

PORT SUSTAINABILITY FOR EVERYONE



ANNUAL REPORT 2018/19





ABOUT THIS REPORT

This report provides a summary of the major projects and achievements of North Queensland Bulk Ports Corporation Limited (NQB), as well as the organisation's financial and non-financial performance for the 2018/19 financial year.

This document reports against NQB's Statement of Corporate Intent, which represents our performance agreement with our Shareholding Ministers.

This report includes details of NQB's two wholly-owned subsidiaries, Ports Corporation of Queensland Limited and Mackay Ports Limited. Throughout this report, NQB represents the entire Group.

In keeping with our focus on sustainability, only a limited number of hard copies of this Annual Report have been printed. An online version of this report is published on our website at www.nqbp.com.au.

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2018/19

HIGHLIGHTS

WE ARE PROUD OF WHAT WE HAVE
ACHIEVED IN 2018/19



WELCOMED

6 RORO
VESSELS



TO THE PORT OF MACKAY
FOR THE FIRST TIME

1.

ACHIEVED NPAT OF

\$15.8M

A 200 PER CENT
INCREASE ON 2017/18



FACILITATED TRADE
MOVEMENT WORTH



\$40BILLION



INCREASE IN
PROACTIVE
HAZARD
REPORTING



SAFELY PILOTED

2,830



VESSEL
MOVEMENTS

AT HAY POINT AND MACKAY PORTS

SUCCESSFULLY
COMPLETED
THE FIRST
MAINTENANCE DREDGING AT
THE PORT OF HAY POINT IN
10 YEARS



ACHIEVED OVERALL
CORPORATE
REPUTATION INDEX



SCORE OF 62

WHICH COMPARES
FAVOURABLY TO THE ALL
AUSTRALIAN AVERAGE OF 46



LAUNCHED

SECOND PUBLICLY AVAILABLE
ONLINE ENVIRONMENTAL
MONITORING DASHBOARD

40 

COMMUNITY GROUPS
SUPPORTED

IMPROVED PUBLIC SAFETY AND
ACCESSIBILITY INCLUDING TO
THE MACKAY BREAKWATER AND
THE EVANS LANDING WHARF IN WEIPA

CHAIRMAN'S STATEMENT



TO ACHIEVE OUR VISION OF SETTING THE GLOBAL STANDARD IN SUSTAINABLE TRADE AND PORT DEVELOPMENT NQBP MUST REMAIN COMMITTED TO GETTING THE BALANCE RIGHT BETWEEN OUR PORT OPERATIONS, ECONOMIC PERFORMANCE AND THE ENVIRONMENT AND COMMUNITIES IN WHICH WE OPERATE.

Pleasingly, during 2018/19, NQBP achieved results that show what is possible when we do get that balance right. This included a strong financial performance, new trade development, delivery of major infrastructure projects and positive feedback from our stakeholders and communities, while continuing to improve our management of the iconic natural environment in which our ports operate.

SAFETY PERFORMANCE

The health and safety of our people is our number one priority and the NQBP Board of Directors believes that all injuries and occupational illnesses can be prevented.

A review of our safety culture to ensure we have the right systems and processes was commissioned to support our goal of zero harm. Directors supported management's recommendations, stemming from this review.

FINANCIAL PERFORMANCE

As a government-owned corporation, NQBP needs to deliver financial returns from its activities. I am pleased to announce that the organisation has delivered a solid Net Profit After Tax of \$15.8 million and a dividend result of \$9.9 million for 2018/19.

This result was delivered despite softer trade results than in recent years and is a reflection of our focus on cost savings.

SUSTAINABILITY

At the heart of our strategic plan is sustainability and this remains the focus of our operations.

Throughout 2018/19, NQBP continued to play an active role in the development and review of policy relating to the port industry to ensure balanced outcomes for all users, the environment and communities.

Members of the NQBP team hold key advisory roles on a number of local, state, national and international industry committees and organisations, including Reef Catchments Limited, Queensland Ports Association, Ports Australia, Reef 2050 Advisory Committee and PIANC (World Association of Waterborne Transport and Infrastructure).

Through this representation, we have been instrumental in raising the profile of sustainability among the Australian ports sector.

With three major ports operating in the Great Barrier Reef World Heritage Area, environmental stewardship is a key priority for NQBP. The past five years saw NQBP working with industry and academic partners to finalise the development of an innovative approach to sustainable sediment management from dredging.

This research helped to inform the development of the Queensland Maintenance Dredging Strategy and Long-Term Maintenance Dredging Management Plan Guidelines prepared for the Queensland Government Department of Transport and Main Roads.

In addition to contributing to dredging reform in Queensland, we have also played a role on an international working group on beneficial sediment use, where we share learnings on the technical, environmental and regulatory challenges and opportunities associated with sediment management.

Our activities continue to support regional economic growth through direct and indirect employment and the facilitation of trade movements worth \$40 billion.

Our stakeholders and residents in our port communities recognise the contribution we make to our regions, as demonstrated by favourable results in a Stakeholder Perception Survey, which found we have a high trust rating and make a considered effort to engage and collaborate.

We recognise that our employees are central to delivering on our business objectives, and in 2018/19, we undertook a number of activities to assess and enhance our workplace culture and capability.

We undertook an employee-driven process to refresh our values and ensure our employees adopt the behaviours aligned to our new values of Integrity, Respect, Excellence and Unity.

The focus for the next 12 months will be on ensuring that we all take ownership of these values and live them every day.

The Board also ensures that NQBP invests in training and developing our workforce with the skills, flexibility and resilience required for the business moving forward.

ACKNOWLEDGEMENTS

I would like to thank our Chief Executive Officer Nicolas Fertin, who joined NQBP in September 2018. Nicolas has brought great passion and drive to the business and also ensured that the organisation remains committed to pursuing its vision.

As always, our successes are a joint effort and I would like to thank my fellow Directors for the experience and expertise they bring to the NQBP Board. I also thank the NQBP Executive Leadership Team for their leadership and each and every member of the NQBP team for their dedication to set the global standard in sustainable trade and port development.

I would also like to thank our Shareholding Ministers for their ongoing support of NQBP.

I look forward to working with you all in 2019/20 and remain committed to delivering value for the people of Queensland.



Brad Fish
Chair



**THE HEALTH AND SAFETY
OF OUR PEOPLE IS OUR
NUMBER ONE PRIORITY**

**NET PROFIT AFTER TAX OF
\$15.8 MILLION AND
A DIVIDEND RESULT OF
\$9.9 MILLION FOR 2018/19**

**INSTRUMENTAL IN
RAISING THE PROFILE OF
SUSTAINABILITY AMONG
AUSTRALIAN PORTS**

**OUR ACTIVITIES CONTINUE
TO SUPPORT REGIONAL
ECONOMIC GROWTH
THROUGH DIRECT AND
INDIRECT EMPLOYMENT
AND THE FACILITATION
OF TRADE MOVEMENTS
WORTH \$40 BILLION**

CEO'S REVIEW



HAVING BEEN APPOINTED TO LEAD NQBP LAST SEPTEMBER, I AM PLEASED TO PRESENT THE ANNUAL REPORT FOR 2018/19.

I joined a team that is convinced that all safety incidents are avoidable and all injuries are preventable. Unfortunately, during the year, two of our employees sustained injuries that resulted in time away from work. Both incidents have been investigated and we will use those learnings to guard against future incidents occurring.

We will continue our journey to ensure the safety of our employees, contractors, port users and members of the public remains our daily priority.

Throughout the year, our team demonstrated its dedication to operating our ports in balance with our customers, communities and the environment, while also striving to deliver a dividend to the State for the benefit of the people of Queensland.

We delivered a strong financial performance in 2018/19 despite our trade throughput volumes (177.5 million tonnes) being five per cent lower than in 2017/18.

Trade throughput at the ports of Abbot Point, Hay Point and Mackay was consistent with the prior year. The Port of Weipa's throughput declined significantly, largely due to exceptional weather events which restricted the port's operations.

Our four ports are essential connections between our regions and the world. The future of our business is intimately linked to our economy and the economies of the countries linked to our trade.

We recognise that our trade supports the metallurgical, energy and food industries in Australia and overseas. We are actively addressing the challenges and seizing the opportunities linked with the transitions that these industries will continue to face in the future.

During 2018/19, NQBP continued to develop its employees, practices and infrastructure to promote and facilitate trade growth and diversification in collaboration with government, communities, port users and industry.

ROROS WELCOMED TO PORT OF MACKAY

In July 2018, the Port of Mackay welcomed its first roll-on roll-off (RORO) vessel in its 80-year history. Since then, five more of these large vessels have loaded and unloaded mining and agricultural equipment destined for Central Queensland. This freight can now transit directly through Mackay rather than via Townsville or Brisbane, reducing congestion, safety risks and pollution along the Bruce Highway and ensuring that our supply chains are as efficient as possible.

This example is evidence that NQBP has the capability to lead the transformation of complex supply chains. It is also one of the many examples around Australia that demonstrate shipping can be more efficient than rail and road transport.

Although NQBP drove this initiative and invested heavily in its infrastructure, we share the credit with many contributing organisations including Maritime Safety Queensland, the Queensland Department of Transport and Main Roads, Ergon Energy, Mackay Regional Council, our elected Members and importantly our customers, who all played a part in making this trade a reality.

ENVIRONMENTAL MANAGEMENT

During 2018/19, NQBP demonstrated how its environmental, commercial, community engagement and stakeholder engagement practices go hand in hand to deliver outstanding results.

Minimising the environmental impact of our operations is core to how we do business. Leading environmental management will remain a priority in the business as we strive to set even higher standards.

In the past five years, NQBP has developed an innovative approach to sustainably managing sediment from dredging within our ports. This approach included industry-leading marine research, independent scientific assessment and thorough consultation with communities and regulators. It culminated in two critical achievements in 2018/19.

For the Port of Hay Point, NQBP successfully obtained dredging permits from the Great Barrier Reef Marine Park Authority, which carried conditions to ensure the protection of the marine environment within the World Heritage Area, while also providing certainty for the critical operation of the supply chain.

Consequently, in May 2019, we undertook maintenance dredging at the Port of Hay Point for the first time in 10 years. Evidence provided by instruments that monitor the water prior to, during and after the dredging demonstrated that water clarity remained within natural ranges during the dredging program. In fact, turbidity levels recorded during the dredging program were lower than natural peaks experienced through natural conditions in the region.

Significant weather events during summer, including three cyclones, had resulted in an unprecedented build up of natural sediment within the Port of Weipa navigation areas. In recognition of the higher than average dredge volumes, NQBP introduced additional environmental control measures, innovative commercial solutions and contractual arrangements to execute the most extensive maintenance dredging program to be undertaken at the Port of Weipa in more than 10 years.

UNDERSTANDING OUR PEOPLE AND OUR STAKEHOLDERS

NQBP uses independent assessments to establish benchmarks in relation to stakeholder and employee engagement.

In June 2019, we commissioned an employee engagement survey, which confirmed the need to refresh our values and focus on leadership development. The information gathered is being fully assessed and a comprehensive action plan is being developed to be delivered in 2019/20.

In May 2019, we commissioned a comprehensive Stakeholder Perception Survey. Pleasingly, the survey found that NQBP has a good reputation among stakeholders and local residents. However, there are areas that we can work on to ensure we deliver on the expectations of our stakeholders.

I would like to sincerely thank all those stakeholders who participated in the survey and shared their opinions with us.

We reinvigorated our Community Reference Groups at the ports of Mackay and Hay Point to provide an opportunity for community representatives to discuss issues relating to port operations directly with key people from our organisation.

We also proudly supported a variety of regional events and initiatives in our port communities.

ACKNOWLEDGEMENTS

In conclusion, I would like to thank the Chair for his leadership and all Directors for their guidance and support. I would also like to acknowledge the support of our Shareholding Ministers, customers, port users, partners, communities and government departments.

Most importantly, I would like to commend all NQBP employees, whose dedication continues to drive our strong business performance, in particular, their commitment to their own safety and the safety of others.



Nicolas Fertin
Chief Executive Officer

**CONTINUE TO ENSURE
SAFETY REMAINS
OUR DAILY PRIORITY**

**NQBP HAS THE
CAPABILITY TO LEAD THE
TRANSFORMATION OF
COMPLEX SUPPLY CHAINS**

**NQBP HAS DEVELOPED
AN INNOVATIVE APPROACH
TO SUSTAINABLY MANAGING
SEDIMENT WITHIN OUR PORTS**

**NQBP USES INDEPENDENT
ASSESSMENTS TO
ESTABLISH BENCHMARKS
IN RELATION TO
STAKEHOLDER AND
EMPLOYEE ENGAGEMENT**





4.

OUR VALUES

Integrity



Respect



Excellence



Unity



NQBP IS A GOVERNMENT OWNED CORPORATION, RESPONSIBLE FOR THE FOUR TRADING PORTS OF HAY POINT, MACKAY, ABBOT POINT AND WEIPA AND THE NON-TRADING PORT OF MARYBOROUGH.

OUR VISION

We set the global standard in sustainable trade and port development.

OUR MISSION

We lead our ports to operate in balance with iconic natural environments and the community for the prosperity of current and future generations.

OUR ROLE

As a trade-based port authority, we bring together business, environment, community and strategic stakeholder interests to make our ports sustainable for everyone in the long term.



STRATEGIC DIRECTION

Our strategy is driven by the four pillars of port business, environment, community and strategic stakeholders, and supported by the enabling capabilities of people and culture, and systems and technology.

Our four strategic pillars reflect our commitment to getting the balance right between our port operations and economic performance, environmental management and the sustainability and wellbeing of our communities. We believe that the future of NQBP and the wider Australian port industry relies on getting the balance right.

In recent years, we have contributed to essential discussions on the future of our regions, invested in infrastructure projects and improved operational issues, transforming our business from a port landlord to a trade facilitator.

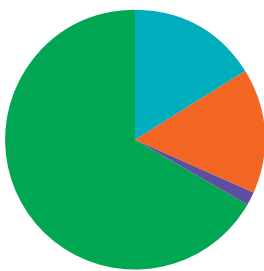
We are proud of the contribution we make to the State of Queensland through direct employment, ship movements, profits and dividends.

We are proud the work we do supports the essential energy, metallurgical and food industries that are central to local and global sustainability.

Our future success is underpinned by our ability to adapt to the transitions that may impact those industries. We will continue to work with our stakeholders, customers and communities to ensure we meet their needs and expectations and our ports continue to contribute to the growth in sustainable trade, creating real and lasting value.

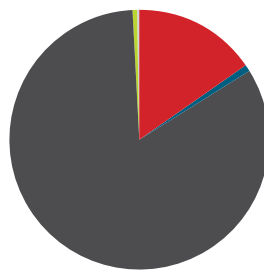
BUSINESS PERFORMANCE

THROUGHPUT BY PORT



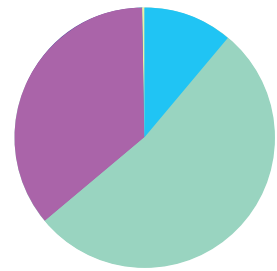
● Abbot Point **28.94MT** ● Weipa **27.34MT**
● Mackay **2.91MT** ● Hay Point **118.32MT**

THROUGHPUT BY COMMODITY



● Bauxite (export) **27.20MT** ● Fuel (import) **1.67MT**
● Coal (export) **147.26MT** ● Sugar (including molasses) (export) **0.91MT** ● Grain (export) **0.05MT**
● Magnetite (import) **0.17MT** ● Breakbulk (import) **0.06MT**
● Other **0.16MT** ● Fertiliser (import) **0.03MT**

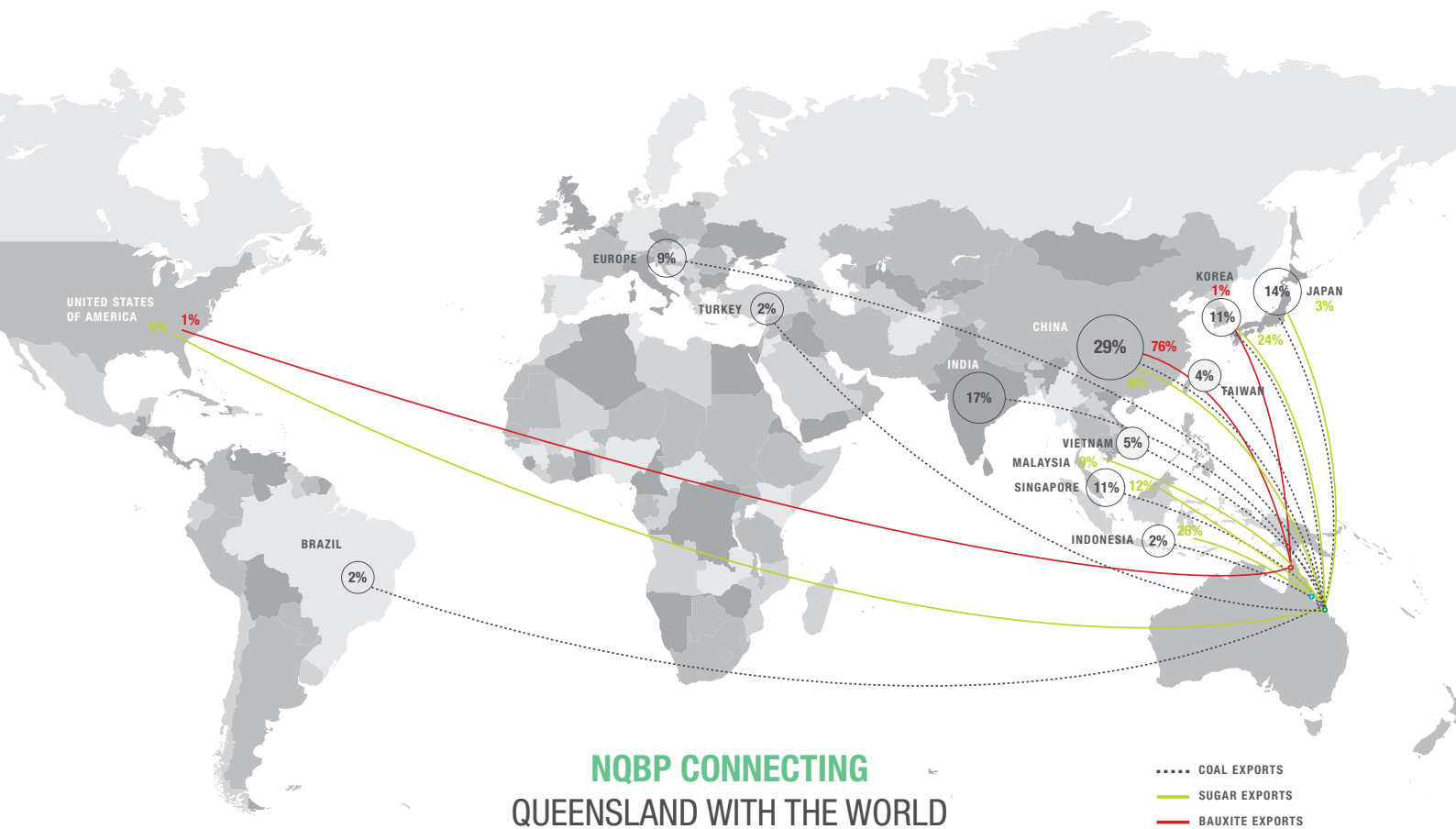
THROUGHPUT BY INDUSTRY



● Energy (thermal coal + fuel) **30.83MT**
● Metallurgy (metallurgical coal + bauxite + magnetite) **145.47MT**
● Food (sugar + grain) **0.99MT**
● Other **0.22MT**

