	Post employment benefits (b)	Total (c)
Name	**Position**	**$'000**	**$'000**	**$'000**
L Taylor	Chairman	57	5	62
P Milton	Chairman*	4	-	4
G Davies	Director	26	-	26
J Bignell	Director	32	3	35
R Dudley	Director	32	3	35
S Golding	Director	32	3	35
K Kuiper	Director	26	2	28
P Tait	Director	30	3	33
		239	19	258

(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
Bradley Fish	Chief Executive Officer	3 July 1981
Jeffrey Stewart-Harris	Deputy Chief Executive Officer	21 May 2007
Martin McAdam	Executive General Manager - Major Projects	9 July 1984
Peter Sinnott	Company Secretary/General Counsel	9 January 2012
Bernard Wilson	Chief Financial Officer	7 February 2011

24. 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) $'000	Non-monetary benefits (b) $'000	Annual leave $'000	Bonus $'000	Total short-term employee benefits $'000	Superannuation $'000	Unused LSL for the year only $'000	Retirement/ termination benefits $'000	Total $'000
Position									
Chief Executive Officer	387	8	-	51	446	72	11	-	**529**
Deputy Chief Executive 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.

	Short-term benefits					Post employment benefits	Other long-term benefits		
2012	Cash salary (a) $'000	Non-monetary benefits (b) $'000	Annual leave $'000	Bonus $'000	Total short-term employee benefits $'000	Superannuation $'000	Unused LSL for the year only $'000	Retirement/ termination benefits $'000	Total $'000
Position									
Chief Executive Officer	352	8	-	47	407	66	9	-	482
Deputy Chief Executive Officer	285	-	3	39	327	26	8	-	361
Executive General Manager - Major Projects	204	8	5	30	247	38	6	-	291
Company Secretary/ General Counsel	70	4	-	28	102	11	-	-	113
Company Secretary/ General Counsel*	95	2	10	-	107	16	-	-	123
Chief Financial Officer	239	7	8	13	267	45	-	-	312
	1,245	**29**	**26**	**157**	**1,457**	**202**	**23**	**-**	**1,682**

* A change in Company Secretary occurred on 9 January 2012.

24. 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.

The CEO and Deputy CEO are appointed by contracts which expire on 1 July 2014 with severance payments agreed to be a maximum value of two weeks superannuable salary for each year of continuous service until contract termination date, up to a maximum 52 weeks' salary or 13 weeks' salary. Executives, excluding the CEO and Deputy CEO, have a minimum redundancy entitlement of 2 weeks' salary for each year of continuous service (to a maximum of 52 weeks) or four weeks' salary.

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 2012-2013 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 and Senior Executives - Remuneration and Chief and Senior Executive - Performance Pay.

(v) Aggregate Performance Payments

	Consolidated	
	2013	**2012**
	$'000	**$'000**
Aggregate performance bonuses paid (a)	396	538
Total salaries paid (employees receiving a performance payment)	4,316	10,027
	2013	**2012**
Number of employees who received a performance payment*	31	108

Bonus payments to staff on the NQBP enterprise agreement for the 2012 financial year were paid during 2012. Any further bonus entitlements are now paid annually in September for the previous financial year.

24. Key Management Personnel Disclosures (continued)

(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 2012-2013 year have not been approved or paid at reporting date.

Other Key Management Personnel

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

- group performance based on agreed targets 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 after the end of the financial year and paid and reported to shareholding Ministers in accordance with current guidelines. The proposed performance payments for the 2012-2013 year have not been approved or paid at reporting date.

Other Employees

Other employees fall under the NQBP enterprise agreement which came into effect on 9th March 2012. Eligible employees performance pay comprises two components:

- group performance based on agreed targets 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 after the end of the financial year and paid and reported to shareholding Ministers in accordance with current guidelines. The proposed performance payments for the 2012-2013 year have not been approved or paid at reporting date.

