

**THINK
BUILD
SUSTAIN
PROSPER**

ANNUAL REPORT **2016–17**

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ABOUT THIS REPORT

This Report is a summary of the performance of North Queensland Bulk Ports Corporation Limited (NQBP) for the 2016–17 financial period. As a government-owned corporation, it provides NQBP's Shareholding Ministers and other stakeholders with a comprehensive source of information about its work throughout this period.

This Report includes details of NQBP's two wholly owned subsidiaries, Ports Corporation of Queensland Limited (PCQ) and Mackay Ports Limited (MPL). Throughout this Report, NQBP represents the entire Group. To promote clarity and transparency, this document has been structured to report against NQBP's Statement of Corporate Intent (the corporation's performance agreement with Shareholding Ministers). In keeping with our focus on sustainability, a digital version of the annual report is published on the NQBP website to reduce resource usage associated with traditional printing and to serve as an engagement tool for all stakeholders.

ABOUT NQBP

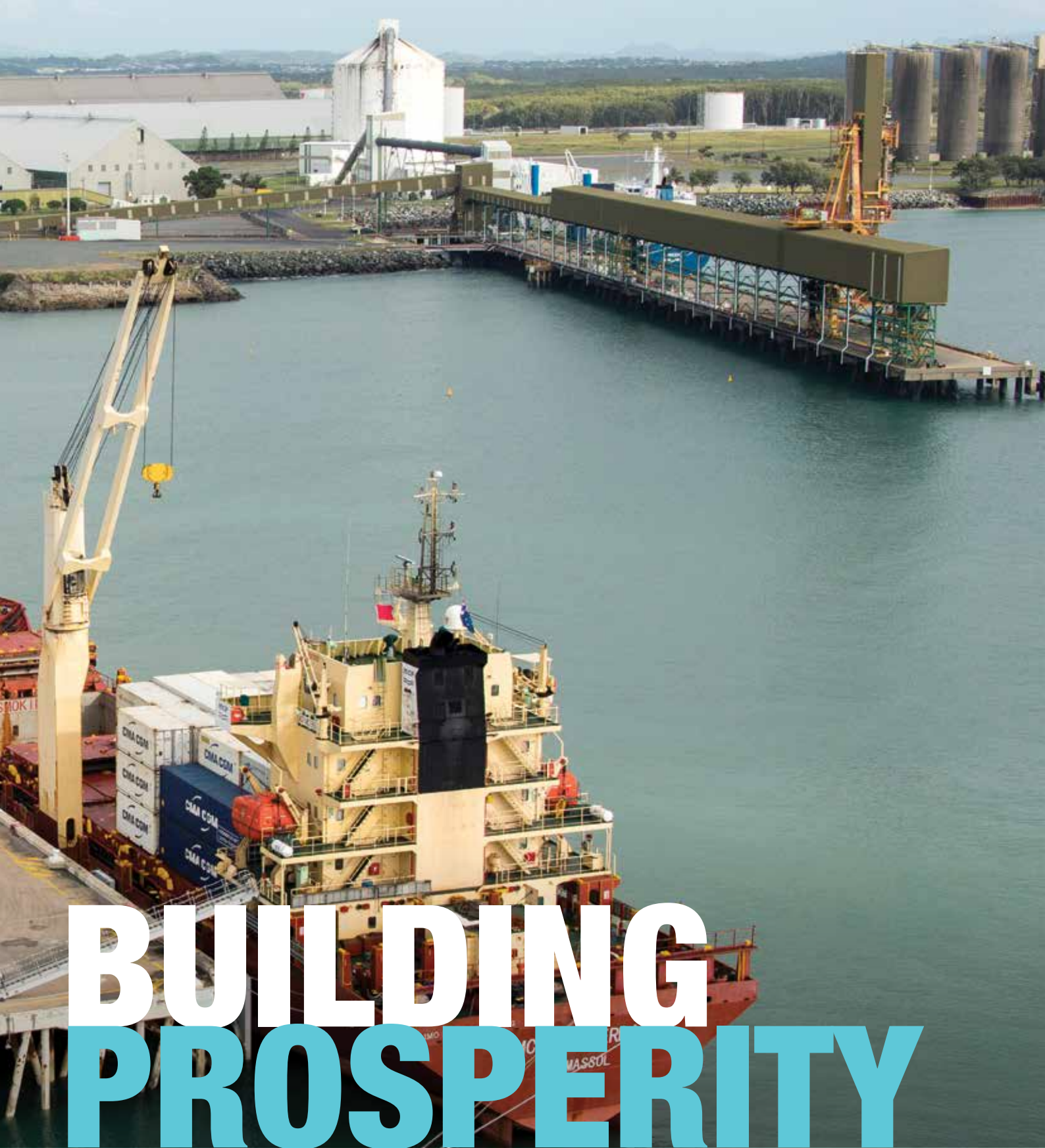
NQBP is responsible for the four trading ports of Weipa, Abbot Point, Mackay and Hay Point and the non-trading port of Maryborough. More than half of Queensland's trade by tonnage passes through our operating ports.