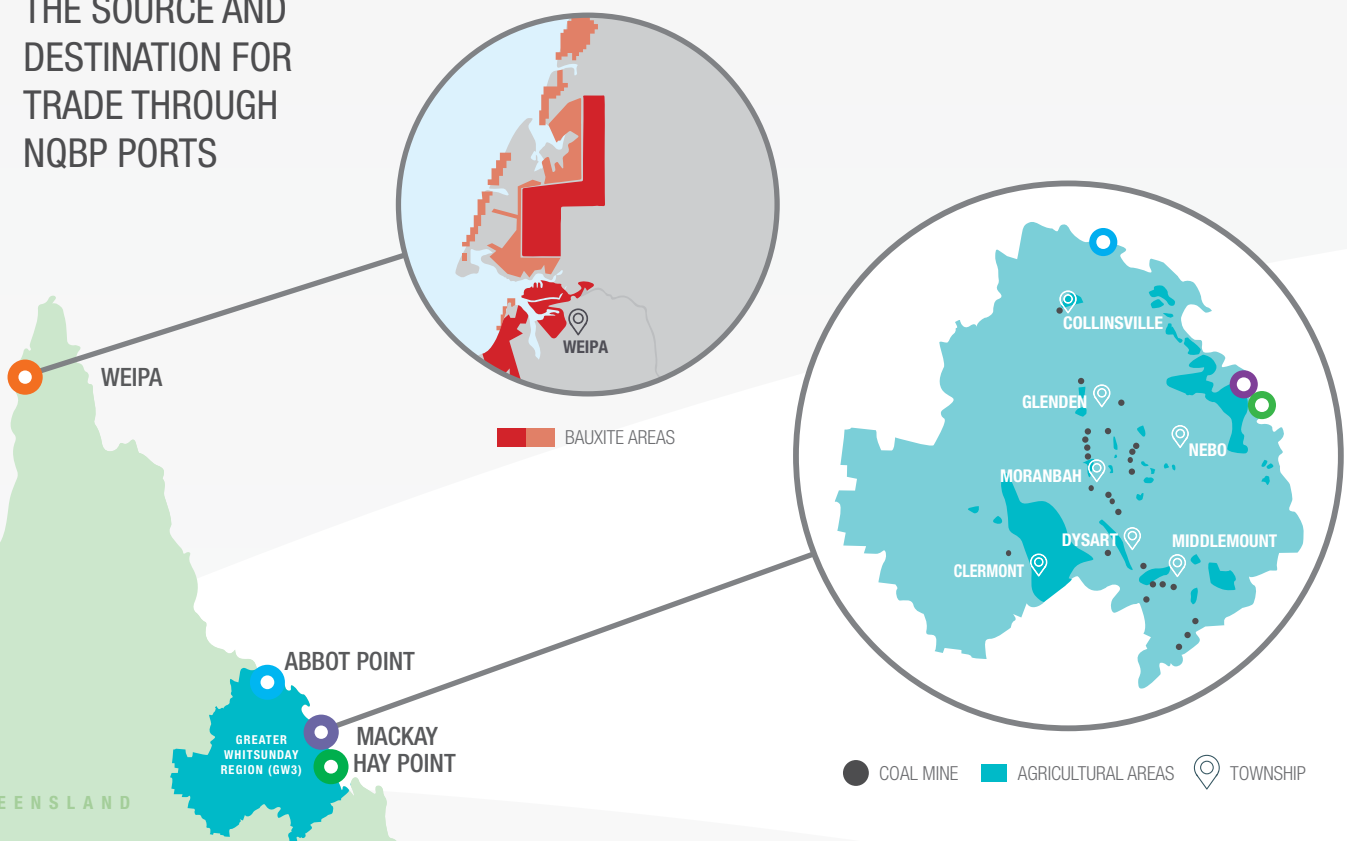
MEASURE	2018/19	2017/18
Trade throughput (Mtpa)	177.5	187.7
Total income (\$m)	131.4	111.3
Earnings before interest, taxes, depreciation and amortisation (\$m)	44.3	40.5
Net profit/(loss) after tax (\$m)	15.8	5.0
Underlying net profit after tax* (\$m)	11.6	10.9
Total assets (\$m)	772.2	736.7
Net assets (\$m)	389.0	372.1
Current ratio	1.89	1.56
Debt/debt plus equity ratio	0.32	0.33
Return on assets (%)	3.9%	1.8%
Return on equity (%)	3.05%	2.94%
Operating cash flows (\$m)	25.6	27.7
Dividends provided (\$m)	9.9	6.0
Lost time injury frequency rate	11	0

* Underlying net profit after tax refers to net profit after tax adjusted for insurance income and expenditure related to Cyclone Debbie, income from rehabilitation provisions and any tax impact on the aforementioned.



REGIONAL QUEENSLAND

THE SOURCE AND DESTINATION FOR TRADE THROUGH NQBP PORTS



2018/19 MACKAY

6.



7.

THE 80-YEAR-OLD MULTI-CARGO IMPORT AND EXPORT PORT OF MACKAY HAS FIRMLY ESTABLISHED ITSELF AS A CENTRAL HUB FOR THE MOVEMENT OF DIVERSE CARGO ESSENTIAL FOR CENTRAL QUEENSLAND AGRICULTURAL AND MINING INDUSTRIES.

The Port of Mackay is located only five kilometres north of the city of Mackay, close to Australia's leading mining equipment, technology and services hub in Paget, and with road and rail transport links. This makes the port ideally positioned to connect Central Queensland with the rest of the world.

TRADE

Following last year's three million tonnes in trade throughput, the Port of Mackay performed strongly again in 2018/19, with 2.9 million tonnes of petroleum, sugar, grain, magnetite, breakbulk, scrap metal, fertiliser, cement, ethanol and tallow passing through the port.

The petroleum (1.58 million tonnes) and scrap metal (65,184 tonnes) trades both beat records set last year, while magnetite imports (166,246 tonnes) also achieved a record year, beating the previous record set in 2016/17.

The breakbulk trade continued to grow, with six roll-on roll-off (RORO) vessels shipping large mining and agricultural equipment directly to the Central Queensland region.

As the region continues to recover from the 2017 Tropical Cyclone Debbie, raw sugar trade remains below annual averages, with 907,847 tonnes exported during 2018/19.

Meanwhile, protracted drought conditions continue to impact the region's grain growing areas, resulting in the worst annual grain trade result in more than 100 years. In fact, the 46,049 tonnes that passed through the Port of Mackay in 2018/19 was more than 100,000 tonnes lower than the amount recorded the previous year.

PROJECTS

Breakwater works completed

During 2018/19, NQBP completed almost \$12 million worth of essential repairs to the breakwaters at the Port of Mackay, after Tropical Cyclone Debbie inflicted significant damage in 2017.

The works were completed ahead of schedule, ensuring the popular Southern Breakwater was open to the public for the Christmas period in December 2018.

Port sustainability

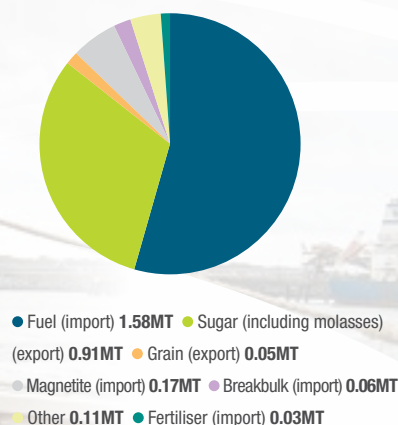
NQBP installed a 20-kilowatt solar system at the Port of Mackay. Since it became operational in March 2019, it has provided 12 megawatt hours of energy to the port.

Emergency response advancements

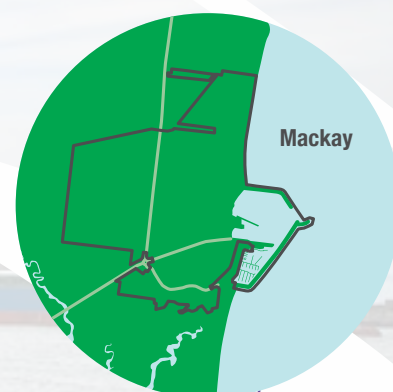
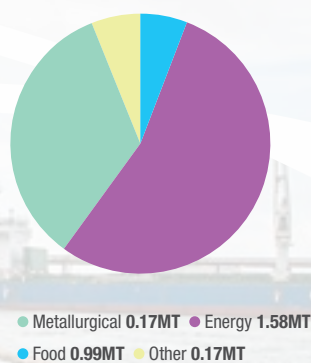
On 24 October 2018, NQBP was joined by port tenants and stakeholders, along with emergency services personnel, in an exercise simulating a fire on a wharf at the port.

The intention of the exercise was to help define roles and responsibilities, and evacuation and response procedures in case of a fuel fire at the Port of Mackay.

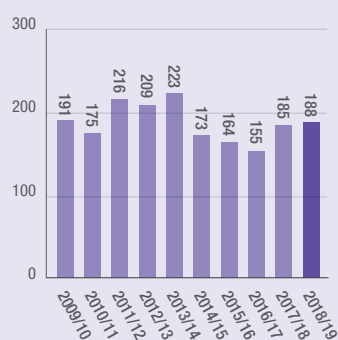
TRADE BY COMMODITY



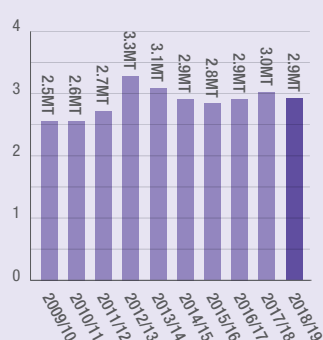
TRADE BY INDUSTRY



SHIP VISITS



TRADE VOLUMES



The likelihood of a wharf fire is rare; however, the consequences could be catastrophic.

Following the exercise, NQBP identified actions to strengthen the port's ability to prepare for and respond to future events, however unlikely. The majority of these actions have been completed.

Improved land and sea access

In recent years, NQBP has invested in upgrading infrastructure, such as navigation lights and fenders, at the Port of Mackay to facilitate more trade, in particular breakbulk and RORO cargo.

Upgrades to Wharf 1, including the installation of security gates and key-card access, have provided a secure area for cargo to be unloaded ahead of customs clearance, making the import process easier for our customers.

We have commenced a project to move electrical cables underground and progressively address vehicle height restrictions within the port.

As well as making improvements to the port itself, NQBP has been undertaking and promoting works to enhance supply chain connectivity to facilitate future trade growth. This includes the upgrades of the Harbour Road East intersection and the Vines Creek

Bridges, which now provide Higher Mass Limit connectivity to the Bruce Highway.

Those infrastructure upgrades completed within and outside the port in the last two years have created greater connectivity between Central Queensland and the rest of the world by enabling RORO cargo destined for the region to be shipped directly to Mackay rather than to Brisbane and trucked north.

In the first year that the Port of Mackay has had the capability to host RORO vessels, we welcomed six of these vessels, carrying heavy mining and agricultural equipment.

In 2018/19, we progressed works for a second port access road to improve safety and emergency access, reduce congestion within the port and unlock port land for future development. The design works were completed during the year and a competitive procurement process commenced.

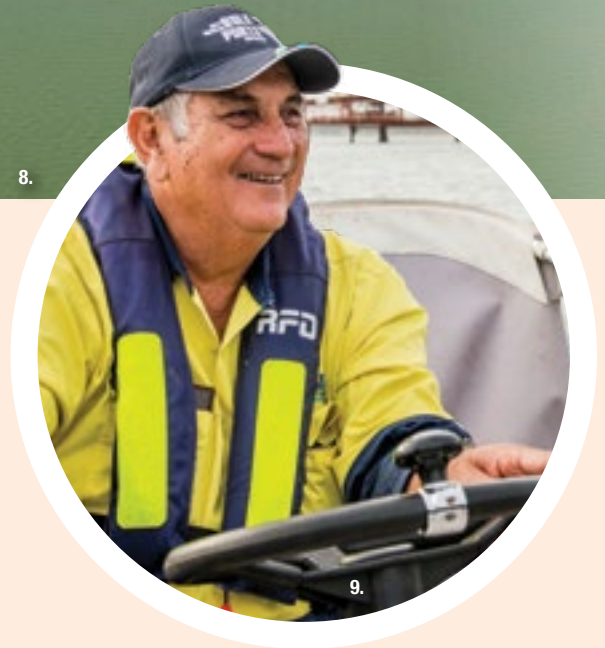
We also initiated design works for infrastructure that is required for the Port of Mackay to maintain its first point of entry status.

2018/19 WEIPA

DUE TO ITS PROXIMITY TO BOTH THE TOWN OF WEIPA AND THE REGION'S MINERAL DEPOSITS, THE PORT OF WEIPA HAS BEEN AN ESSENTIAL CONTRIBUTOR TO THE ECONOMIC DEVELOPMENT OF THE CAPE YORK REGION FOR MORE THAN 50 YEARS.

The Port of Weipa facilitates the export of bauxite from mines in the region, the import of fuel and cargo to support those mining operations and other trading activities.

8.



9.

TRADE

In 2018/19, trade throughput at the Port of Weipa declined significantly to 27.3 million tonnes, following record trade throughput of 36.3 million in 2017/18.

This was partly due to load restrictions in the channel following major weather events in the 2018/19 summer, including tropical cyclones Owen (December 2018), Penny (January 2019) and Trevor (March 2019).

Separately, the Amrun bauxite mine, 89 kilometers to the south of Weipa, became operational in late 2018 and does not export through the Port of Weipa.

The trade of commodities other than bauxite, including logs (export) and fuel (import), continued to play a minor role in 2018/19.

PROJECTS

Maintenance dredging

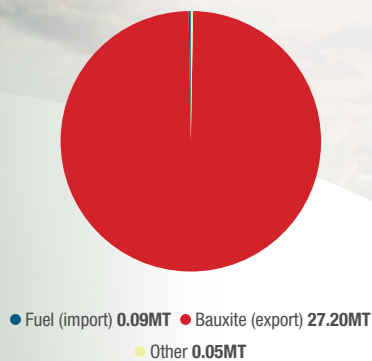
Essential maintenance dredging commenced at the Port of Weipa in June 2019 and was completed in mid-July 2019.

The 2018/19 dredging program was significantly more extensive than previous years due to an unprecedented build up of natural sediment within the port's navigational areas, caused by three tropical cyclones and a large monsoonal event during the summer.

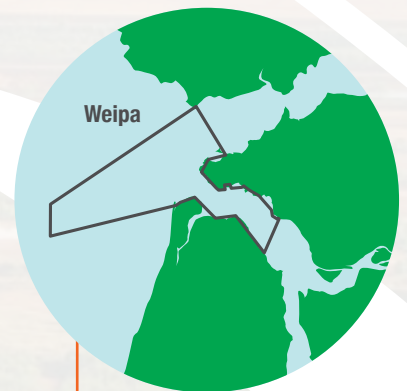
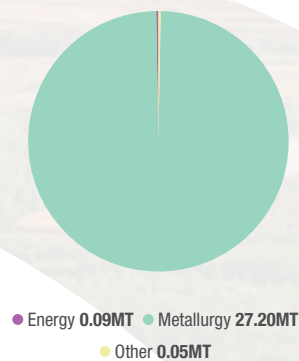
As a result, NQBP engaged two dredging vessels to minimise the duration of the dredging campaign.

The dredging campaign was undertaken as per NQBP's Long-Term Environmental Management Plan. However, due to the higher than average dredge volumes this year, NQBP undertook a supplementary environmental risk assessment and introduced

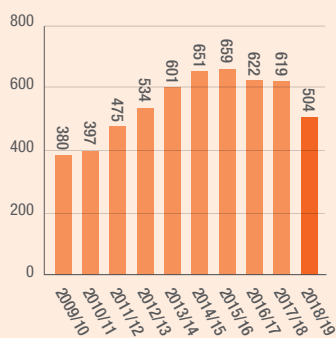
TRADE BY COMMODITY



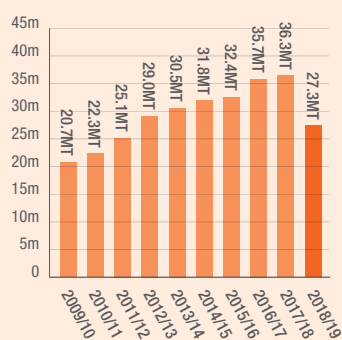
TRADE BY INDUSTRY



SHIP VISITS



TRADE VOLUMES



a range of additional environmental control measures to minimize the risk of any potential impact on the marine environment.

Some of these measures include real-time water quality monitoring, including daily assessments of logger data and satellite imagery; pre and post-dredge seagrass monitoring; and the placement of dredge material as far north as is safely and operationally practical.

Sustainable sediment management

As part of a continued assessment of sustainable sediment management, NQBP undertook works during the year to analyse the sediment and bathymetric profile of the Port of Weipa, as well as a range of engineering, technical and economic factors.

This research informed the Weipa maintenance dredging program and will support future permit applications to ensure continued efficient operations at the Port of Weipa.