25. Commitments

	Consolidated	
	2013	**2012**
Capital expenditure contracted for at balance date is payable as follows:	**$'000**	**$'000**
- not later than one year	3,812	13,978
- later than one year and not later than five years	-	1,142
- greater than five years	-	-
	3,812	**15,120**

	2013	**2012**
Operating lease expenditure contracted for at balance payable as follows:	**$'000**	**$'000**
- later than one year and not later than five years	6,132	5,001
- greater than five years	1,697	4,234
	7,829	**9,235**

26. 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.

27. 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.

28. 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 19. Details of dividends provided for are detailed in Note 21.

As disclosed in Note 2(xii), income tax equivalents are paid to the Queensland Government. Refer to Note 8 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 and rentals and Ergon Energy for electricity charges and minor contract works.

Details of transactions and balances with QTC are provided in Notes 5, 6, 9, 17 and 19. QTC borrowings are unsecured.

Payments to other related parties during the year totalled $23.3 million (2012: $19.1 million). Amounts totalling $0.1 million (2012: $0.3 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.

28. Related Party Transactions (continued)

Key Management Personnel

Key management personnel disclosures are in Note 24.

Post-Employment Benefit Plans

Payments made by the Group to superannuation schemes in respect of employees for the year were $1.78 million (2012: 1.63 million).

Directors' Declaration
For the Year Ended 30 June 2013

In the directors' opinion:

(a) The financial statements and notes set out on pages 97 to 132 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 NQBP and the consolidated entity's financial position as at 30 June 2013 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

27 August 2013

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 2013, 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 of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001,* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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 –

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 consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

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

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
2 9 AUG 2013
AUDIT OFFICE

O. C. Clare

O C CLARE FCPA
As Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane

Glossary of terms

Adani	Adani Group	**JEMF**	Joint Environmental Management Framework
AFRMC	Audit and Financial Risk Management Committee (Board committee)	**LTDMP**	Long-Term Dredge Management Plan
AP-X	Abbot Point Expansion	**MPL**	Mackay Ports Limited
CIA	Cumulative Impact Assessment	**Mtpa**	Million tonnes per annum
BMA	BHP Billiton Mitsubishi Alliance	**NQBP**	North Queensland Bulk Ports Corporation Limited
CGAPC	Corporate Governance and Planning Committee (Board committee)	**OHS**	Occupational Health and Safety
CIA	Cumulative Impact Assessment	**PCQ**	Ports Corporation of Queensland Limited
DBCT	Dalrymple Bay Coal Terminal (terminal)	**QAO**	Queensland Audit Office
DBCT Pty Ltd	Dalrymple Bay Coal Terminal Pty Ltd (terminal operator)	**PAR**	Photosynthetically Active Radiation
DPPM	Dudgeon Point Project Management Pty Ltd	**PER**	Public Environment Report
DTMR	Department of Transport and Main Roads	**QPA**	Queensland Ports Association
DUKC	Dynamic Under Keel Clearance	**QTC**	Queensland Treasury Corporation
EAP	Employee Assistance Program	**RTA**	Rio Tinto Alcan
EEO	Equal Employment Opportunity	**SCI**	Statement of Corporate Intent
EIS	Environmental Impact Statement	**SEWPaC**	Commonwealth Department of Sustainability, Environment, Water, Population and Community
EMS	Environmental Management System	**SOP**	Statement of Proposals
GOC	Government Owned Corporation	**TIA**	*Transport Infrastructure Act 1994*
GBRMPA	Great Barrier Reef Marine Park Authority	**TACC**	Technical Advisory Consultative Committee
GBRWHA	Great Barrier Reef World Heritage Area	**T0**	Terminal 0
HPCT	Hay Point Coal Terminal	**T2**	Terminal 2
HRIRC	Human Resources and Industrial Relations Committee (Board committee)	**T3**	Terminal 3

Feedback

NQBP is very interested to hear how you think the annual report can be improved. 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.

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 2012-13

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 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?

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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.