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

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

Values





BUILDING PROSPERITY

OUR VISION

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

BUILDING CAPABILITY

THE YEAR IN REVIEW

THE BOARD PERSPECTIVE

Ports have a central role in the Queensland economy and in the generation of national wealth and opportunity.

NQBP is proud to have responsibility for three ports that operate in the World Heritage Area of the magnificent Great Barrier Reef and also the strategic port of Weipa — the only western-facing deep water port in Queensland.

To be successful in fulfilling our role we must create value across the regions we serve. We do this through our professional port management, working with and for our customers, shareholders and community to identify and optimise opportunities that add value.

We know our business and we know North Queensland. We use that knowledge and our relationships to develop trade, create efficient supply chains to and from our ports and continuously improve the capability of our ports (and our people) to respond to change. We have a vision for sustainability and we are actively pursuing that vision. Wherever we see opportunity to create value, we seek to lead.

We have built on our capability and relationships in 2016–17 and it has been another year of achievement across all our four trading ports. However, it has been particularly pleasing to see that our strong focus this year on trade facilitation and investment in the Port of Mackay has improved the efficiency and attractiveness of that port, to the benefit of current and future customers and our Mackay community.

TRADE

Total tonnage for all commodities through our ports in 2016–17 was 170.5 million tonnes, four per cent below the previous year.

Trade growth across our four trading ports was on track to deliver another record year for total tonnage throughput. However, Tropical Cyclone (TC) Debbie, which hit the ports of Abbot Point, Mackay, and Hay Point on 28 March caused serious flooding throughout the region and damage to rail lines and port infrastructure. The widespread impact of the event on Queensland's two major coal export ports overseen by NQBP, resulted in a loss of approximately 11–12 million tonnes of coal trade. This is expected to be made up in the next financial year.

Coal customers benefited from better market prices in 2016–17, and this provided additional royalties to the State and optimism for the future of the coal industry. Total coal tonnage for 2016–17 was 131.8 million tonnes.

NQBP has given particular focus to building trade in Mackay, including investing in improvements to road access, undergrounding of power to support over-size over-mass loads, provision of additional laydown that can be used for future container and other trades and enhancements to port infrastructure. It is very pleasing to report that total trade into Mackay was 2.9 million tonnes, a 2.74 per cent increase on the previous year.

The inclusion of a new quarantine facility at the Port of Mackay, facilitated by NQBP and owned and built by Northern Stevedoring Services (NSS), now supports break bulk trade to the port. The first shipment of mining equipment into the port since the installation of the new quarantine facility occurred in October 2016 and this has been followed by additional loads and new enquiries.

Rio Tinto commenced the Amrun expansion project in 2016, which includes new port facilities (just outside the Port of Weipa). Construction activity has increased opportunities for local suppliers and NQBP has also provided support and assistance with the increased marine traffic to the port. Bauxite exports from existing operations at Weipa grew by 10 per cent this year — a record for the Port of Weipa.