Evans Landing redecking

During the year, NQBP completed a \$2.5 million project to replace the decking on the Evans Landing Wharf to extend the life of the structure. Evans Landing is an important asset to the region, for fuel imports and as a local amenity. This project was completed on budget and the wharf was reopened to the public in line with the advertised closure dates.

2018/19 ABBOT POINT

ABBOT POINT IS AUSTRALIA'S MOST NORTHERN COAL PORT, LOCATED BETWEEN THE INDUSTRIAL CENTRES OF TOWNSVILLE TO ITS NORTH AND MACKAY TO THE SOUTH.

Since the 1980s, the Port of Abbot Point has been a strategic asset due to its proximity to the resource rich Bowen and Galilee basins, its remote location from urban development and access to deep water. The majority of trade through the Port of Abbot Point is metallurgical coal, a key resource in the steel-making process.

10.



11.

TRADE

In 2018/19, throughput at the Port of Abbot Point was consistent with the prior year, with 28.9 million tonnes of coal being exported from the port (28.0 in 2017/18).

Flooding in the region in January 2019 and disruptions to the supply chain resulted in some delays in coal reaching the port but did not impact overall throughput figures.

PROJECTS

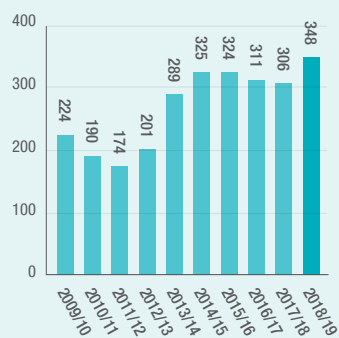
Improved security and emergency response

In November 2018, NQBP completed the installation of two CCTV cameras, which enable real-time monitoring of NQBP's facilities at the Port of Abbot Point from the operations office at the Port of Mackay. This allows NQBP to address security threats and improve port user and public safety and ensures we meet our obligations under the *Maritime Transport and Offshore Facilities Security Act and Regulations 2003 (MTOFC)* and associated Maritime Security Plan.

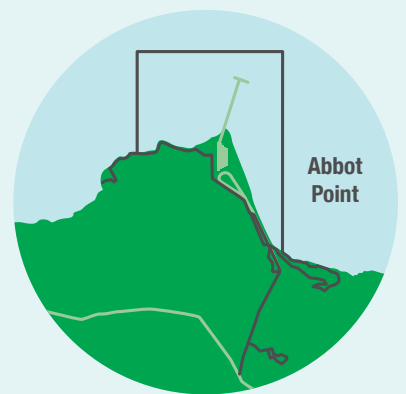
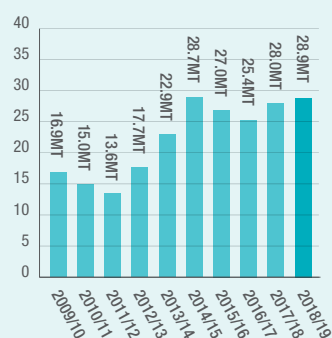
At the end of 2018/19, a project was initiated to move oil spill response equipment from inside the terminal to a more accessible location at the port. This will enable emergency response efforts to be more efficient and effective.



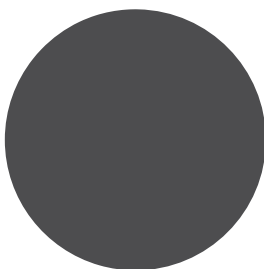
SHIP VISITS



TRADE VOLUMES

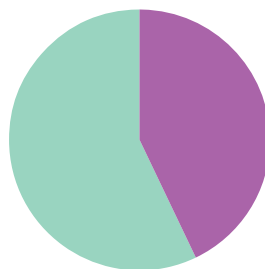


TRADE BY COMMODITY

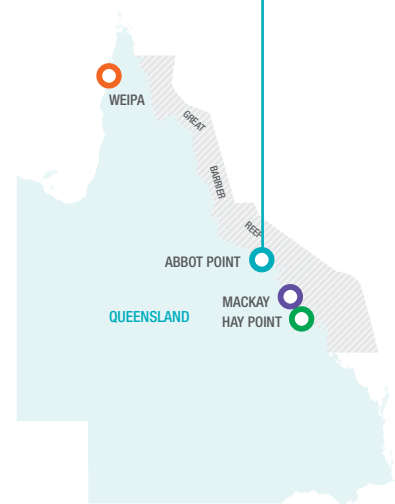


● Coal (export) 28.94MT

TRADE BY INDUSTRY



● Metallurgy 16.50MT ● Energy 12.44MT



2018/19 HAY POINT

THE PORT OF HAY POINT, WHICH HAS BEEN IN OPERATION SINCE 1971, IS ONE OF THE LARGEST COAL EXPORT PORTS IN THE WORLD, PRIMARILY EXPORTING METALLURGICAL COAL, A KEY RESOURCE IN THE STEEL-MAKING PROCESS.

Two coal terminals, Hay Point Coal Terminal and Dalrymple Bay Coal Terminal, service coal mines in Central Queensland's Bowen Basin.

12.



13.

TRADE

Trade throughput at Dalrymple Bay Coal Terminal and Hay Point Coal Terminal decreased slightly from 120.4 million tonnes in 2017/18 to 118.3 million tonnes in 2018/19.

This decrease was caused by weather events in the region during the summer and operational issues.

PROJECTS

Maintenance dredging

In January 2019, NQBP was granted permits to conduct maintenance dredging at the port, following several years of thorough consultation and assessment with the community, scientific organisations and regulators at State and Federal levels.

The 10-year permits, issued by the Great Barrier Reef Marine Park Authority (GBRMPA), allow for the long-term sustainable management of maintenance dredging at the Port of Hay Point.

From 31 March 2019 to 2 May 2019, essential maintenance dredging was safely and successfully completed, in accordance with the port's Long-Term Maintenance Dredging Management Plan.

Throughout the dredging campaign, a water quality monitoring dashboard was available on the NQBP website, providing real-time data, as well as the location of the dredge vessel. The data recorded during the dredging program showed water turbidity was lower than natural peaks recorded during periods when dredging was not occurring.

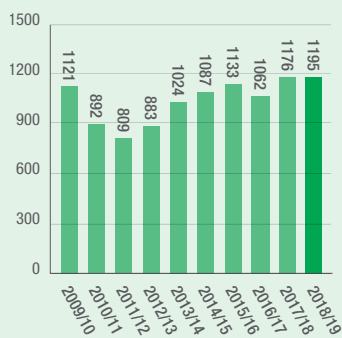
Beneficial re-use of dredged material

NQBP is committed to investigating the feasibility of avoiding or reducing the need for placement of dredge material at sea.

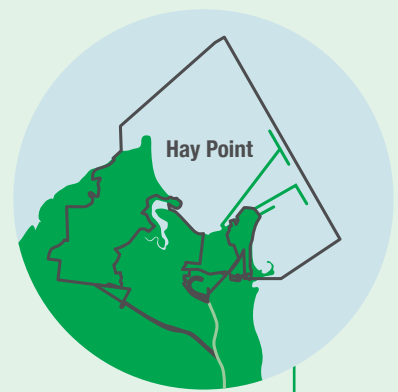
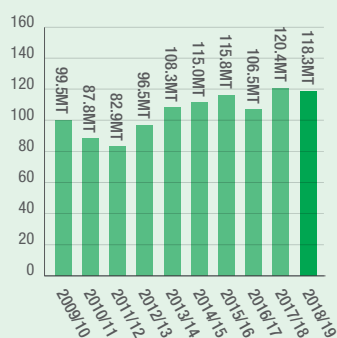
During the year, an independent Scientific Advisory Group was appointed to help investigate the feasibility of using dredged material for habitat restoration or creation at the Port of Hay Point.



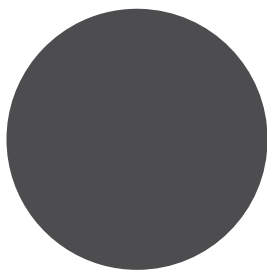
SHIP VISITS



TRADE VOLUMES

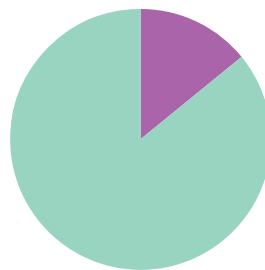


TRADE BY COMMODITY



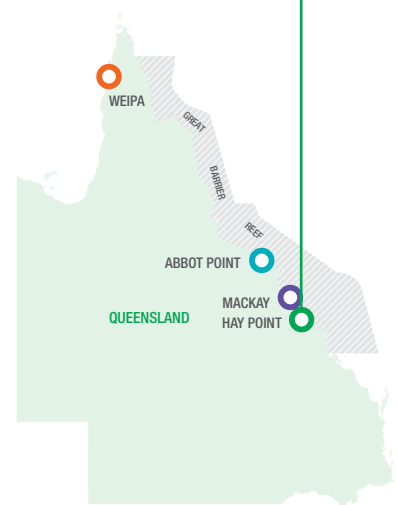
● Coal (export) 118.32MT

TRADE BY INDUSTRY



● Metallurgy 101.60MT

● Energy 16.72MT



12: Port of Hay Point

13: Port engineer Daniel Harris and project engineer James Donald at the Port of Hay Point





PERFORMANCE

AGAINST STRATEGIC OBJECTIVES



15.

PORT BUSINESS

STRATEGIC OBJECTIVE

DEVELOPMENT PATHWAYS DETERMINED

TRADE PROTECTION AND FACILITATION

ASSET MANAGEMENT

RESULT

ONGOING →

ONGOING →

ONGOING →

NQBP PORTS DELIVER WORLD-CLASS OPERATIONS THAT CONNECT AND FACILITATE TRADE AND REGIONAL ECONOMIC DEVELOPMENT.

Throughout 2018/19, we delivered projects to meet our ports' current and future needs, while also actively promoting and facilitating trade through our ports to ensure the protection of our core business.

DEVELOPMENT PATHWAYS

Oversize Overmass corridor survey map

In 2018/19, NQBP completed an Oversize Overmass (OSOM) corridor survey map to determine the maximum transport envelope for OSOM freight being shipped to the Port of Mackay. The corridor survey involved the areas from the Port of Mackay to the ports of Abbot Point and Hay Point and mines in the Bowen Basin.



The map is a useful tool for port operators and customers to assist with freight logistics.

Long-term land use and infrastructure planning

During the year, NQBP reviewed its approach to long-term land use and infrastructure planning to understand whether it was delivering the future clarity required.

As a result, a decision was made to prepare Long-Term Port Development Plans for each port, informed by 30-year economic analysis, port development constraints analysis and an infrastructure plan.

These plans support the Priority Port Master Plans being developed by the Queensland Government Department of Transport and Main Roads.

TRADE PROTECTION AND FACILITATION

New RORO trade

NQBP capitalized on works undertaken at the Port of Mackay in recent years to attract six large roll-on roll-off (RORO) vessels to the port during the year. The Port of Mackay's ability to host large RORO vessels enables large mining equipment to be shipped directly to the region and provides opportunities to increase the port's involvement in coastal shipping.

It also provides the opportunity for local jobs growth and reduces the safety risks associated with long-distance road transport of heavy vehicles and machinery.

Pilotage services

NQBP's team of 17 pilots is critical to ensuring the safe and efficient transit of ships in and out of the ports of Mackay and Hay Point.

In 2018/19, NQBP's marine pilots were responsible for 2,445 vessel movements at the Port of Hay Point and 385 vessel movements at the Port of Mackay.

This included the six RORO vessels that called into the Port of Mackay for the first time.

NQBP's pilots were able to apply the knowledge they had gained during ship simulator training the previous year, to safely and successfully berth these large vessels.

Towage operations

Towage operations are a major element of port logistics. In 2018/19, NQBP reviewed options for the safest and most efficient delivery of towage operations at its ports.

We have completed reference designs for a tug boat mooring facility in the Port of Mackay, which could provide more flexibility for towage services.

The three tugs that service the Port of Abbot Point have traditionally operated from facilities at Bowen Wharf, about 25 km from the terminal at Abbot Point (a minimum of 2.5 hours sailing time). During the year, NQBP worked with the towage operator to trial an alternate operating model that used moorings at Abbot Point and mitigated the sailing times for the tugs.

Security upgrades

NQBP installed security cameras across port infrastructure at both Mackay and Hay Point ports during the year to provide safer access and a safe workplace for port users and members of the public. The cameras are located at Mount Bassett, the Southern Breakwater, North Wall Beach, Half Tide breakwater, Half Tide Tug Harbour and other locations within port boundaries.



15: The Hoegh America at the Port of Mackay




16: The entrance to the Port of Mackay

17: Tugs in the harbour at the Port of Mackay



ENVIRONMENT

18.

STRATEGIC OBJECTIVE	RESULT
ENVIRONMENTAL LEADERSHIP	ACHIEVED 
SUSTAINABLE SEDIMENT MANAGEMENT	ACHIEVED 
ENVIRONMENTAL DATA TRANSPARENCY	ACHIEVED 

NQBP IS PASSIONATE ABOUT THE ENVIRONMENT WITHIN WHICH WE OPERATE.

We understand the responsible development and operation of our ports must be considerate of the iconic natural environments in which we operate.

Our eastern ports are within the Great Barrier Reef World Heritage Area and some activities extend into the Great Barrier Reef Marine Park. On the west coast of Queensland, the Port of Weipa is a gateway to the Gulf of Carpentaria, which has many important natural and cultural values.

NQBP's Environmental Management System has been accredited to the international ISO14001 standard since 1999. Annual external auditing ensures we maintain the highest level of environmental management and performance that drives continual improvement throughout our organisation.

ENVIRONMENTAL LEADERSHIP

NQBP is a recognised leader in environmental management within the ports industry locally, nationally and internationally.

Members of our team have been appointed on the board of directors for PIANC Australia (World Association of Waterborne Transport and Infrastructure) and Reef Catchments Limited (Mackay/Whitsunday/Isaac Natural Resource Management Group).

We also maintain roles on the management committee and technical working group of the Mackay Whitsunday Healthy Rivers to Reef Partnership and participate in local marine advisory committees.

We work proactively with the Queensland Ports Association and Ports Australia on issues facing the port

industry and we participate in international working groups on environmental risk management and beneficial sediment use.

Governance

Stakeholder engagement and scientific independence are important components of our approach to environmental management.

Well-established Technical Advisory Consultative Committees, consisting of representatives from Commonwealth, State and local government, port users, Traditional Owners and environmental, conservation and community interest groups ensure NQBP's management of maintenance dredging activities is well-understood and stakeholders' interests are identified and considered in decision-making.

Our environmental studies are routinely peer reviewed by recognised independent experts who ensure our scientific methods and outputs are robust and defensible.

Partnerships

Our partnership with James Cook University (JCU) continues to yield significant benefits. JCU's Tropical Water and Aquatic Ecosystem Research Centre (TropWATER) monitors water quality, seagrass and coral health at the ports of Mackay, Hay Point and Abbot Point, using industry-leading research methods. This information forms part of NQBP's long-term environmental monitoring programs.

In the last 12 months, we partnered with the Whitsunday Charterboat Association to assist in implementing a water quality monitoring program in the Whitsundays.



18: Port of Abbot Point

19: Environmental monitoring boat at the Port of Hay Point

20: Environmental manager Kevin Kane places environmental monitoring equipment into the water



SUSTAINABLE SEDIMENT MANAGEMENT

Natural sediment travels along the coast and accumulates in shipping channels. As a result, ongoing maintenance dredging is essential for maintaining critical port infrastructure.

Through years of industry-leading marine research, NQBP has led the development of an innovative approach to sustainable sediment management. This approach minimises any impact on the natural environment while also safeguarding the efficient operations of critical trading ports.

This research has provided a better understanding of the patterns and drivers of siltation and other natural processes at our ports, at the same time as assessing ways to avoid or reduce the need for maintenance dredging both in the short and long term.

It has also helped to inform the development of the Queensland Maintenance Dredging Strategy (MDS) and Long-Term Maintenance Dredging Management Plan Guidelines prepared for the Queensland Government Department of Transport and Main Roads.

In accordance with the MDS, NQBP has completed long-term maintenance dredge management plans for our ports within the Great Barrier Reef World Heritage Area, in consultation with Technical Advisory Consultative Committees.

NQBP completed environmental risk assessments for maintenance dredging programs undertaken in 2019 and used the outcomes of these assessments, along with learnings from the previous years' dredging program, to develop an optimised dredging schedule.

ENVIRONMENTAL DATA TRANSPARENCY

NQBP undertakes a range of long-term environmental monitoring at each of our four trading ports.

This data informs NQBP's operations and is also of value to other organisations.

The Mackay Whitsunday Healthy Rivers to Reef Partnership has included NQBP's environmental monitoring data in regional report cards on the health of the environment, and through our engagement with the Great Barrier Reef Marine Park Authority, our data will be available for the Reef 2050 Integrated Monitoring and Reporting Program (RIMReP), which is being prepared to support the Reef 2050 Long Term Sustainability Program.

During the Port of Hay Point maintenance dredging program, real-time water quality monitoring was available on the NQBP website. More than 300 people, including regulators, accessed the site during the dredging program.

Seagrass monitoring

As part of our commitment to environmental transparency, we launched our second online environmental monitoring dashboard in April 2019. This seagrass monitoring dashboard complements the air quality monitoring dashboard that went live in 2017/18.

Seagrasses are a critical coastal marine habitat and a key indicator of overall marine health.

Partnering with scientists at James Cook University, we have been collecting data on seagrass growth around our port sites for more than 20 years.

This seagrass data has become an invaluable resource that enables us to track distribution, density and seasonality of seagrass, establish naturally occurring fluctuations and determine how external factors may potentially impact these important communities.

We also undertake extensive monitoring of coral, benthic habitat, dust and marine water quality.



21: Divers prepare to undertake environmental monitoring

22: Dr Michael Rasheed, Principal Research Scientist at TropWATER with NQBP environment manager Kevin Kane





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STRATEGIC OBJECTIVE

RESULT

COMMUNITY ENGAGEMENT AND OPPORTUNITIES PLAN

ACHIEVED 

ENGAGE COMMUNITY IN PLANNING FOR BOWEN WHARF FUTURE

ONGOING 

23: Kaitlyn Silveira and William McKenna, students at St Joseph's Catholic School, which was awarded a NQBP EcoPorts grant in 2018/19

24: Port workers James Miller and Kelvin Power prepared a meal using an Indigenous earthen oven for children at Bowen State School during NAIDOC Week

25: NQBP employees participated in the Mackay Marina Run in June 2019

We are proud to be part of the North Queensland community and are committed to engaging with and supporting our port communities to help them achieve success.