New trade in Weipa during the year included Green Coast Resources, which established a trans-shipment operation for export of bauxite from Weipa and a shipment of cattle also occurred. Both these new trades were facilitated by the team at NQBP and we expect to build upon these exports in the coming years.

The facilitation of trade is a key pillar of our strategic plan and it has been very rewarding to see the positive outcomes of our investments in this area of responsibility and the resilience and support of our customers in growing their businesses. It is also particularly gratifying to see the close collaboration with other government agencies, our local councils and support industries to achieve the supply chain investments and trade opportunities that have been realised in 2016–17.

FINANCIAL PERFORMANCE

NQBP is a government-owned port corporation which is charged with making appropriate returns from its activities. In 2016–17, NQBP recorded total revenue of \$108.2 million, 14 per cent above the previous year.

Net profit after tax was \$22.1m, an increase of 20 per cent on the 2015–16 result. The result reflected a solid operating performance, improved investment returns, as well as the net impact of asset revaluations.

NQBP has continued to improve its internal efficiency, including the digitisation of forms and processes, investing in equipping the maintenance and pilotage operations with better computer access as well as introducing dashboard reporting of financial and trade performance.

KEY ACHIEVEMENTS

Much has been achieved in 2016–17 toward our vision of sustainability of our ports and prosperity for the regions we serve and these are outlined in this Annual Report. However, the Board has been particularly pleased to see the delivery of some key achievements that are highlighted below:

- Supporting the Queensland Government's Accelerated Works Program which has provided jobs to our regional towns. NQBP invested \$15.9 million in capital projects that have improved port assets while utilising local contractors and local purchasing.
- A sediment management study at Hay Point, undertaken with the support of the two coal terminals, which included input from community representatives and environmental groups to rate and determine the best mix of options for marine sediment management and necessary maintenance dredging. The study involved substantial collection of data and analysis and has been peer reviewed and declared international best practice. The work is consistent with the expectations of the State's recently published Maintenance Dredging Strategy.
- NQBP undertook a review of key markets for break bulk, agribusiness, container and fuel supply trade, as well as coastal shipping viability to better understand potential markets for trade and revenue growth. This work has resulted in an initial push to grow break bulk trade to support the already well-established mining support industry in Mackay. Combined with the establishment of new quarantine facilities at the Port of Mackay, this has already provided additional trade.
- Simulation modelling of Port of Mackay completed this year has confirmed capacity at the port to accommodate roll-on roll-off (RORO) shipping. This knowledge, together with a recent decision to invest in fenders and support infrastructure at Wharf 4 and Wharf 5, will enable NQBP to market Mackay as a destination for RORO cargoes.



- Our community engagement program has been further enhanced by a partnership with the North Queensland Cowboys. NQBP and the Cowboys share common values of community engagement, leadership, innovation and integrity. The partnership focuses on school visits, dedicated community events, business engagement and awareness of ports and our environmental care and protection activities.
- NQBP launched its *PortLife* magazine, targeted to each port location, providing the community with better information around the work and operations of NQBP. We have also increased our social media presence and invested in the creation of interesting content targeted to the needs of our communities.
- Our response to TC Debbie was also an opportunity to test our resilience and recovery. NQBP employees worked quickly to manage the impacts, and we were well supported by Maritime Safety Queensland in the earliest re-opening of our ports to shipping. Importantly, NQBP has captured the lessons learned from this natural disaster and has already implemented changes in our emergency preparedness.

THE YEAR AHEAD

In 2017–18 we will continue our focus on building trade in our ports — it is a key element of why we exist. However, we will also be putting emphasis on cementing the long-term vision of how our ports should develop over the next 15-30 years to ensure they realise their respective opportunities. Much work has already been done to support existing master planning work under the *Sustainable Ports Development Act 2015* and that will continue this year, but NQBP will add additional value through our assessment of each port's long-term potential, its infrastructure development profile and what technologies are the most suited to maximising efficiency and achieving long-term sustainability. It is exciting work.

We will support our customers in achieving their own growth plans, as well as providing logistics support and port expertise to major projects that are underway or will commence in our region in 2017–18. Our work on supply chains, increasing our environmental monitoring and research activities, as well as our strong commitment to community development, all add value to our stakeholders.

A COMMITTED TEAM

Inside NQBP, as a team, we will continue our effort to create value by being smarter about how we go about our work. We will operate as efficiently as we can and further develop our people so that they can embrace opportunity and be resilient to change. Our values are clear, and we are resolute in our efforts to lead the sustainable development of Queensland ports and provide appropriate returns to our ultimate shareholders — the people of Queensland.

NQBP has an experienced team of people, working together to meet the challenges and opportunities that we know are ahead. Working together the team has increased customer satisfaction, reduced paper use by almost 60 per cent over the past two years and this year our safety performance exceeded more than 1000 days lost-time injury-free — reflecting a culture of customer service, safety alertness and the pursuit of sustainability in our business.

The Board had set a clear agenda to grow trade; ensure that we achieve the most efficient supply chains to and from our ports; build on our sustainability principles in everything we do; and continue to incorporate new technology and smarter thinking into the value we provide to our customers.

It is a team effort from the top down. I thank my fellow Directors for their strong commitment to the success of NQBP. The combined expertise and experience of the Board has allowed NQBP to develop and pursue its strategies.

I also thank the CEO, Steve Lewis, our management team and our dedicated people for their work in 2016–17 to deliver the achievements of which we can be justifiably proud.

We will continue to focus on adding value to our customers, community and shareholders in 2017–18.



BRAD FISH

CHAIR, NORTH QUEENSLAND BULK PORTS CORPORATION

TROPICAL CYCLONE DEBBIE

On 28 March 2017, category four Tropical Cyclone (TC) Debbie crossed the Queensland coast, forcing the closure of three of NQBP's four ports.

TC Debbie made landfall near Airlie Beach, about 100 kilometres south of the Port of Abbot Point and 150 kilometres north of the Port of Mackay. The severe weather event significantly impacted NQBP's community and customers and caused far-reaching havoc across the State, first as a cyclone and then as a tropical low.

NQBP enacted its cyclone readiness plan days before TC Debbie's impact and worked hand-in-hand with port tenants and operators, emergency services, the Queensland Government and Maritime Safety Queensland to ensure the safety of employees, customers, tenants and community.

Like all North Queenslanders, NQBP felt the full force of TC Debbie. Remarkably, with the exception of the breakwaters, no significant damage was recorded at our ports. However, all ports were impacted by debris and flood water and damage occurred to rail lines and other export infrastructure. NQBP worked hard to clear the ports for shipping as soon as possible in support of our terminal partners and customers.

As a long-term member of the North Queensland community, NQBP formed a key part of the response, to help the community rebuild quickly.

We drew on the existing strength in our operations and the vision and determination held by our people. We joined forces with community partners and helped lead the region to recover quickly and strongly. We also engaged directly with the community via social media and quickly became a trusted source of timely information during a time of uncertainty and disruption.

The effects of TC Debbie will continue to be felt across the region for some time. However, the impact unveiled the strength and character of North Queenslanders.

NQBP's support of the community is ongoing, which included a \$10,000 contribution in support of the Whitsunday Regional Council's recovery event for the community.

FY2016–17 BUSINESS PERFORMANCE

Business Performance		2016–17 Actual	2015–16 Actual
Trade Throughput	Mtpa	170.5	178.1
Lost Time Injury Frequency Rate (LTIFR)	Rate	5.7	0.0
Total Income	\$m	108.2	94.9
Earnings Before Interest, Taxes, Depreciation and Amortisation	\$m	53.0	41.1
Net Profit/(Loss) After Tax	\$m	22.1	18.4
Underlying Net Profit After Tax (Unaudited)	\$m	11.7	19.9
Total Comprehensive Income	\$m	85.9	22.2
Total Assets	\$m	731.5	634.7
Net Assets	\$m	372.0	408.4
Current Ratio (excluding provision for dividend)	–	1.38	2.27
Debt/Debt Plus Equity Ratio	–	0.32	0.14
Return on Assets	%	5.2%	4.7%
Return on Equity	%	3.3%	5.1%
Operating Cash Flows	\$m	33.3	40.6
Dividends Provided	\$m	12.4	15.7

Total tonnage for all commodities through our ports in 2016–17 was 170.5 million tonnes, four per cent below the previous year.