COMMUNITY ENGAGEMENT

In 2018/19, we reinvigorated our Community Reference Groups (CRGs) at the ports of Mackay and Hay Point. The CRGs provide an opportunity for community representatives to discuss issues relating to port operations directly with key people from our organisation.

Additionally, each CRG has \$5,000 in sponsorship funds available annually to support initiatives that deliver environmental, social or cultural benefits to their port community.

Sponsorships and donations

We are proud to support a variety of regional events and initiatives that contribute to the sustainability of our port communities.

Through our sponsorships and donations program, we provided more than \$200,000 in 2018/19 to about 40 community organisations, events and initiatives that benefit the wider community.

Once again, we were proud to support the Mackay Marina Run in 2018/19 by sponsoring the half marathon and providing access to the Port of Mackay's Southern Breakwater. The Mackay Marina Run is one of the region's premier community events bringing together more than 3,000 participants from around Australia, supported by family and friends and raising much-needed funds for the Leukemia Foundation's Mackay branch.



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Other major events sponsored by NQBP included the Weipa Running Festival and the Bowen Superboats, both held in July 2018, the inaugural Cruisin' the Coast Sarina Beach Fun Run, held in May 2019 and the Weipa Fishing Classic in June 2019.

Each year, we provide \$1,000 environmental grants to 10 schools to assist with sustainability projects.

The grants awarded in 2018/19 will help establish a multi-functional garden space, allow students to participate in Tree Day celebrations and assist with learnings around sustainability.

BOWEN WHARF

The 150-year old, NQBP-owned Bowen Jetty is an infrastructure whose ageing process needed to be better assessed and understood.

We recognise the importance of the Bowen Jetty as a valued public amenity and are committed to working with the community to achieve an outcome that takes into account various considerations.

In 2018/19, NQBP engaged specialist engineering organisations to assess the rate of ageing of the concrete, steel and wooden components of the Bowen Jetty, as well as learn from similar jetties around Australia with the intent of identifying potential options for the future of the jetty.



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STRATEGIC STAKEHOLDERS

STRATEGIC OBJECTIVE

STRATEGIC STAKEHOLDER ENGAGEMENT

GROW AND LEVERAGE PARTNERSHIPS

RESULT

ONGOING →

ONGOING →

STRATEGIC STAKEHOLDER ENGAGEMENT

Stakeholder Perception Survey

In 2018/19, NQBP commissioned an independent Stakeholder Perception Survey to understand what our key stakeholders (including customers) and residents of our port communities know about us and expect from our operations.

With sustainability for everyone at the core of our vision and strategy, we wanted to identify and measure what was important to our stakeholders from an economic, social and environmental perspective, now and in the future.

Pleasingly, the survey found NQBP has a good reputation among both stakeholders and local residents. In fact, we achieved an overall Corporate Reputation Index score of 62, which compares favourably to the All Australian Average of 46.

The benchmarks developed as part of the survey will enable NQBP to measure the effectiveness of our initiatives in raising stakeholder and public satisfaction with our business.

Policy

Throughout the 2018/19 year, NQBP worked with government and industry on a range of policy matters including reef management, climate change, coastal shipping, supply chain and logistics, port operations, planning and environment.

Through our representation in key advisory roles, such as the Reef 2050 Advisory Committee, the North East Shipping Management Group and the Ports Australia Sustainability Working Group, we have guided important policy matters on behalf of Queensland ports and been instrumental in raising the profile of sustainability among the Australian ports sector.

GROW AND LEVERAGE PARTNERSHIPS

North Queensland Cowboys Community Partnership

In 2018/19, NQBP continued to proactively build strong partnerships for the betterment of our organisation, our stakeholders and our communities.

For example, we built on our community partnership with the North Queensland Cowboys, facilitating junior rugby league training sessions and school visits in Mackay, Weipa and Hay Point. These included sessions promoting positive behaviours and attitudes.

The partnership is based on the shared principles of leadership, engagement and integrity, and leverages the attraction of the Cowboys to encourage young people in our port communities to make positive life choices.

The children who are given the opportunity to meet with and learn from their rugby league heroes are the future of our port communities. In 2018/19, about 2,000 children were involved in school visits or training sessions.

Reconciliation Action Plan

NQBP has always been committed to building stronger, more meaningful relationships with Indigenous people and organisations through the principles of understanding, respect and acceptance.

Our current commitment includes sub-contracting to Indigenous enterprises, targeted sponsorship and strict compliance and partnership in relation to Land Title and Cultural Heritage.

To provide a structured, nationally-recognised approach to formalising this commitment, NQBP has commenced the development of a Reconciliation Action Plan (RAP).

The RAP will identify ways we can build on our track record to deliver more sustainable and mutually-beneficial outcomes, while enhancing our community and environment.

As a first step in the RAP's development and in support of NQBP's Diversity and Inclusion Action Plan, Cultural Capability Training was offered to all NQBP employees in June 2019.

26: North Queensland Cowboys ambassador Matt Bowen with children from the Norths Devils Junior Rugby League Club in Mackay during a training session as part of the NQBP and NQ Cowboys Community Partnership

27: Representatives from the supply chain take a look inside the Port of Mackay during the annual Paddock to Port tour

28: NQBP employees Kiera Morrell, Cindy-Jo Zahmel, Emilie Power, Amanda Blines and Jen Annice with NQBP Director Andrea Ranson at the Resource Industry Network's International Women's Day Business Lunch in March 2019







ENABLING STRATEGIES



PEOPLE AND CULTURE

STRATEGIC OBJECTIVE	RESULT
BUILD NQBP SKILLS AND CAPABILITIES	ONGOING →
BUILD AND EMBED NQBP CULTURE	ONGOING →
EMBED DIVERSITY AND INCLUSION	ONGOING →
SAFETY LEADERSHIP STRATEGY	ONGOING →
HOLISTIC HEALTH AND WELLBEING	ACHIEVED ✓

NQBP EMPLOYED 124 PEOPLE AT ITS PORTS AND OFFICES AS AT 30 JUNE 2019.

In addition to those directly employed by NQBP, our ports are a place of employment for more than 1,000 Queenslanders and support a further 28,000 direct trade jobs in the resource, agriculture and transport industries.

SKILLS AND CAPABILITIES

During the year, NQBP captured the numerous training and development activities conducted throughout the business, to identify gaps, enhance content and improve delivery.

Additionally, talent and succession planning was undertaken which helped to highlight workforce planning needs. This work will be developed further in the next financial year, as the business looks to implement a competency and training framework.

In 2018/19, two James Cook University students were provided an environment-focused internship at our Mackay office.

Enterprise agreements

NQBP has two enterprise agreements: one for its general workforce, covering administration and port staff, maintenance and operations and a second for marine pilots. In 2018/19, the Marine Pilots Enterprise Agreement was accepted by a majority of pilots and approved by the Fair Work Commission.

CULTURE

Values

Following a reset of our strategy and refinements to our Vision and Mission in 2017/18, it was identified that our values could be better aligned to our business and used to assist in developing a positive culture.

Following an extensive consultation process, involving people from across the business, four values were identified as being representative of the organisation: Integrity, Respect, Excellence and Unity.

Employee engagement

We believe an engaged workforce performs better, is more committed to its stakeholders and customers and has fewer safety incidents and a lower turnover rate.

For these reasons, we continue to pursue a workplace culture where our people are fully engaged and want to learn, improve and achieve results for our stakeholders, communities and the environment.

To help us understand what our people consider to be the biggest barriers to engagement and to identify specific areas for improvement, we commissioned an employee engagement survey in June 2019. The results of this survey will be used to inform specific action plans to improve the engagement of our people.

30: Human Resources advisor Darron Crocker, finance executive coordinator Nicole Rich and executive officer Tina Marsh discuss the development of new corporate values

31: Senior environmental coordinator Nicola Stokes with James Cook University intern student Ella Smyth at the Port of Mackay



30



31

DIVERSITY AND INCLUSION

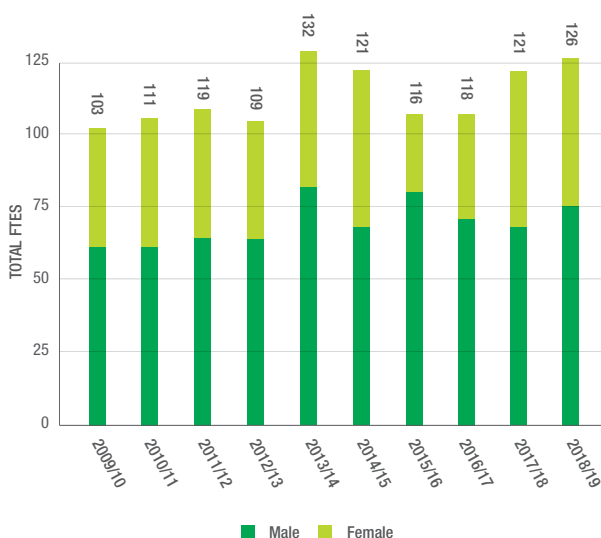
Earlier in 2018/19, we surveyed our people on diversity and inclusion. The results showed that most of our employees (90-95 per cent) believe diversity and inclusion is important to the business and enjoy working with teams where different thinking is encouraged.

However, we are aware that NQBP has an under-representation of females in historically male-dominated professions, such as pilotage and engineering, and in leadership roles.

To address diversity in gender and other areas, NQBP actively encourages candidates from diverse backgrounds to apply when recruiting new roles and, where possible, targets a 50% candidate shortlist pool from diversity categories.

We encourage all employees to be proactive in the handling and intervention of non-inclusive behaviours and, during the year, we implemented business-wide training on harassment and bullying prevention and grievance handling processes.

FULL TIME EQUIVALENT EMPLOYEES



SAFETY LEADERSHIP

NQBP's health and safety goals remain zero injuries and zero harm and a culture of proactive physical and mental health and wellbeing.

One of the keys to reducing risk, and therefore the likelihood of injury or illness, is regular and repeated hazard and incident reporting. This year, there was a 33% increase in all reporting, with 51% of all reports being proactive hazard reporting by employees.

Review of safety culture

In December 2018, NQBP commissioned a review into its safety culture, which identified areas for improvement and initiatives to help deliver those improvements.

As a result, it was decided to strengthen our team to develop the organisation's safety culture.

A new contractor safety management system has been drafted and safety committees will be strengthened to carry out specific actions to drive the business toward a proactive safety culture.

Safe port operations

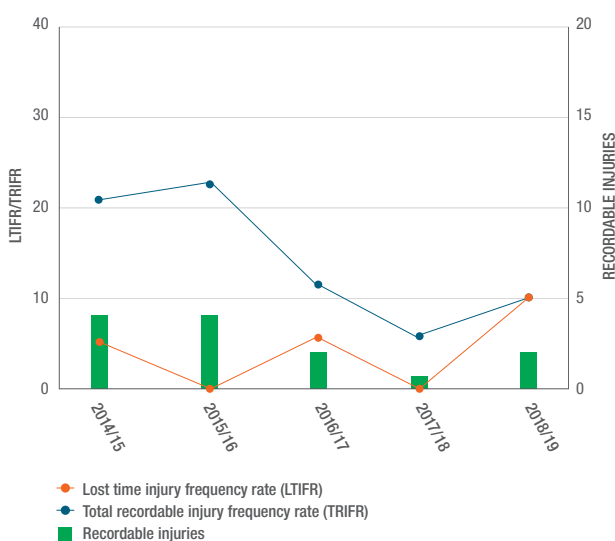
The safe operation of our ports is a key function of our business and extends beyond simply complying with our legal obligations.

In 2018/19, we completed several substantial projects at our ports, which directly support the safety of those who work within our port boundaries.

These included the Southern Breakwater and fender upgrades at the Port of Mackay, cyclone recovery and repair projects at all ports and maintenance dredging campaigns at the ports of Hay Point and Weipa.

Before commencing each of these projects, employees and contractors worked through a systematic, risk-based assessment of the safety of the project.

INJURY FREQUENCY



HOLISTIC HEALTH AND WELLBEING

Drug and alcohol policy

NQBP maintains a zero-tolerance policy for drugs and alcohol at all offices and ports and implements 0.0% blood alcohol concentration random testing procedures at all sites. In 2018/19, no positive test results were recorded.





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SYSTEMS AND TECHNOLOGY

STRATEGIC OBJECTIVE	RESULT
BUSINESS TRANSFORMATION THROUGH PROCESS ENGINEERING	ONGOING →
DIGITALLY ENABLED BUSINESS AND WORKFORCE	ACHIEVED ✓
ENHANCED CRITICAL PROCESSES/SYSTEMS TO DELIVER IMPROVED DECISION MAKING AND DELIVERY OF PROJECTS	ONGOING →
CAPITAL RENEWAL AND INVESTMENT TO PROTECT AND GROW TRADE	ONGOING →
MULTI USER AND MULTI USE INFRASTRUCTURE	ONGOING →
TECHNOLOGY AND AUTOMATION DRIVING ASSET PERFORMANCE	ONGOING →

NQBP'S TECHNOLOGY, PROCESSES AND WORK PRACTICES ARE KEY DRIVERS IN ENABLING THE ORGANISATION TO DELIVER ON STRATEGY.

For this reason, in 2018/19, we invested significant time and resources in improving the productivity and efficiency of our systems and technology, and ensuring our Information and Communication Technology systems are aligned with our commercial and operational needs.

Transformer Project

In September 2018, NQBP commenced a business transformation project driven by Enterprise Resource Planning (ERP).

This whole-of-business initiative represents the conclusion of extensive business analysis that identified the implementation of a full ERP as the most effective way to streamline business operations, mitigate risk and support strategic objectives.

Through the business transformation project, it is expected that a new ERP solution will be selected and implemented, consequently re-engineering NQBP's current business processes, consolidating information sources and creating opportunity for continuous improvement.

A competitive procurement process for a new ERP solution commenced in April 2019.



33: The Hoegh America unloads roll on roll off cargo at the Port of Mackay

34: Executive assistant Emily Gregg

35: Business analyst Craig Jeffs and ERP project manager Paul McIntosh work on the Transformer Project





CORPORATE GOVERNANCE

36: *A vessel alongside the wharf at the Port of Mackay*

ORGANISATIONAL STRUCTURE

NQBP IS A GOVERNMENT OWNED CORPORATION (GOC) INCORPORATED UNDER THE CORPORATIONS ACT 2001 (CORPORATIONS ACT) AND SUBJECT TO THE REQUIREMENTS OF THE GOVERNMENT OWNED CORPORATIONS ACT 1993 (GOC ACT).

Ports Corporation of Queensland Limited (PCQ) and Mackay Ports Limited (MPL) are companies incorporated under the Corporations Act and are also subject to the GOC Act as subsidiaries of a GOC.

The Queensland Government is the owner of all shares in NQBP which are held by two shareholding Ministers:

- the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships; and
- the Minister for Transport and Main Roads.

NQBP owns all of the shares in PCQ and MPL. All of the assets and liabilities of PCQ and MPL were transferred to NQBP on 31 March 2012 under the Government Owned Corporations (NQBP Amalgamation) Regulation 2012.

CORPORATE GOVERNANCE PRACTICES

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

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

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

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



SHAREHOLDING MINISTERS



Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships **The Honourable Jackie Trad MP**

Minister for Transport and Main Roads **The Honourable Mark Bailey MP**

BOARD OF DIRECTORS



AUDIT AND FINANCIAL RISK MANAGEMENT COMMITTEE



CULTURE PEOPLE AND SAFETY COMMITTEE



CORPORATE GOVERNANCE AND PLANNING COMMITTEE



Current Members

Brad Fish (Chair)

Peter Tait (Chair)

Sally Frazer (Chair)
(Member from 30 October 2018)

Stephen Golding (Chair)

Andrea Ranson
(Appointed Director on 1 October 2018)

Brad Fish

Brad Fish

Jane McTaggart

Peter Tait

Sally Frazer

Stephen Golding

Peter Tait

Sally Frazer

Andrea Ranson
(Member from 30 October 2018)

Jane McTaggart

Andrea Ranson
(Member from 30 October 2018)

Jane McTaggart

Stephen Golding

Non Current Members

Annabel Dolphin
(Director to 30 September 2018)

Annabel Dolphin
(Member to 30 September 2018)

Annabel Dolphin
(Member to 30 September 2018)

Sally Frazer
(Member to 29 October 2018)

EXECUTIVE LEADERSHIP TEAM



Chief Executive Officer **Nicolas Fertin**

Gary Campbell

Sustainability
Planning
Environment
Cultural Development
External Affairs

Tim Lewis

Engineering
Asset management
Maintenance
Port development

Peter Sinnott

Human resources
Legal
Records management
Company secretariat

Brendan Webb

Port operations
Pilotage services
Commerce and trade

Bernie Wilson

Information services
Finance
Business improvement
Risk and assurance

BOARD OF DIRECTORS



BRAD FISH

CHAIR

BBus(Acct), CertCivEng, GAICD

First appointed: 1 October 2015

Term of office: to 30 September 2021

Special responsibilities

Member of the Audit and Financial Risk Management Committee

Member of the Culture People and Safety Committee

Skills and experience

Having worked in the ports sector for more than 30 years, Brad is experienced in all facets of port management and development. He currently consults to various businesses within the industry. Brad was Chief Executive Officer of NQBP for 13 years to July 2014, responsible for the strategic planning, infrastructure development and operations of a number of Queensland ports.



SALLY FRAZER

DIRECTOR

BA LLB (Hons), LLM, MBA, QLS, GAICD, AGIA, Grad Cert AGSM

First appointed: 1 October 2017

Term of office: to 30 September 2020

Special responsibilities

Member of the Audit and Financial Risk Management Committee

Previous Member of the Corporate Governance and Planning Committee (to 30 October 2018)

Chair of the Culture People and Safety Committee (from 30 October 2018)

Skills and experience

Sally has been a lawyer for more than 30 years in the private and public sectors, including 20 years' experience in the water industry. Her work has focussed on natural resources policy and law, foreign aid projects, governance, insurance and risk.

At present, she undertakes a general counsel and secretariat role in the utilities sector. Sally has advised on network infrastructure projects including the SEQ Water Grid and was a board member on the Toowoomba Water Pipeline Alliance.