Port of Abbot Point





PORT LOGISTICS

STRENGTHENING COMPETITIVENESS

Facilitating more than half the State's trade by tonnage between key national and international trade hubs.

Our ports are gateways connecting North Queensland to Asia and other national and international trade hubs.

We are committed to improving regional trade competitiveness by ensuring our port infrastructure and facilities allow us to maximise current trade commitments, while continuing to underpin future growth and the exploration of new trade opportunities.

NQBP also continues to work with government agencies, industry and business to advance investment to improve the efficiency and productivity of transport connectivity to and from our ports.

SUPPLY CHAIN COORDINATION

Increasing Over-Sized Over-Mass cargo through the Port of Mackay

Significant work has been completed during the year to improve access for Over-Sized Over-Mass (OSOM) cargoes through the Port of Mackay.

The upgrade of **Harbour Road East**, as part of the Queensland Government's 2016 Accelerated Works Program, was completed in December 2016. As the main access to the Port of Mackay, the upgrade delivers improved and safer port access for OSOM cargoes, positioning the port to take advantage of future growth in this market.

The completion of the Mackay Ring Road, together with additional planned works to increase the height of overhead wires, is expected to deliver cost efficiencies and a reduction in travel times.

Additional work will be undertaken to continue to improve OSOM access to the Port of Mackay, including undergrounding overhead electrical wires to allow unhindered height access, with the government committing to complete almost \$1 billion in further road infrastructure upgrades by 2020 and an additional \$150 million post-2020.



NQBP has discussed with government departmental representatives the benefits of resolving additional height limitations further along the transport corridor from regional mining areas.

The **Spiller Avenue Road reconstruction**, which included reconstruction of the road pavement and installation of new drainage and line markings, was completed during the year. Stormwater infrastructure was also installed on **Presto Avenue**, to eliminate potential road safety hazards and support ongoing access to the Port of Mackay.

Improving supply chain network efficiency

NQBP continued to work closely with government and agencies during the year, with a key focus on improving the efficiency of all supply chain networks, to create value for our customers, shareholders and the community.

We will continue our engagement in 2017–18, as we seek to work with the government and other key stakeholders to maximise opportunities to facilitate trade growth through our ports.

PORT LOGISTICS IMPROVEMENTS

Significant work was undertaken during the year to review details and understand current port limitations, to allow for planning and upgrades to improve vessel access at the Port of Mackay.

A constraints paper was developed to investigate limitations of current port infrastructure that could impact future trade and growth opportunities. The report is being considered as a critical input into the long-term development of the Port of Mackay.

Vessel simulation modelling was also undertaken at the Port of Mackay, with results demonstrating the port's potential to accommodate RORO trade.

A detailed design plan for an accelerated \$9.5 million **upgrade to Wharf 4 and Wharf 5** was completed in May 2017. Works will commence in 2017–18, and are expected to be completed in the first quarter of calendar year 2018.

Together with the simulation modelling, these planned upgrades support NQBP's ability to market the port as a RORO shipping destination, further supporting trade growth at the Port of Mackay.

In 2016–17, NQBP invested in protective maintenance upgrades to Wharf 5. Marine piling tape and jackets were fitted to the wharf's 47 piles, to provide a shield from the harsh marine environment and a protective barrier to guard the infrastructure for at least 25 years. This process was first successfully implemented on Wharf 1 in 2015–16.

During 2016–17, an additional planning study was completed in relation to the potential construction of **new permanent tug berths** at the Port of Mackay and NQBP embarked on the development of detailed **numerical models** for the ports of Mackay and Hay Point. The models incorporate data gathered across the 2016–17 cyclone season and will be used to inform future port planning activities, specifically focusing on how changes to port infrastructure and layout have the potential to influence waves and currents.