External appointments

State councillor, Governance Institute of Australia.



STEPHEN GOLDING

DIRECTOR

AM RFD, BE, MEngSc, BEcon, Hon FIEAust, FCILT, FITE, FIML, FAICD, CPEng, RPEQ, NER

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

Term of office: to 30 September 2020

Special responsibilities

Chair of the Corporate Governance and Planning Committee

Member of the Culture People and Safety Committee

Skills and experience

Stephen had a distinguished career of 35 years with the Queensland Department of Main Roads, where he served as Director-General from 2000 to 2005. He is active in four professional associations and is an honorary fellow of the Institution of Engineers (Australia). Stephen was also awarded Member of the Order of Australia in 1998 for outstanding service to the Army Reserve. He enlisted as a private soldier in the Queensland University Regiment in 1963 and retired with the rank of major general in 2004.

External appointments

Board Member of Queensland Reconstruction Authority and Project Steering Group Chair Sustainable Built Environment National Research Centre.



JANE MCTAGGART

DIRECTOR

MEng (Mgt), BA Econ (Hons), CPPM (AIPM), MAICD

First appointed: 15 December 2016

Term of office: to 30 September 2019

Special responsibilities

Member of the Culture People and Safety Committee

Member of the Corporate Governance and Planning Committee

Skills and experience

Jane has more than 30 years' experience delivering major projects for local, state and federal government and authorities. She specialises in transport and infrastructure planning and has advised on projects including Toowoomba Second Range Crossing, Gold Coast Light Rail, Cross River Rail, Brisbane Metro and regional transport plans for Queensland. Prior to entering the private sector in 2008, Jane led major projects and teams for Brisbane City Council, the Queensland Government and UK government authorities, managing projects funded by Home Office and the European Commission.



ANDREA RANSON

DIRECTOR

GAICD, FGIA, LL.M., LL.B. (Hons), BA, N.M.A.S., P.R.I.

First appointed: 1 October 2018

Term of office: to 30 September 2021

Special responsibilities

Member of the Audit and Financial Risk Management Committee (from 30 October 2018)

Member of the Corporate Governance and Planning Committee (from 30 October 2018)

Skills and experience

Andrea is a Lawyer and Nationally Accredited Mediator with more than 25 years' professional experience in business and law, both in the private and public sectors. Andrea has worked at an Executive level in business across manufacturing, wholesale and logistics industries. As a Melbourne Lawyer Andrea practiced extensively in litigation, commercial and employment law/industrial relations jurisdictions. Andrea currently works with the Queensland and Administrative Tribunal as a QCAT Mediator through the Department of Justice and Attorney-General and is a Member of the Mackay Dispute Resolution Panel. Andrea is passionate about strong organizational values, culture and governance, effective communication and developing opportunities for regional economic growth and development. Andrea is a fellow of the Governance Institute of Australia.



PETER TAIT

DIRECTOR

B Com, M Info Systems, FCA, FAICD

First appointed: NQBP on 19 June 2009;

PCQ on 7 August 2009; MPL on 1 October 2007

Term of office: to 30 September 2020

Special responsibilities

Chair of the Audit and Financial Risk Management Committee

Member of the Corporate Governance and Planning Committee

Skills and experience

Peter retired in 2016 from a long and successful career providing accounting, taxation, audit and strategic business advice to clients in diverse industries. He is a former registered company auditor, registered tax agent and registered self-managed superannuation fund auditor.

External appointments

Company secretary of Queensland Mines Rescue Service Limited, external representative on Mackay Regional Council Audit Committee, chairperson of Mackay Hospital Foundation and governance roles in other Mackay non-for-profit community organisations.

EXECUTIVE LEADERSHIP TEAM



NICOLAS FERTIN

CHIEF EXECUTIVE OFFICER

MScEng (Hons), MBA

Skills and experience

Nicolas joined NQBP in 2018 from Southern Ports in Western Australia, where he was CEO from 2015 to July 2018.

Nicolas specialises in supply chain and logistics roles and has worked in the ports, property and rail industries. He has led teams throughout Europe, Asia and the Middle East.



GARY CAMPBELL

DIRECTOR SUSTAINABILITY AND EXTERNAL RELATIONS

BBus, GAICD

Skills and experience

Gary joined NQBP in 1996 and has held various roles. Prior to that time, he was a journalist and newspaper editor and also worked on major government infrastructure projects.

He is a graduate of the Australian Institute of Company Directors and a director on the national board of the International Cargo Handling Coordination Association Australia Limited.

Responsibilities

Gary has executive responsibility for sustainability, environment, planning, indigenous relations, communications and external relations. He works with all levels of government to ensure strategic and policy issues associated with major projects delivery, port operations and planning are proactively coordinated and addressed.



TIM LEWIS

GENERAL MANAGER ENGINEERING AND DEVELOPMENT

BENG (HONS), MENG, CENG, MICE, CPENG, FIEAUST, NER, RPEQ

Skills and experience

Tim joined NQBP in November 2016 after working internationally for more than 20 years as a maritime consulting engineer.

Tim is highly experienced in the design and construction of maritime facilities including LNG, bulk product and container terminals, as well as coastal engineering practices including shoreline stabilisation, breakwaters and revetment design and construction.

Tim holds Bachelors and Masters degrees in Civil and Coastal Engineering and is a Chartered Member of the Institution of Civil Engineers in the UK and a Fellow of the Institution of Engineers Australia.

Responsibilities

Tim leads the engineering and development team and provides engineering, asset management, maintenance and port development expertise to NQBP.



PETER SINNOTT

DIRECTOR LEGAL, PEOPLE AND GOVERNANCE

BCom, LLB (Hons), MFM

Skills and experience

Before coming on board at NQBP in 2012, Peter was legal director at Rio Tinto Alcan and holds more than 20 years of experience in private practice and corporate in-house roles, specialising in commercial and corporate law.

He is a fellow of the Governance Institute of Australia.

Responsibilities

Peter looks after corporate governance functions including providing company secretarial support to the board and managing NQBP's legal requirements. He also directs human resources, industrial relations and records.



BRENDAN WEBB

GENERAL MANAGER TRADE AND OPERATIONS

Skills and experience

Brendan joined NQBP in April 2017 in the newly-created role of General Manager Trade and Operations.

He has more than 20 years' experience in operational leadership roles and has worked across mining, engineering services, transport and logistics sectors. Major projects include the integration delivery of Bucyrus into Hasting Deering, as well as change management in company mergers and acquisitions.

Responsibilities

Brendan leads NQBP's commercial division, prioritising customer focus, efficient service and trade expansion. His operational remit covers pilotage, security, supply chain, safety and stakeholder recognition. He and his team work to diversify trade opportunities and optimise supply chain processes.



BERNIE WILSON

CHIEF FINANCIAL OFFICER

BBus, CPA, MAppFIN, GAICD

Skills and experience

Bernie joined NQBP in February 2011. He has held several senior financial roles with Queensland Treasury Corporation, Brisbane City Council, Queensland Rail and QR Network.

He is a graduate of the Australian Institute of Company Directors and a member of the Finance and Treasury Association.

Responsibilities

Bernie is responsible for developing and driving the strategic financial direction for NQBP to ensure the organisation is structured for success. He oversees finance, information communication technology, risk management and assurance within NQBP.

CORPORATE STRUCTURE

BOARD OF DIRECTORS

Details of members of the Board, including their terms of office and their skills, experience and expertise, are outlined on pages 44 - 45 of this report.

Appointment

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

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

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

Although NQBP does not have any fixed materiality thresholds in place to determine whether a conflict of a Director exists, the Board has comprehensive criteria which are applied on a case-by-case basis, to determine any potential conflict situation.

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

Role of the Board

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

The collective role of the Board is to:

- set corporate direction and goals;
- oversee the plans of management to achieve these goals; and
- review progress at regular intervals.

The Board's functions include:

- responsibility for NQBP's governance and policy framework;
- ensuring that, as far as possible, NQBP achieves and acts in accordance with its Statement of Corporate Intent (SCI);
- accounting to shareholders for NQBP's performance as required by the GOC Act and other laws applying to NQBP; 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, the statutory duties imposed on Directors under that legislation also apply to its Board. The Board has observed the terms of its Charter and has had due regard to relevant legislation, relevant binding policies of the Queensland Government, as well as NQBP's policies.

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



Board meetings

The Board generally meets nine times a year. In addition to this, it meets up to three times a year to discuss strategy and schedules additional meetings as required. During 2018/19, the Board met nine times. Directors also met for committee meetings. The Chair usually meets the Chief Executive Officer prior to each Board meeting to discuss current issues as well as the agenda, which includes the following:

- monthly reports on non-financial performance;
- monthly financial performance reports;
- strategy; and
- commercial and governance decisions requiring a Board resolution.

Key stakeholders are periodically invited to attend an informal meeting held before or after the scheduled Board meetings. This provides an opportunity for Directors to discuss relevant port industry topics, while also developing and maintaining important relationships. The Directors provide a broad range of skills and experience covering maritime operations, finance and accounting, engineering, regional matters, legal and governance, and transport.

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 and procedures. This is supplemented by inductions provided to new members on committees.

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

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

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

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

Independent advice and access to information

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

access to internal documents, reports and records in pursuit of the Board's mandate.

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

ETHICAL BEHAVIOUR AND DECISION MAKING

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

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



These policies, procedures, standards and guidelines 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 manner to promote integrity within NQBP's operations. These documents also require Directors and employees to act honestly and comply with the law and to restrict share trading activities where inside information is an issue.

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

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



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The Code of Conduct, Integrity Framework (Corrupt Conduct and Public Interest Disclosures) Standard, Whistleblower Protection Procedure, Policy on Dealing with a Complaint Involving the NQBP Chief Executive Officer and Fraud Standard outline a process for the investigation of allegations of misconduct and fraud. Copies of these documents are included on NQBP's website.

COMMUNICATIONS WITH SHAREHOLDING MINISTERS

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

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

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

NQBP's policies and procedures 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 and Procedure in place and these documents outline the process for evaluation of Board and Committee performance, reflecting the requirements of the Government's Corporate Governance Guidelines.

NQBP's procedure 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 2018/19, an internal review of NQBP's Board performance was undertaken.

In addition, each Committee (in accordance with the relevant charter) addresses competency and performance issues at least annually, as well as their information needs. The Board then reviews the performance of each committee on an annual basis. This was undertaken in May and June 2019.

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

Remuneration arrangements for directors

Remuneration for Directors is determined by the Queensland Government. Details of the remuneration paid to Directors are contained in the Notes to the Financial Statements on page 86. 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 by the Board in accordance with the GOC Act. The appointment of the Chief Executive Officer also requires the prior written approval of the shareholding Ministers. For the 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 Chair reviews the performance of the Chief Executive Officer and reports to the Board through the Culture, People and Safety Committee. All new senior executive and senior manager employment agreements include provisions consistent with shareholder guidelines.

REVIEW OF PERFORMANCE FOR MANAGEMENT AND EMPLOYEES

NQBP operates a performance pay scheme for the Chief Executive Officer and senior executives with agreed targets set by the Board. The performance pay is made up from achievement of performance targets with 15 per cent of total salary the maximum payable.

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

The performance pay scheme applicable to other employees (employees covered under the enterprise agreement) is based on each individual's overall performance. The scheme involves a performance payment pool for the 2018/19 financial year of up to six per cent of the base pay of participants.

Relevant remuneration policies and procedures are disclosed on the NQBP website.

BOARD COMMITTEES

During the 2018/19 financial year, there were three Board committees to assist the Board in discharging its duties. Each of these committees has a charter in place that sets out its role. A copy of these charters is included on the NQBP website.

A general description of the role and achievements of the three committees is outlined below. Details of the qualifications of members of each of the three committees are outlined on pages 44 - 45 of this report. The number of meetings held by the committees and names of attendees are included on page 62 of this report.

Audit and Financial Risk Management Committee

Chair: Peter Tait

Current Members: Brad Fish, Sally Frazer, Andrea Ranson

Non-current Members: Annabel Dolphin

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

39: The Port of Mackay at night

40: Members of the lines handling crew, Heath Kennedy, Ian Foxley-Conolly and Greg Steward secure the Hoegh America at the Port of Mackay

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

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

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

Audit and Financial Risk Management Committee achievements

In the 2018/19 financial year, the Committee met on 20 August 2018, 22 November 2018, 26 February 2019 and 21 May 2019. The Committee followed a key list of standing items to ensure coverage of:

- Matters or circumstances of significant impact;
- Strategic and significant issues;
- Financial risk management;
- Financial governance;
- External audit; and
- Proposed Board papers.

In addition, during the 2018/19 financial year, the AFRMC also considered the following key matters:

- Annual Financial Statements;
- Dividend recommendation;
- Cash and debt management;
- Port pricing;
- Annual budget process;
- Asset valuation and impairment;
- Review of rehabilitation investment options;
- Asset stock take results;
- Fraud risk review;
- Amendments to CEO delegations;
- Internal Audit Program and progress and timing of scheduled audits;
- Risk deep dives – timely and accurate management reporting and loss of trade (bauxite);
- Review of policies – leasing standards;
- Assurance mapping;
- Insurance program market feedback and renewal progress;
- Business case framework;
- Review of the draft Transformer (ERP) Project business case; and
- Annual review of committee charter and performance.

Culture, People and Safety Committee

Chair: Sally Frazer

Members: Brad Fish, Stephen Golding, Jane McTaggart

Non-current Members: Annabel Dolphin

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

At the November 2018 meeting, the People and Culture Committee considered that the name of the Committee should be changed to Culture People and Safety Committee to emphasise the focus on safety.

NQBP's Culture, People and Safety Committee (CPSC) provides independent and expert advice to assist the Board to deliver its employee and industrial relations responsibilities.

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

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

- reviews NQBP's people and culture policies;
- annually reviews the Chief Executive Officer's remuneration package and proposals by the Chief Executive Officer in relation to the remuneration packages of senior executives;
- evaluates Chief Executive Officer and senior management performance and the appropriateness of performance pay schemes including the targets and criteria for assessment;
- reviews the appropriateness of industrial agreements and reviews proposals for change considering binding government policy and effectiveness in enhancing the achievement of NQBP's objectives through its award and non-award employees;
- considers Directors' and officers' liability issues and the mechanisms to mitigate risks;
- reviews current industry practices in relation to employee management, remuneration and industrial relations environment as it applies to NQBP and its customers;
- reviews any re-organisational proposal where it entails forced redundancies or the diminishing of employee benefits;
- reviews the appropriateness of succession plans;
- reviews the appropriateness of NQBP's Employment and Industrial Relations (E&IR) Plan; and
- monitors and reviews workplace health and safety risks and the workplace health and safety systems.





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

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

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

Culture, People and Safety Committee achievements

In the 2018/19 financial year, the Committee met on 14 August 2018, 6 November 2018, 12 February 2019 and 14 May 2019. The Committee followed a key list of standing items to ensure coverage of:

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

In addition, during 2018/19 financial year, the Committee also considered the following key matters:

- reviewed progress of priority actions in the strategic HR Plan and metrics;
- provided input into the development of the HR Strategy and monitored its implementation;

- reviewed and made recommendations to the Board on specific HR procedures;
- considered and made recommendations in relation to a survey on the organisational health and culture;
- reviewed and made recommendations to the Board in relation to remuneration and performance payments and processes;
- reviewed and made recommendations to the Board on CEO performance and remuneration;
- reviewed sustainability, culture and leadership issues;
- reviewed and provided input into the draft NQBP E&IR Plan 2018/19;
- considered Quarterly People and Culture Reports;
- reviewed and provided feedback into the Board induction process;
- reviewed Committee Performance and the Charter; and
- monitored the key risks for NQBP in relation to People and Culture matters (including deep dives into certain risks).

Corporate Governance and Planning Committee

Chair: Stephen Golding

Members: Peter Tait, Jane McTaggart, Andrea Ranson

Non-current members: Sally Frazer

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

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

41: North Queensland Cowboys player Kurt Wiltshire with a Western Cape College student during a NQBP and North Queensland Cowboys Community Partnership visit to Weipa

42: The Hoegh America unloads roll on roll off cargo at the Port of Mackay

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

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

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

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

Corporate Governance and Planning Committee achievements

In the 2018/19 financial year, the Committee met on 14 August 2018, 13 November 2018, 12 February 2019 and 14 May 2019.

During the 2018/19 financial year, the key matters considered by the Committee included reviews of:

- continual development of IT functions and technology systems;
- risk management reporting framework;
- risk and strategic issues associated with NQBP's projects;
- risk deep dives into selected major risks;
- the Annual Report;
- Risk Appetite Statement and Risk Matrix;
- continual review of the development of Risk Management systems and reports;
- the Committee Charter;
- strengthening sustainability governance;
- updates on strategic projects;
- processes to improve cyber security;
- improvements to Governance and Board processes;
- processes for Board evaluation;
- Board performance and Director's training;
- NQBP's Complaints Report and Lobbyists Register; and
- issues for Strategic Planning and progressing strategic initiatives.



MANAGING RISK

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

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

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

- enterprise risk management;
- insurance;
- assurance (Internal Audit); and
- business continuity planning.

The NQBP risk management framework, is aligned with the International Standard for risk management, ISO 31000:2018. This risk management framework has been integrated with other NQBP policies and management systems.

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

The Risk Management Framework aims to integrate risk management processes into standard business practices to not only protect value, but create value by:

- assisting in planning to execute NQBP strategy;
- assist management to prioritise resources (people and dollars);
- analysing and prioritising responses to risks to the business;
- understanding business risks; and
- identifying opportunities and encouraging innovative risk management controls.

The framework enables NQBP to:

- identify, assess, evaluate, prioritise and manage risk across the organisation;
- create value to the organisation through informed decision making and the effective allocation of resources; and
- build a risk aware culture with risk embedded into day to day activities.

Risk management is an integral part of NQBP's business management. Management continues to be responsible for identifying changes in the business environment that may generate new risks or require a change to risk ratings or controls. The organisation's risk profile is under constant review by management and the Board.

The risk management framework has operated efficiently and effectively throughout the year. NQBP strives for continuous improvement in all aspects of its business and the risk management framework continues to be improved over time to meet business needs.

There were no material breaches of risk management policies during 2018/19.

Internal Audit

The role of internal audit is to assist the Board of Directors and management in the effective discharge of their responsibilities.

In-house internal audit resources are supplemented by external resources where specialist skills or greater independence is required. Internal audit activities are conducted in accordance with the NQBP Internal Audit Charter and International Standards for the Professional Practice of Internal Auditing.

These include:

- a risk based approach in formulating the audit plan;
- providing impartial and independent advice on whether activities are effectively and economically managed;
- providing advice on any deficiencies identified and recommending remedial action;
- evaluating compliance with relevant legislation and policies; and
- determining effectiveness of financial and operational controls and systems in meeting goals.

The 2018/19 audit program included reviews of:

- fraud risk review;
- development assessment;
- asset management;
- ICT security testing;
- cash flow management; and
- recruiting process.



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43: Roll on roll off cargo at the Port of Mackay

44: The Vision Environment team undertakes environmental monitoring on behalf of NQBP

ADDITIONAL INFORMATION

The Finance Policy outlines the financial governance framework for NQBP. This framework assists NQBP in its objective to be commercially successful in the conduct of its activities while ensuring compliance with legal and other financial obligations and effectively identifying and managing financial risks. The Finance Policy provides guidance and direction on the following key governance areas:

CAPITAL STRUCTURE AND RISK ADJUSTED RETURN FOR CAPITAL

NQBP maintains its capital structure with regard to the following three key objectives:

- establish the Capital Structure that will minimise its cost of capital;
- maintain flexibility for current and future infrastructure opportunities; and
- maintain at least an investment grade credit rating.

In committing scarce capital to its business strategies and project opportunities, NQBP seeks to sustainably earn a risk adjusted return on its investment.

DIVIDEND POLICY

NQBP's dividend policy takes into account the return its shareholders expect on their investments, along with the funding of future capital requirements and maintenance of the group's approved capital structure. The Board reviews and approves its dividend policy on an annual basis.

FUNDS MANAGEMENT

NQBP closely manages its cash in support of the State's Cash Management Arrangements. Cash at bank, or on hand not currently required by NQBP, is invested in Board approved investments. All new borrowings are sourced from Queensland Treasury Corporation.

FINANCIAL RISK MANAGEMENT

Financial risks (including settlement risk, funding risk, liquidity risk, credit risk, foreign exchange and derivatives risk) are managed in accordance with NQBP's Risk Management Framework. The Audit and Financial Risk Management Committee monitor NQBP's financial risk management compliance.



GOVERNMENT POLICIES APPLICABLE TO NQBP

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

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

SUMMARY OF DIRECTIONS AND NOTIFICATIONS GIVEN TO THE BOARD BY NQBP'S SHAREHOLDING MINISTERS

There were no directions or notifications issued by shareholding Ministers under section 114 of the GOC Act for the 2018/19 financial year.

COMMUNITY SERVICE OBLIGATIONS

There were no community service obligations identified during 2018/19.

EMPLOYMENT AND INDUSTRIAL RELATIONS PLAN

NQBP's Employment and Industrial Relations Plan 2018/19 establishes the Corporation's intent with respect to Directors' and staff remuneration and employment conditions and its human resource priorities.

CORPORATE ENTERTAINMENT AND HOSPITALITY

NQBP did not hold any events throughout 2018/19 which cost more than \$5,000.

RIGHT TO INFORMATION

NQBP received no access applications or consultation requests from Queensland Government departments for information under the Right to Information Act 2009 (Qld) during 2018/19.



45: Members of the lines handling crew, Heath Kennedy, Ian Foxley-Conolly, Greg Steward and Cooper Jackson secure the Hoegh America at the Port of Mackay



FINANCIAL RESULTS

NORTH QUEENSLAND BULK PORTS
ACN 136 880 218 · ABN 36 136 880 218

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**THESE FINANCIAL STATEMENTS
ARE FINANCIAL STATEMENTS OF
NORTH QUEENSLAND BULK PORTS
CORPORATION LIMITED (NQBP)
AND ITS CONTROLLED DORMANT
ENTITIES OF PORTS CORPORATION
OF QUEENSLAND LIMITED (PCQ) AND
MACKAY PORTS LIMITED (MPL).**

Under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, both PCQ and MPL are relieved from preparing, having audited, lodging and distributing financial reports under the Corporations Act 2001. NQBP's investment in each of these entities is \$nil.

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

NQBP's issued capital is controlled by the State of Queensland (the ultimate parent entity). Its registered office and principal place of business is:

Level 1, Waterfront Place
Mulherin Drive
Mackay Harbour Qld 4740

NQBP is responsible as a port authority under the *Transport Infrastructure Act 1994* for the management and control of the following prescribed ports at Weipa, Abbot Point, Mackay, Hay Point and Maryborough.

The financial statements were authorised for issue by the directors on 26 August 2019. The directors have the power to amend and reissue the financial statements.

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THE BOARD OF DIRECTORS OF NORTH QUEENSLAND BULK PORTS CORPORATION LIMITED (NQBPC) PRESENT THEIR REPORT OF NQBPC AND THE ENTITY (THE GROUP) FOR THE YEAR ENDED 30 JUNE 2019.

REVIEW OF OPERATIONS

As at 30 June 2019, both MPL and PCQ remain as non-operating companies of NQBPC with nil assets and liabilities.

NQBPC delivered a strong performance in 2018/19, achieving increased returns to Shareholders despite reduced trade volumes. This was achieved in the context of our commitment to sustainability, with a focus on safety, the environment and the prosperity of our port communities.

The overall volume of trade passing through NQBPC's ports was 177.5Mt, representing a 3.4% reduction on our target of 183.7Mt and below volumes achieved in 2017/18 (187.7Mt).

While Abbot Point coal tonnage exceeded expectations by 3.4%, coal throughput at Hay Point was affected by extreme weather and maintenance shutdowns and resulted in a 4.6% lower than expected total.

Bauxite through Weipa was 4.8% below target largely due to adverse weather which was caused by unprecedented levels of siltation in the South Channel.

Mackay commodities trade performance was 3.0% under budget due to the cyclical nature of the cargo with reductions in grain, raw sugar and molasses, which were offset by improvements to petroleum.

NQBPC's strategy to open up break bulk trade at the port of Mackay started to pay dividends in this reporting period.

Thanks to investment in key infrastructure at the port, and with the assistance of a range of port partners and stakeholders, in July 2018 the Port of Mackay welcomed its first roll-on roll-off (RORO) vessel in its 80-year history.

Over the remainder of the period, another six vessels loaded and unloaded mining and agricultural equipment destined for Central Queensland.

OPERATING RESULTS

The profit of the consolidated NQBPC Group for the financial year, after providing for income tax equivalents, amounted to \$15.8 million dollars against a budget of \$8.9M.

The result was primarily due to positive returns from the QIC Growth Fund and operational savings, as well as reduced insurance premiums and depreciation expenses.

NQBPC will pay a dividend of \$9.9M which compares favorably with the budgeted dividend of \$3.3M.

Good progress was made in delivering on NQBPC's Strategic initiatives. Further details are provided throughout the Annual Report.

NQBP continues to work closely with government departments and industry at all our ports to facilitate growth and ensure timely development of business-focused investments.

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

The Group maintained external certification of its Environmental Management System for the Ports of Hay Point, Abbot Point, Mackay and Weipa to AS/NZS ISO14001:2015.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the group during the 2018/19 year.

PRINCIPAL ACTIVITIES

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

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

SIGNIFICANT CHANGES IN THE NATURE OF PRINCIPLE ACTIVITIES

There were no significant changes in the nature of principle activities during 2018/19.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Trade results for 2019/20 anticipate modest tonnage growth. NQBP continues to play a critical role in the Queensland economy and in the generation of national wealth. To this end, we are committed to supporting regional and economic growth. Our support for the regions in which our ports operate, best positions NQBP to take advantage of trade and business opportunities as they arise.

Following on from a successful campaign to grow breakbulk and RORO cargo at the Port of Mackay, NQBP is well-positioned in 2019/20 to continue gaining market share.

Navigable depths across all our ports are a key focus to ensure efficient shipping. NQBP managed two significant dredging campaigns during 2018/19 at Weipa and Hay Point. These campaigns place NQBP in a strong position to facilitate trade in 2019/20 and the outer years.

To support our growth strategies, NQBP is investing in improving our operating systems and processes. In 2019/20, there will be a significant focus in this area including the establishment of a fully integrated management system to support our operations and provide greater efficiencies to our business.

DIVIDENDS

The Directors of NQBP have recommended a dividend of \$9.9 million be paid to shareholders for 2018/19. This recommended dividend represents 100% of net profit after tax for 2018/19 adjusted for abnormal items.

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.

ENVIRONMENTAL REGULATION AND PERFORMANCE

With three major ports operating in the Great Barrier Reef World Heritage Area, environmental stewardship is a key priority for NQBP.

NQBP maintains an internationally-accredited ISO14001 quality environmental management system and the Group's operations are subject to various environmental regulations under both Commonwealth and State legislation.

Based on enquiries made, the Directors are not aware of any significant breaches or nonconformances reported in the 2018/19 financial year.

However, during 2018/19, NQBP did receive advice from the Federal Department of Environment and Energy in relation to an incident reported by NQBP during the prior year. The Department of Environment and Energy concluded that no substantive environmental impacts were caused when a dredge vessel briefly left the approved dredge footprint during maintenance dredging at the Port of Weipa in 2017/18, and no further action was required.

The past five years saw NQBP working with industry and academic partners to finalise the development of an innovative approach to sustainable sediment management from dredging.

As a result of this groundbreaking work, NQBP successfully obtained maintenance dredging permits during the period for the Port of Hay Point. In May 2019, NQBP undertook maintenance dredging at the Port of Hay Point for the first time in 10 years, in accordance with the port's Long-Term Maintenance Dredging Management Plan.

Water clarity remained within natural ranges during the dredging program.

NQBP also commenced essential maintenance dredging at the ports of Weipa and Amrun (on behalf of Rio Tinto), in June 2019. At the Port of Weipa, significant weather events, including three cyclones, had resulted in an unprecedented build-up of natural sediment within navigation areas. In recognition of the higher than average dredge volumes, NQBP introduced additional environmental control measures, innovative commercial solutions and contractual arrangements to execute the most extensive maintenance dredging program to be undertaken at the Port of Weipa in more than 10 years.

COMPANY SECRETARIES

NAME AND QUALIFICATIONS	EXPERIENCE, SPECIAL RESPONSIBILITIES AND OTHER DIRECTORSHIPS
Company Secretary Peter Sinnott BCom, LLB (Hons), MFM, FGIA, FCIS Appointed Company Secretary: NQBP, MPL and PCQ on 9 January 2012 – ongoing	Prior to joining NQBP, Peter Sinnott was Legal Director at Rio Tinto Alcan. Mr Sinnott was formerly a Senior Associate/Special Counsel at international law firm Minter Ellison and has over 20 years' experience in private practice and corporate in-house roles, specializing in commercial and corporate law. Mr Sinnott is a Fellow of the Governance Institute of Australia.
Company Secretary Tina Marsh Appointed Company Secretary: NQBP, PCQ and MPL on 24 October 2017 – ongoing	Tina Marsh's history with the Group spans more than 23 years. In addition to holding the Company Secretary position Ms Marsh is the Executive Officer to the Chief Executive Officer and is extensively involved in the corporate administration of NQBP.

MEETINGS OF DIRECTORS IN 2018/19

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 Meeting Attendance (1 July 2018 – 30 June 2019)

DIRECTOR	NQBP		PCQ		MPL	
	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended
Brad Fish (Chair)	9	9	9	9	9	9
Sally Frazer	9	9	9	9	9	9
Stephen Golding	9	9	9	9	9	9
Jane McTaggart	9	7	9	7	9	7
Andrea Ranson ¹	7	7	7	7	7	7
Peter Tait	9	8	9	8	9	8
Annabel Dolphin ²	2	2	2	2	2	2

¹Andrea Ranson – Appointed Director on 1 October 2018 ²Annabel Dolphin – Ceased tenure on 30 September 2018

Committee Meeting Attendance (1 July 2018 – 30 June 2019)

DIRECTOR	AUDIT AND FINANCIAL RISK MANAGEMENT COMMITTEE		CORPORATE GOVERNANCE AND PLANNING COMMITTEE		CULTURE, PEOPLE AND SAFETY COMMITTEE	
	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended
Brad Fish	4	4	4 ⁵	4	4	4
Sally Frazer	4	4	1 ³	1	3 (Chair) ⁴	3
Stephen Golding	1 ⁵	1	4 (Chair)	4	4	4
Jane McTaggart	1 ⁵	1	4	4	4	4
Andrea Ranson ¹	3	3	3	3	N/A	N/A
Peter Tait	4 (Chair)	4	4	4	N/A	N/A
Annabel Dolphin ²	1	1	N/A	N/A	1	1

¹Andrea Ranson – Appointed Director on 1 October 2018 ²Annabel Dolphin – Ceased tenure on 30 September 2018 ³Sally Frazer member to 29 October 2018

⁴Sally Frazer member from 30 October 2018 to date ⁵Attended meeting as an observer

Committee Name Changed – From People and Culture Committee; To Culture People and Safety Committee – approved at Board Meeting on 22 January 2019. Directors appointed to Board Sub-Committees was approved at Board Meeting on 30 October 2018.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Indemnities

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, Chief Executive Officer 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) (Corporations Act), 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 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 willful breach of duty or the breach of certain provisions of the Corporations Act.

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.

OFFICER'S 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 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 have been brought or intervened in on behalf of any of NQBP, PCQ and MPL.

NQBP has been named as a respondent in a commercial claim before the Federal Court of Australia. The matter is ongoing.

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 ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, 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 64.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

There have been no matters or circumstances since the end of the financial year which have affected or may significantly affect:

- the Group's operations in future financial years; or
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

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



Brad Fish

Chair, North Queensland Bulk Ports Corporation Limited
26 August 2019

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 2019, 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.

This declaration is in respect of North Queensland Bulk Ports Corporation Limited and the entities it controlled during the period.



Vaughan Stemmett
as delegate of the Auditor-General

26 August 2019

Queensland Audit Office
Brisbane



STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Income from operations			
Revenue	1	131,163	111,794
Other income	1	276	(457)
Income from operations		131,439	111,337
Expenses from operations			
Consultancies		2,183	2,003
Demolition costs		160	2,335
Depreciation and amortisation expense	9	14,687	17,657
Dynamic under keel clearance expenses		1,362	1,251
Employee benefits expense	2	21,789	20,899
Impairment losses	3	-	9,736
Insurance		3,122	3,579
Legal expenses		561	290
Other expenses		3,851	4,602
Pilot transfers		4,381	4,335
Promotional expenses		559	726
Property expenses	5	8,313	6,813
Quarantine waste expenses		1,361	1,261
Repairs and maintenance		38,661	21,957
Travelling expenses		805	719
Expenses from operations		101,795	98,163
Operating profit		29,644	13,174
Finance income		1,121	735
Finance expenses		(8,415)	(6,868)
Net finance costs		(7,294)	(6,133)
Profit before income tax equivalent		22,350	7,041
Income tax equivalent expense	6	(6,553)	(1,994)
Profit from continuing operations		15,797	5,047
Other comprehensive income			
Adjustment to asset revaluation surplus on revaluation of property, plant and equipment	9	15,649	1,597
Income tax equivalent expense applicable		(4,695)	(479)
Other comprehensive income net of income tax equivalent		10,954	1,118
Total comprehensive income for the year		26,751	6,165

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

ASSETS		2019	2018
Current assets	Note	\$'000	\$'000
Cash and cash equivalents	7	2,725	3,007
Trade and other receivables	7	74,060	50,867
Current income tax equivalent refund		2,329	2,394
Inventory		452	452
Prepayments		1,404	1,843
Total current assets		80,970	58,563
Non-current assets			
Investment in managed fund	7	53,946	50,662
Investment properties	8	15,336	15,199
Property, plant and equipment	9	621,970	612,253
Total non-current assets		691,252	678,114
Total assets		772,222	736,677
LIABILITIES			
Current liabilities			
Trade and other payables	10	39,191	34,107
Provisions	12	13,659	9,416
Total current liabilities		52,850	43,523
Non-current liabilities			
Trade and other payables	10	34,541	28,665
Interest-bearing liabilities	13	186,559	186,559
Deferred income tax equivalent liabilities	11	108,882	105,339
Provisions	12	412	464
Total non-current liabilities		330,394	321,027
Total liabilities		383,244	364,550
Net assets		388,978	372,127
EQUITY			
Issued capital	14	14,409	14,409
Asset revaluation surplus		327,977	318,079
Retained earnings		46,592	39,639
Capital and reserves attributable to owners of NQBP		388,978	372,127
Total equity		388,978	372,127

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

	Note	Issued capital \$'000	Asset revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
Balance as at 1 July 2017		14,409	318,246	39,307	371,962
Net profit for the year after income tax equivalent		-	-	5,047	5,047
Transactions with owners in their capacity as owners					
Distribution to owners	12	-	-	(6,000)	(6,000)
Other comprehensive income					
Fair value adjustments on property, plant and equipment	9	-	1,597	-	1,597
Transfer of revaluation increment in respect of revalued assets disposed		-	(1,835)	1,835	-
Income tax equivalent applicable		-	71	(550)	(479)
		-	(167)	(4,715)	(4,882)
Balance at 30 June 2018		14,409	318,079	39,639	372,127
Net profit for the year after income tax equivalent		-	-	15,797	15,797
Transactions with owners in their capacity as owners					
Distribution to owners	12	-	-	(9,900)	(9,900)
Other comprehensive income					
Fair value adjustments on property, plant and equipment	9	-	15,649	-	15,649
Transfer of revaluation increment in respect of revalued assets disposed		-	(723)	723	-
- current year		-	(550)	550	-
- prior year		-	(4,478)	(217)	(4,695)
Income tax equivalent applicable		-	9,898	(8,844)	1,054
Balance at 30 June 2019		14,409	327,977	46,592	388,978

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

STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Cash receipts from customers		126,101	129,869
Cash paid to suppliers and employees		(79,800)	(74,850)
GST remitted to Australian Taxation Office		(6,153)	(6,245)
Interest paid		(6,898)	(6,132)
Income tax equivalents paid		(7,640)	(14,501)
Purchase of inventory		-	(452)
Net cash inflow from operating activities	15	25,610	27,689
Cash flows from investing activities			
Purchase of property, plant and equipment		(8,970)	(8,480)
Purchase of investments		(3,284)	(11,600)
Proceeds from sale - property, plant and equipment		354	27
Payment to GOC Advances Facility		(7,992)	(38,261)
Net cash outflow from investing activities		(19,892)	(58,314)
Cash flows from financing activities			
Dividend paid		(6,000)	(12,350)
Increase in QTC borrowings		-	10,000
Net cash outflow from financing activities		(6,000)	(2,350)
Net decrease in cash and cash equivalents		(282)	(32,975)
Cash and cash equivalents at beginning of the financial year		3,007	35,982
Cash and cash equivalents at end of the financial year		2,725	3,007

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

Contents of the notes to the financial statements

Notes to the statement of comprehensive income

1. Revenue and other income
2. Employee benefits expense
3. Impairment losses / fair value adjustments
4. Auditor's remuneration
5. Property expenses
6. Income tax equivalent expense

Notes to the statement of financial position

7. Financial assets
8. Investment properties
9. Property, plant and equipment
10. Trade and other payables
11. Income tax equivalent liabilities
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13. Financial liabilities
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15. Reconciliation of profit from continuing operations to net cash provided by operating activities

Unrecognised items

16. Commitments
17. Contingent assets and liabilities
18. Native title claims

Other disclosures

19. Key management personnel disclosures
20. Related party transactions

Policies

21. Summary of significant accounting policies

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

1. Revenue and other income

		2019	2018
	Note	\$'000	\$'000
Vessel income		79,789	67,436
Port usage income		15,027	15,288
Rental income from investment properties		9,989	9,992
Other rental income		5,934	5,744
Insurance recoveries		6,640	2,167
Expense recoveries		9,860	6,586
Managed fund income		3,283	3,265
Other revenue		641	1,316
Revenue		131,163	111,794
Other income			
Net gain/(loss) on disposal of property, plant and equipment		46	(563)
Fair value adjustment for property, plant and equipment	9	119	-
Fair value adjustment for investment property	8	111	106
		276	(457)

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which NQBP expects to be entitled in exchange for those goods or services.