A trial also commenced in May 2017 at Hay Point to upgrade the **Dynamic Underwater Keel Clearance (DUKC) System** to the latest series five program. This follows on from NQBP's leadership in establishing the DUKC system with its developer OMC in 1993. The successful trial delivered greater accuracy and efficiency and is expected to deliver improved productivity by optimising the number of vessels able to arrive and depart terminals safely. The upgrade is expected to be implemented at other ports in the coming year.

Design works were completed for the planned \$460,000 installation of new **navigation lead lights** for marine pilotage, as well as the demolition of the ageing **Loves Jetty** and the **west and east tug berths** at the Port of Mackay. This work is scheduled to continue in 2017–18.

NQBP is committed to working with stakeholders to improve transport infrastructure and maximise port access and we will continue to investigate the potential viability of trade-related rail transport to and from the Port of Mackay, as an alternative to road transport.

Port of Mackay



THE PORT OF HAY POINT

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

THROUGHPUT

The total throughput for the port for 2016–17 was 106.4 million tonnes comprising 63.0 million tonnes through DBCT and 43.4 million tonnes through HPCT.

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

PERFORMANCE AND ACHIEVEMENTS

Both HPCT and DBCT achieved solid throughput for the financial year, despite the effects of TC Debbie.

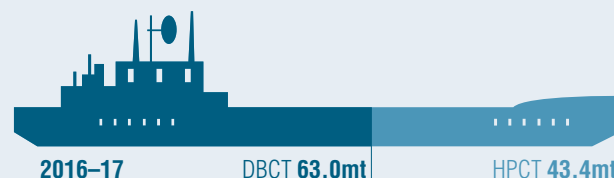
While the port itself recovered quickly from the cyclone, prolonged rail outages resulted in reduced throughput in the last quarter of 2016–17.

A total of 1062 bulk carriers visited the port during 2016–17, a decrease of 6.3 per cent from the previous financial year, largely due to TC Debbie.

During the year, NQBP continued to work with the coal terminals to optimise marine operating efficiencies, including effective towage arrangements and safe and efficient asset management. A continued focus on sustainable sediment management also underpinned the optimisation of offshore assets.

Negotiations were finalised in December 2016 for a new marine pilot transfer helicopter, which will be based at the Hay Point helipad and will principally service the Port of Hay Point with support for the Port of Mackay. The helicopter pilots received specialist simulator training in the operation of the aircraft, which will operate all year round, serving the ports for the next five to eight years.

The Tug Harbour maintenance and renewal work continued, including an upgrade to the Marine Offloading Facility, with bed levelling and the line boat pontoon replacement scheduled to be completed in early 2017–18.



The total throughput for the port for 2016–17 was 106.4 million tonnes comprising 63.0 million tonnes through DBCT and 43.4 million tonnes through HPCT.

Queensland Government funding of \$1.1 million was also confirmed during the year for the construction of a pontoon at the Hay Point public boat ramp. The pontoon will allow for improved safety of recreational boat users and construction is expected to commence towards the end of 2017.

OUTLOOK

NQBP will continue to support terminal operators and owners in meeting future export demand as commodity markets and economic conditions improve and miners begin to reinvest in plant and equipment renewal and mine expansions.

Modest growth in metallurgical coal exports is expected in 2017–18, with exports from Hay Point marked to improve in line with the region's recovery from TC Debbie.

NQBP's focus will remain on maintenance dredging — but being mindful of dredge minimisation and sustainability — and will seek to improve productivity of vessel movements.

THE PORT OF MACKAY

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

Land areas behind the port accommodate around 50 industrial and commercial businesses with substantial areas of vacant land suitable for further development. The proximity to mines in the Bowen and Galilee coal basins, as well as other major regional infrastructure projects and agricultural enterprises, positions the Port of Mackay as an ideal supply chain partner.