NQBP has considered the terms of the contracts and all relevant factors when assessing how much revenue is to be recognised.

2. Employee benefits expense

	2019	2018
	\$'000	\$'000
Salary and wages	19,571	18,743
Employee related costs	2,218	2,156
	21,789	20,899

Employee benefits expense is recognised in the Statement of Comprehensive Income and excludes all employee related expenditure that is capitalised. In accordance with Australian Accounting Standards and NQBP's capitalisation policy, all employee related expenses directly attributable to the acquisition or construction of an asset are recognised directly in property, plant and equipment.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

3. Impairment losses / fair value adjustments

		2019 \$'000	2018 \$'000
Impairment losses on plant and equipment	9	-	9,736
		-	9,736

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

Following the review of the balance of capital work in progress at 30 June 2019, no impairments were identified.

4. Auditor's remuneration

Included in other expenses are audit costs of:

	2019 \$'000	2018 \$'000
Amounts paid, or due and payable, to the Queensland Audit Office for auditing the financial statements (The Queensland Audit Office does not provide any other professional services to the Group.)	82	80
Amounts paid, or due and payable, to third parties for providing internal audit services.	224	180

5. Property expenses

	2019 \$'000	2018 \$'000
Land tax	2,280	1,823
Rates and utilities	2,681	2,584
Other property expenses	3,352	2,406
	8,313	6,813

Investment property expenses of \$2.2 million (2018: \$2.0 million) are included in property expenses.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

6. Income tax equivalent expense

	2019	2018
	\$'000	\$'000
(i) Income tax equivalent expense		
Current tax equivalent expense	7,709	9,724
Over provisions prior year	(3)	-
Deferred income tax equivalent asset	388	(2,513)
Deferred income tax equivalent liability	(1,541)	(5,217)
Total current income tax equivalent expense	6,553	1,994
(ii) Numerical reconciliation of prima facie income tax equivalent payable to income tax equivalent expense		
Prima facie income tax equivalent calculated at 30% on the profit before tax	6,705	2,112
Increase in income tax equivalent expense due to:		
Non-deductible expenses	4	7
Decrease in income tax expense due to:		
Over provisions prior year	(3)	-
Net investment fund distributions	(153)	(125)
Income tax equivalent expense on pre-tax net profit	6,553	1,994

NQBP is exempt from income tax under Division 1AB of the *Income Tax Assessment Act 1936* 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*.

An election has been made to participate in the tax consolidation regime. As a consequence, NQBP and its controlled entities (PCQ and MPL) are taxed as a single entity.

7. Financial assets

		2019	2018
	Note	\$'000	\$'000
Current assets			
Cash and cash equivalents	(a)	2,725	3,007
Trade and other receivables	(b)	74,060	50,867
		76,785	53,874
Non-current asset			
Investment in managed fund	(c)	53,946	50,662

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

(a) Cash and cash equivalents

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

7. Financial assets (continued)

(a) Cash and cash equivalents (continued)

At 30 June 2019, 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 (2018: \$0.3 million) as a result of higher/lower interest income.

(b) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Included in trade and other receivables are debtors with a carrying amount of \$546,329 (2018: \$517,689) which are past due at reporting date. No collateral is held in respect of these balances. NQBP believes these debts 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) and to historical information about counterparty default rates. The carrying value of trade and other receivables (net of any allowance for impaired debts) approximate their fair values due to their short-term nature of the debts.

An amount of \$46,253,115 (2018: \$38,261,215) is included in trade and other receivables and is held by Queensland Treasury as part of the Queensland Government's cash management regime. Government Owned Entities (GOC's) advance surplus cash to Queensland Treasury Corporation (QTC) at the cash fund rate, and access to funds is generally subject to notification periods of 24 to 48 hours. Because of the short-term nature of the advances, their carrying amount is assumed to represent fair value.

(c) Investment in managed fund

Investment in managed fund is shown as a non-current asset as NQBP intends to hold and add funds to this investment for the foreseeable future to assist with funding its future rehabilitation commitments, as and when they arise.

The carrying value of the investment is measured at net market value based on advice provided by Queensland Investment Corporation (QIC) with whom the funds are invested.

The investment is denominated in Australian dollars. As a result, there is no exposure to foreign currency risk. The investment is neither past due nor impaired.

8. Investment properties

		2019	2018
At fair value	Note	\$'000	\$'000
Balance at beginning of year		15,199	15,093
Transfers from other asset classes		26	-
Fair value adjustments	1	111	106
Balance at end of year		15,336	15,199

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

8. Investment properties (continued)

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

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

At 30 June 2019, the fair value of investment properties was determined by Knight Frank assessing the relevant market movements for the various regions in Queensland. Due regard for highest and best use of each parcel of land was taken into consideration.

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

9. Property, plant and equipment

	2019 \$'000	2018 \$'000
<i>Land</i>		
At fair value	168,287	166,220
	168,287	166,220
<i>Channels</i>		
At fair value	341,319	337,191
	341,319	337,191
<i>Infrastructure and major plant and equipment</i>		
At fair value	107,352	98,401
	107,352	98,401
<i>Plant and equipment</i>		
At cost	6,199	6,440
Accumulated depreciation	(4,747)	(4,329)
	1,452	2,111
Capital work in progress – at cost	3,560	8,330
	3,560	8,330
Property, plant and equipment	621,970	612,253

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

9. Property, plant and equipment (continued)

Movements in property, plant and equipment

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.

2019	Land \$'000	Channels \$'000	Infrastructure and Major Plant and Equipment \$'000	Plant and Equipment \$'000	Capital Work in Progress \$'000	Total \$'000
Opening balance carrying amount	166,220	337,191	98,401	2,111	8,330	612,253
Additions	263	39	13,296	142	(4,770)	8,970
Disposals	(213)	-	(62)	(33)	-	(308)
Depreciation expense	-	(5,894)	(8,025)	(768)	-	(14,687)
Transfer assets between classes and investment properties	(26)	-	-	-	-	(26)
Fair value adjustments to Statement of Comprehensive Income	569	(808)	358	-	-	119
Revaluations to asset revaluation reserve	1,474	10,791	3,384	-	-	15,649
Carrying amount at balance date	168,287	341,319	107,352	1,452	3,560	621,970

2018	Land \$'000	Channels \$'000	Infrastructure and Major Plant and Equipment \$'000	Plant and Equipment \$'000	Capital Work in Progress \$'000	Total \$'000
Opening balance carrying amount	164,081	339,775	120,354	2,382	3,567	630,159
Additions	199	2,088	775	655	4,763	8,480
Disposals	-	-	(571)	(19)	-	(590)
Depreciation expense	-	(6,884)	(10,006)	(767)	-	(17,657)
Transfer assets between classes and investment properties	-	-	140	(140)	-	-
Fair value adjustments to Statement of Comprehensive Income	414	(883)	(9,267)	-	-	(9,736)
Revaluations to asset revaluation reserve	1,526	3,095	(3,024)	-	-	1,597
Carrying amount at balance date	166,220	337,191	98,401	2,111	8,330	612,253

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

9. Property, plant and equipment (continued)

Recognition threshold

The recognition threshold for property, plant and equipment is \$1,000. Assets are only recognised if it is probable that future economic benefits from the item will flow to NQBP.

Asset valuations

Land, channels, infrastructure (including buildings) and major plant and equipment

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

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

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

Knight Frank has updated its comprehensive land valuation by assessing the appropriate movement in market values of the various regions and applying the index to the 2015 comprehensive valuation completed by that firm. Due regard to highest and best use of each land parcel was taken into consideration. The valuation approach has been categorised within level 2 of the fair value hierarchy.

Other major assets (including channels, infrastructure and major assets) have been valued using a combination of the cost and income valuation approach.

Cost approach

At 30 June 2019, AECOM Australia Pty Ltd provided an update on the market value of each major asset utilising the index applicable to that asset. In addition, JLL Infrastructure Advisory Pty Ltd provided a desktop market-based valuation of the pilot boats owned by NQBP. The valuation approach has been categorised within level 2 of the fair value hierarchy.

Income approach

NQBP has developed a discounted cash flow model based on the expected cash flows at each of its ports and pilotage activities. This model incorporates:

- NQBP's long term cash flows up to thirty years,
- Forecast income tax equivalent cash flows, and
- A port by port assessment of terminal value.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

9. Property, plant and equipment (continued)

The net present value of the cash flows of the assets at each port and pilotage operation has been allocated across the individual assets in the operation.

Whilst there have been no changes to the valuation model in the current year, significant unobservable inputs, particularly in respect of long term revenue projections, have varied compared to the prior year as a result of current market conditions and outlook.

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

Significant Unobservable Inputs	Basis	Inputs	Relationship between inputs and fair value
Revenue	Derived from a combination of forward estimates of port charges and tonnage throughput plus returns from customer specific contractual arrangements	Inputs vary by port depending on the relative maturity of the port, economic demand for commodities, and customer contracts	The higher the revenue growth, the higher the fair value
Operating expenses	First five years are based on expected costs, with growth applied beyond that period as forecast by management	Average growth after 5 years of 2.50% (2018: 2.25%)	The higher the operating expense, the lower the fair value
Capital expenditure	First five years are based on planned capital expenditure, with capital expenditure beyond that period forecast by management	Inputs vary by port depending on the assets in the port and the level of growth and renewal capital expenditure required to support revenue growth	The higher the capital expenditure, the lower the fair value
Terminal value	Terminal values are used to estimate the value of future cash flows for each port at the end of the modelled forecast. Future cash flows are influenced by the intergenerational nature of port assets and the commercial agreements that are in place	Fair value at 30 June 2019, CPI indexation of 2.50% (2018: 2.25%) for forecast years and target return for each port based on required cash flows and NQBP's Weighted Average Cost of Capital adjusted where necessary for commercial agreements	The higher terminal value, the higher the fair value
Discount rate	This rate has been determined in consultation with independent experts and represents a reasonable rate of return expected by market participants	7.64% (2018: 7.68%)	The higher the discount rate, the lower the fair value

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

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

Minor plant and equipment

Plant and equipment (that is not classified as major plant and equipment) is measured at cost, less accumulated depreciation and accumulated impairment losses. The carrying amounts for such plant and equipment are considered to materially reflect their fair value.

Capital works in progress

Capital work in progress is measured at cost.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

9. Property, plant and equipment (continued)

Leased assets

Leases of property, plant and equipment where NQBP 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.

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.

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	22 – 100 years
Infrastructure and major plant and equipment	5 – 50 years
Plant and equipment	5 – 50 years

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the amount is restated to the revalued amount of the asset.

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

Asset disposals

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss. When revalued assets are disposed, it is NQBP's policy to transfer any amounts included in the asset revaluation reserve in respect of those assets to retained earnings.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

10. Trade and other payables

	2019 \$'000	2018 \$'000
Current		
Trade payables	3,404	1,887
Contract creditors	-	7
Lease rentals received in advance	5,703	5,659
Revenue received in advance	9,823	17,159
Interest payable – Queensland Treasury Corporation	2,097	1,701
Accrued expenses	16,519	6,460
Other payables	1,645	1,234
	39,191	34,107
Non-current		
Lease rentals received in advance	34,541	28,665
	34,541	28,665

Trade and other payables

Payables are recognised for amounts payable in the future for goods and services received, whether or not invoices have been received.

Revenue received in advance

Revenue received in advance is initially recognised in the Statement of Financial Position and then in the Statement of Comprehensive Income when earned.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

11. Income tax equivalent liabilities

	2019	2018
	\$'000	\$'000
Deferred income tax equivalent assets		
Property, plant and equipment	132	188
Accounts payable and other liabilities	15,314	15,734
Provisions	1,251	1,163
	16,697	17,085
Opening balance	17,085	14,572
(Charge)/credit to Statement of Comprehensive Income	(388)	2,513
Closing balance	16,697	17,085
Deferred income tax equivalent liabilities		
Property, plant and equipment	124,608	121,769
Accounts receivable and other assets	971	655
	125,579	122,424
Opening balance	122,424	127,162
Credit to Statement of Comprehensive Income	(1,540)	(5,217)
Charge to asset revaluation surplus	4,695	479
Closing balance	125,579	122,424
Deferred income tax equivalent balances are presented in the Statement of Financial Position as follows:		
Deferred income tax equivalent (assets)	(16,697)	(17,085)
Deferred income tax equivalent liabilities	125,579	122,424
Deferred income tax equivalent liabilities	108,882	105,339

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

Deferred income tax equivalent liabilities are provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Statement of Financial Position.

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

12. Provisions

	2019 \$'000	2018 \$'000
Current		
Employee benefits	3,759	3,416
Dividend	9,900	6,000
	13,659	9,416
Non-current		
Long-term employee benefits	412	464
	412	464

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

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

Employee benefits

Employee obligations are recognised as current liabilities in the Statement of Financial Position if NQBP does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur. The remaining unvested employee obligations are included as non-current liabilities.

Wages, salaries, annual leave, leave loading and long service leave

Liabilities for wages, salaries, annual leave, leave loading and long service expected to be settled within twelve months after the end of the year in which the employees render the related service are recognised as a current liability. These liabilities are in respect of employees' services up to the reporting date and are measured at the nominal amount plus related on-costs.

Long-term employee benefits

A provision has been recognised for employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date, having regard to expected employee remuneration rates and on-costs.

Superannuation

NQBP makes contributions to the State Public Sector Superannuation Scheme (QSuper) on behalf of its employees concerning superannuation.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

13. Financial liabilities

Interest rate risk

NQBP's main interest rate risk arises from long-term borrowings. Loan borrowings provided by Queensland Treasury Corporation (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 NQBP.

As at the reporting date, NQBP had the following variable rate borrowings with Queensland Treasury Corporation (QTC):

	2019	2018
	Weighted Interest Rate	Weighted Interest Rate
	Balance \$'000	Balance \$'000
Book value	4.51%	3.49%
Market value	186,559	189,922

At 30 June 2019, if interest rates had changed by +/- 100 basis points from the year end rate with all other variables held constant, NQBP's pre-tax profit would have been adjusted by \$1.9 million (2018: \$2.0 million) lower/higher as a result of higher/lower interest expense.

Liquidity risk

NQBP 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. NQBP also has access to a working capital facility with QTC to a limit of \$15 million (2018: \$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	1 to 5 years	Over 5 years	Total
	\$'000	\$'000	\$'000	\$'000
2019				
Trade and other payables	39,191	40	34,501	73,732
Queensland Treasury Corporation borrowings	6,544	26,230	186,559	219,333
	45,735	26,270	221,060	293,065
2018				
Trade and other payables	34,107	40	28,625	62,772
Queensland Treasury Corporation borrowings	6,120	26,006	186,559	218,685
	40,227	26,046	215,184	281,457

QTC borrowings are interest only with no fixed repayment date for the principal component.

All borrowing rates include administration charges, margins and competitive neutrality fees and as well as incorporating the book rate review effective 1 July 2018.

The fair value of borrowings is determined by QTC using discounted cash flow analysis and the effective interest rate.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

13. Financial liabilities (continued)

Capital risk

NQBP 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.

NQBP's policy is to annually review its capital structure and review the appropriateness of the capital structure when major investments are proposed.

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

	2019 \$'000	2018 \$'000
Total borrowings	186,559	186,559
Total capital	388,978	372,127
	575,537	558,686
Gearing ratio	32.41%	33.39%

14. Issued capital

	2019 No. of shares	2019 \$'000	2018 No. of shares	2018 \$'000
Opening balance	138,913,824	14,409	138,913,824	14,409
Closing balance	138,913,824	14,409	138,913,824	14,409

15. Reconciliation of profit from continuing operations to net cash provided by operating activities

	2019 \$'000	2018 \$'000
Net profit for the year	15,797	5,047
Depreciation and amortisation	14,687	17,657
(Gain)/loss on sale of fixed assets	(46)	563
Impairment (gain)/loss	(119)	9,736
Fair value adjustment to investment property, plant and equipment	(111)	(106)
Change in operating assets/liabilities		
Increase in trade and other receivables	(15,201)	(2,516)
Increase in inventories	-	(452)
Decrease (increase) in other current assets	439	(706)
Increase in trade and other payables	10,961	10,667
Increase in other provisions	291	306
Increase (decrease) in current tax equivalent liabilities	65	(4,777)
Decrease in net deferred tax equivalent liabilities	(1,153)	(7,730)
Net cash flow from operating activities	25,610	27,689

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

15(i) Reconciliation of liabilities arising from financing activities

	2018 \$'000	Cash flow \$'000	Non-cash changes \$'000	2019 \$'000
Long-term borrowings	186,559	-	-	186,559
Long-term debt	186,559	-	-	186,559

16. Commitments

	2019 \$'000	2018 \$'000
(i) Capital expenditure contracted for at balance date is payable as follows:		
- not later than one year	413	5,341
- later than one year and not later than five years	-	-
- greater than five years	-	-
	413	5,341
(ii) Operating lease expenditure contracted for at balance date and payable as follows:		
- not later than one year	4,839	4,707
- later than one year and not later than five years	7,843	10,614
- greater than five years	-	-
	12,682	15,321
(iii) Operating lease revenue not recognised in the financial statements as follows:		
- not later than one year	13,103	12,919
- later than one year and not later than five years	41,878	40,708
- greater than five years	405,931	411,007
	460,912	464,634

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

17. Contingent assets and liabilities

Contingent assets

NQBP has no material contingent assets.

Contingent liabilities

The company has been named as a respondent in a commercial claim before the Federal Court of Australia. At this stage, it is not possible to make a reliable estimate of the final amounts payable, if any, in respect to the litigation before the courts.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

18. Native title claims

A native title claim has been made to certain interests of NQBP and is progressing. In relation to its dealings, NQBP applies a range of procedures developed by the State of Queensland and NQBP to address native title. Consistent with the procedure, NQBP has joined a current proceeding in the Federal Court of Australia to ensure that the role of NQBP as a Port Authority and its property holdings potentially impacted by the claim are properly recognised as part of any ultimate determination of native title rights and interests. No liability is expected to be incurred by NQBP in respect of this proceeding at this stage however there may be an unknown and contingent liability to NQBP in terms of the impact of some of its activities on native title rights and interests.

19. Key management personnel disclosures

	2019 \$'000	2018 \$'000
Short-term benefits	1,937	1,828
Post-employment benefits	203	194
Other long-term benefits	7	-
Termination benefits	-	188
	2,147	2,210

(i) Key management personnel – Board members

2019 Name	Position	Short-term employee benefits (a) \$'000	Post-employment benefits (b) \$'000	Total (c) \$'000
B Fish	Chair	59	6	65
A Dolphin	Director*	9	1	10
S Golding	Director	36	3	39
J McTaggart	Director	34	3	37
P Tait	Director	36	3	39
S Frazer	Director	36	3	39
A Ranson	Director**	26	2	28
		236	21	257

* A Dolphin ceased tenure on 30 September 2018

** A Ranson was appointed as a Director on 1 October 2018

2018 Name	Position	Short-term employee benefits (a) \$'000	Post-employment benefits (b) \$'000	Total (c) \$'000
B Fish	Chair	59	6	65
A Dolphin	Director	36	3	39
S Golding	Director****	35	3	38
K Kuiper	Director**	8	1	9
J McTaggart	Director	33	3	36
P Tait	Director****	35	3	38
C Walker	Director*	6	1	7
S Frazer	Director***	25	2	27
		237	22	259

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

19. Key management personnel disclosures (continued)

(i) Key management personnel – Board members (continued)

- * C Walker resigned as a Director on 1 September 2017
- ** K Kuiper resigned as a Director on 30 September 2017
- *** S Frazer was appointed as a Director on 12 October 2017
- **** P Tait and S Golding ceased tenure 30 September 2017, reappointed 12 October 2017

- (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.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

19. Key management personnel disclosures (continued)

(ii) Key management personnel – Executive management

Name	Position	Date Appointed	Date Ceased
Nicolas Ferlin	Chief Executive Officer	17 September 2018	
Brendan Webb	General Manager Trade and Operations	26 April 2017	
Peter Sinnott	Director Legal, People and Governance	9 January 2012	
Bernard Wilson	Chief Financial Officer	7 February 2011	
Tim Lewis	General Manager Engineering and Development	8 September 2018	
Rochelle MacDonald	General Manager Engineering and Development	25 January 2016	7 September 2018
Gary Campbell	Director Sustainability and External Affairs	1 July 2015	

2019	Short-term Benefits					Other Long-term Benefits			Total (d)
	Cash Salary	Non-Monetary Benefits (a)	Annual Leave for the year only	Unused	Bonus (c)	Total Short-term Employee Benefits	Post-Employment Benefits Superannuation (b)	Unused LSL for the year only	Retirement Termination Benefits
Position	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Chief Executive Officer (appointed 17 September 2018)	276	2	26	-	-	304	26	-	330
General Manager Trade and Operations*	249	-	2	2	27	278	34	-	312
Director Legal, People and Governance	224	3	-	-	27	254	31	7	292
Chief Financial Officer	256	3	-	-	28	287	33	-	320
General Manager Engineering and Development**	211	-	5	-	23	239	22	-	261
General Manager Engineering and Development***	67	-	-	-	29	96	8	-	104
Director Sustainability and External Affairs	215	3	-	-	26	244	28	-	272
	1,498	11	33	160	182	1,702	7	-	1,891

* Acting CEO for the period 1 July 2018 – 16 September 2018
 ** Acting GMED for the period 8 September 2018 – 7 April 2019. Appointed GMED on 8 April 2019
 *** Resigned effective 7 September 2018

2018	Short-term Benefits					Other Long-term Benefits			Total (d)
	Cash Salary	Non-Monetary Benefits (a)	Annual Leave for the year only	Unused	Bonus (c)	Total Short-term Employee Benefits	Post-Employment Benefits Superannuation (b)	Unused LSL for the year only	Retirement Termination Benefits
Position	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Chief Executive Officer (resigned 22 December 2017)	204	3	-	-	9	216	19	-	423
Chief Operations Officer (terminated 25 January 2017)***	-	-	-	-	16	16	2	-	18
General Manager Trade and Operations*	242	-	5	-	-	247	31	-	278
Director Legal, People and Governance	227	4	1	1	25	257	31	-	288
Chief Financial Officer	260	4	16	31	31	311	33	-	344
General Manager Engineering and Development**	275	-	10	27	27	312	29	-	341
Director Sustainability and External Affairs	205	4	-	23	23	232	27	-	259
	1,413	15	32	131	172	1,591	188	-	1,951

* Acting CEO for the period 23 December 2017 – 28 February 2018
 ** Acting CEO for the periods 1 March 2018 – 29 April 2018; 1 May 2018 – 30 June 2018
 *** Bonus paid on FY16/17 performance

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

19. Key management personnel disclosures (continued)

(ii) Key management personnel – Executive management (continued)

- (a) Total employment cost 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.
- (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.

(iii) Compensation principles – Executive management

The Policy for Government Owned Corporations Chief and Senior Executive Employment Arrangements 2014, requires that appointments are made by contract with no nominal expiry date.

Employment contracts provide the CEO and senior executives with a termination payment equal to the greater of six months (CEO) or three months (thirteen weeks) of the executive's salary or the redundancy pay period provided for in Chapter 2 of the *Fair Work Act 2009*.

Remuneration recommendations for executives are reviewed annually by the Culture, People and Safety Committee, before consideration and approval by the Board. Remuneration for executives is determined in accordance with the Queensland Government's 'Policy for Government Owned Corporations Chief and Senior Executive Employment Arrangements', as reflected in NQBP's policies and procedures.

(iv) Key management personnel – shareholding Ministers

NQBP's shareholding Ministers are identified as part of NQBP's key management personnel and these Ministers are:

- the Honourable Jackie Trad MP, Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships, and
- the Honourable Mark Bailey MP, Minister for Transport and Main Roads.

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. NQBP does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as key management personnel of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

19. Key management personnel disclosures (continued)

(v) Aggregate performance payments

	2019 \$'000	2018 \$'000
Aggregate performance bonuses paid	703	616
Total salaries paid (employees receiving a performance payment)	11,820	11,440
Number of employees who received a performance payment	99	96

(vi) Categories of performance related payments

Directors and shareholding Ministers do not receive performance related payments from NQBP.

Executive management

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

- NQBP performance is based on agreed targets set by the Board and drawn from financial performance, environment/safety performance, corporate governance, community relations and effective management of assets; and
- Individual performance.

For other Executives, their performance pay is determined on the basis of their individual performance which may incorporate performance targets aligned with delivering key outcomes in NQBP's Statement of Corporate Intent.

The recommended payments are determined by the Board each financial year and paid and reported to shareholding Ministers in accordance with current guidelines. The proposed performance payments for the 2018/19 year are scheduled to be paid in September 2019.

Other employees

Other employees are either covered by a common law contract or covered by an enterprise agreement. Eligible employees' performance pay for the 2018/19 year were based on individual performance.

The proposed performance payments for the 2018/19 year are scheduled to be paid in September 2019.

20. Related party transactions

Ultimate parent entity

NQBP is a Government Owned Corporation (GOC) incorporated under the provisions of the *Corporations Act 2001*. All shares are held by representatives of the Queensland Government. Movements in the issued capital held by these representatives are disclosed in the Statement of Changes in Equity. Details of dividends paid or payable are detailed in the Statement of Changes in Equity.

As disclosed in Note 6 and 11, income tax equivalents are paid to the Queensland Government. Refer to Note 6 and 11 for details of income tax equivalent transactions and balances.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

20. Related party transactions (continued)

Transactions with shareholding Ministers

There was no income received, or due and receivable, by the shareholding Minister from NQBP during the year. No shareholding Minister has received or become entitled to receive any benefit by reason of a contract made by NQBP.

Transactions with entities controlled by other key management personnel

During 2018/19, there were no material transactions between NQBP and entities controlled by either:

- a director of NQBP, or
- a member of NQBP's executive management team.

All transactions between NQBP and entities controlled by key management personnel are conducted at arm's length under normal commercial terms and conditions for various purposes in the ordinary course of NQBP's business.

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. NQBP's investment in each of these entities has been reduced to nil.

Under *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*, PCQ and MPL are relieved from preparing, having audited, lodging and distributing financial reports under the *Corporations Act 2001* providing each member of the Group enters into a Deed of Cross Guarantee. 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.

NQBP together with PCQ and MPL have executed such a Deed of Cross Guarantee on 10 June 2010.

Entities under common control

NQBP 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.

Details of balances with QTC and QIC are provided in Notes 7 and 13. QTC borrowings are unsecured.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

20. Related party transactions (continued)

Nature	2019 \$'000	2018 \$'000
Operating Receipts		
Pilotage services fees and premises rent	15,094	14,497
Interest received	1,085	710
Earnings received	3,283	3,265
Rental Income	163	141
	19,625	18,613
Payments		
Operating Expenses		
Land tax	2,280	1,823
Superannuation contributions	2,483	2,494
Income tax equivalent payments, competitive neutrality fee and rates, research and development concession	14,879	17,739
Consultancy services and interest	6,120	5,009
Surveys, simulator training, contributions to boat launch Weipa	1,265	1,734
Audit fees, environmental permits, utilities, vehicle registrations, WorkCover and sundry items	1,224	1,998
Capital Expenditure		
Dividend and equity adjustments	9,900	6,000
	38,151	36,797
Expenses invoiced not yet paid	918	23

21. Summary of significant accounting policies

i) Basis of preparation

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

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

NQBP is a for profit entity for the purpose of preparing the financial statements.

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

21. Summary of significant accounting policies (continued)

ii) Fair value measurement

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

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

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

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

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

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

None of NQBP's valuations of assets are eligible for categorisation into level 1 of the fair value hierarchy.

iii) 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 presented as operating cash flows.

iv) Critical accounting estimates and judgements

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

21. Summary of significant accounting policies (continued)

iv) Critical accounting estimates and judgements (continued)

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

- Valuation of investment properties and property, plant and equipment - Note 8 and 9;
- Provisions - Note 12;
- Depreciation and amortisation - Note 9; and
- Application of AASB16 Leases – Note 21(vi).

v) New and amended standards adopted

AASB 15 Revenue from Contracts with Customers replaced AASB 118 Revenue and AASB 111 Construction Contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer. NQBP adopted the modified retrospective approach in adopting the new standard, with no adjustment required to retained earnings as at 1 July 2018.

AASB 9 replaced AASB 139, which did not impact the Corporation.

vi) New and amended standards and interpretations not yet adopted

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods and which NQBP has not yet adopted. A discussion on those future requirements and their impact on NQBP is as follows:

- **AASB 16 Leases**
AASB 16 will supersede AASB 117 *Leases* and a number of interpretations issued by the AASB.

AASB 16 will be mandatory for the financial years commencing on or after 1 January 2019 and will be adopted by NQBP using a modified retrospective approach from 1 July 2019. It will result in almost all leases being recognised on the balance sheet. Under the new standard, an asset (the right to use the leased item) and the financial liability to pay rentals are recognised.

NQBP has identified the following classes of leases that are expected to be included in the Statement of Financial Position: sea bed leases that are held in perpetuity, office leases, photocopier leases and motor vehicle leases. A significant number of judgements are required in determining the value of the lease liability under the new standard including lease option periods, implied interest rates and variable lease payments. Based on current assumptions NQBP expects to include a lease liability of \$9.4M in the 2020 Financial Statements.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

vii) Comparative figures

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

21. Summary of significant accounting policies (continued)

viii) Rounding

The company is of a kind referred to by ASIC Legislative Instruments 2016/191, relating to the “rounding off” of amounts in the financial statements.

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and unless otherwise stated, amounts included in the financial statements have been rounded to the nearest thousand dollars.

DIRECTORS' DECLARATION

For the year ended 30 June 2019

In the directors' opinion:

- (a) The financial statements and notes set out on pages 58 to 95 of this report are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements and;
 - (ii) giving a true and fair view of the Group's financial position as at 30 June 2019 and of their performance for the financial year ended on that date; and
 - (iii) complying with International Financial Reporting Standards as issued by the International Accounting Standards Board.
- (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 Corporations (Wholly-owned Companies) Instrument 2016/785*.

This declaration is made in accordance with a resolution of the directors.



Brad Fish
Chair
North Queensland Bulk Ports Corporation Limited

26 August 2019

INDEPENDENT AUDITOR'S REPORT

For the year ended 30 June 2019

To the Members of North Queensland Bulk Ports Corporation Limited

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of North Queensland Bulk Ports Corporation Limited and its controlled entities (the group).

In my opinion, the financial report:

- a) gives a true and fair view of the group's financial position as at 30 June 2019, and its financial performance and cash flows for the year then ended
- b) complies with the *Corporations Act 2001*, the *Corporations Regulations 2001* and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the directors' declaration.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*. I am also independent of the group in accordance with the auditor independence requirements of the *Corporations Act 2001*, and confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

For the year ended 30 June 2019

Valuation of non-current assets

Refer to notes 8 & 9 of the financial statements

Key audit matter	How my audit addressed the key audit matter
<p>Land, investment properties, channels, infrastructure (including buildings) and major plant and equipment are material to North Queensland Bulk Ports Corporation Limited and are measured at fair value.</p> <p>With the exception of land and investment properties, market value is not an appropriate basis for valuation of NQBP's assets due to their specialised nature. Instead, the corporation has developed a discounted cash flow model based on the expected cash flows for each of its units of account (UOA) to determine fair value of these assets.</p> <p>The model involved significant judgements for key valuation inputs and assumptions, including:</p> <ul style="list-style-type: none"> • Estimating future operating and capital cash flows and terminal values; • Setting discount rates; and • The allocation of NQBP's assets to units of account. <p>The fair value of land and investment properties is determined with reference to their market values. An independent external valuer was engaged to undertake a detailed valuation of the corporation's land and investment properties in previous years and to perform desktop reviews to update this valuation by applying relevant indices at 30 June 2019.</p>	<p>My procedures in relation to management's valuation of channels, infrastructure and plant and equipment included:</p> <ul style="list-style-type: none"> • Critically evaluating management's methodology underpinning the valuation model, which was prepared in consultation with management's external consultants, with reference to common industry practices and that which would be considered by an external market participant to value the assets; • Evaluating the independent external consultant's competence, capabilities and objectivity; • Evaluating management's identification of its units of account and their highest and best use in the most advantageous market; • Performing a sensitivity analysis to help inform the degree of audit emphasis required for key model assumptions and inputs; • Checking the reasonableness and relevance of the input data and key assumptions in the valuation model, in particular: <ul style="list-style-type: none"> – growth rates – discount rates – challenging assumptions and estimates including those relating to forecast revenue (customer pricing), operating and capital expenditure, tax cash flows and corroborating the key market related assumptions to forecast and historical data – that it is based on the Statement of Corporate Intent and 5-year Corporate Plan. • Assessing the reasonableness of calculations and assumptions of the terminal values allocated to each unit of account; • Back testing the previous year's cash flow forecasts against subsequent actual results to identify potential deficiencies in the forecasting methodology; • Checking the above assumptions are appropriately reflected in the valuation model; • Evaluating and checking the mathematical accuracy of the valuation model; and • Assessing the appropriateness of presentation in the financial statements. <p>My procedures in relation to management's valuation of land and investment properties included:</p> <ul style="list-style-type: none"> • Evaluating the independent external valuer's competence, capabilities and objectivity; and • Assessing the reasonableness of indices applied to land and investment properties, based on our knowledge and research of the property market in Queensland.

INDEPENDENT AUDITOR'S REPORT

For the year ended 30 June 2019

Depreciation

Refer to note 9 of the financial statements

Key audit matter	How my audit addressed the key audit matter
Depreciation expense is a significant balance that involves management's estimation of the useful lives of assets. The subjectivity involved in these estimates increases the risk of material misstatement of expenses.	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> Evaluating useful life estimates for reasonableness by: <ul style="list-style-type: none"> Reviewing management's annual assessment of useful lives based on their annual stocktake and condition assessments; Checking consistency of useful lives compared to prior year; Ensuring that no component still in use has reached or exceeded its useful life; Reviewing asset management plans, and enquiring of management about their plans for assets that are nearing the end of their useful life; and Reviewing for assets with an unusual relationship between condition and remaining useful life. Verifying the material accuracy of depreciation calculations.

Other information

Other information comprises the information included in the group's annual report for the year ended 30 June 2019, but does not include the financial report and my auditor's report thereon.

Those charged with governance are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the company for the financial report

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

The company's directors are also responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT

For the year ended 30 June 2019

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.
- Conclude on the appropriateness of the group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

I communicate with the company's directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

INDEPENDENT AUDITOR'S REPORT

For the year ended 30 June 2019

From the matters communicated with the company's directors, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



27 August 2019

Vaughan Stemmett
as delegate of the Auditor-General

Queensland Audit Office
Brisbane



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