THROUGHPUT

In 2016–17, the port handled 155 ships carrying a total of 2.9 million tonnes.

PERFORMANCE AND ACHIEVEMENTS

Throughput remained strong during 2016–17, with an overall increase of 2.74 per cent on the previous year.

These results were achieved despite challenges across the local sugar industry and the impact of TC Debbie on the region.

An additional 8000 tonnes of break bulk equipment was transferred through the port during the year. Key exports included scrap metal and grain, with tonnage increasing by 127 per cent and 64 per cent respectively. Fertiliser imports also increased by around 52 per cent.

Our focus remained on maximising efficiency by identifying and developing growth opportunities while supporting future growth and expansion through investment in infrastructure and facility upgrades.

Significant infrastructure upgrades were undertaken during the year and will continue into 2017–18 and beyond.

New trade opportunities realised across 2016–17 resulted from our active pursuit and focus on break bulk cargo associated with mining and agricultural industries. Our planned infrastructure and facility upgrades, and integration of Wi-Fi technology at the port, will continue to support this approach moving forward.

Property also remained a key focus with some tenancy changes occurring, largely a result of challenging market conditions experienced by tenants. NQBP is committed to developing property opportunities at the Port of Mackay that align with business and trade opportunities through the port.



In 2016–17, the port handled 155 ships carrying a total of 2.9 million tonnes.

OUTLOOK

The port continues to provide significant growth opportunities, and NQBP is committed to working with all stakeholders to maximise these opportunities.

With an expected improvement in mining sector investment and planned upgrades to wharf and transport infrastructure at the port, NQBP will actively seek strategic partnerships to grow break bulk trade and explore opportunities to attract container trade.

Mining sector improvements, as well as the development of the Galilee Adani mine and rail project, also have the potential to drive additional trade through the port.

NQBP will continue to work with regional industry groups and government to increase public sector investment in the region. Planned ongoing infrastructure improvements and facility upgrades will further support this approach, including OSOM and break bulk cargo opportunities.

THE PORT OF ABBOT POINT

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

The Port of Abbot Point is earmarked as a port with significant potential to become one of Australia's most valuable trading ports. The vision for Abbot Point is that it continues to grow as a key strategic coal port and, over time, leverages benefits from the adjoining State Development Area to become a hub for import, processing, manufacturing and export activities of other industries of regional, state and national significance.

THROUGHPUT

In 2016–17 the port handled 311 bulk carriers carrying a total of 25.4 million tonnes of coal.

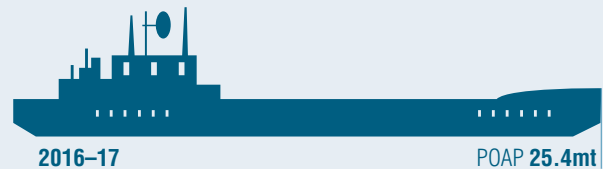
PERFORMANCE AND ACHIEVEMENTS

2016–17 was a year of progress, with a focus on working directly with all stakeholders to put plans and processes in place to maximise trade facilitation through the port for many years to come.

Coal tonnage fluctuates from year to year for a variety of reasons. For the 2016–17 period, trade volume at Abbot Point was down six per cent when compared to the previous year, mainly as a result of lower mine output. This was partially offset by increases in volumes from some customers.

Customers were able to access additional export capacity at the port when severe weather resulting from TC Debbie made the Port of Hay Point inaccessible.

Construction of Stage 1 of the Abbot Point Marine Offloading Facility (MOF) was completed in the third quarter of 2016–17. Including a RORO ramp, barge ramp and light vessel berth, the MOF is able to handle small support vessels up to barges carrying large specialised loads. While its first major use will be the arrival of a replacement stacker reclaimer for the adjacent operating coal terminal, the MOF provides far-reaching benefits to support industries of the key regional economic pillars of resources, agriculture and tourism.



In 2016–17 the port handled 311 bulk carriers carrying a total of 25.4 million tonnes of coal.

OUTLOOK

NQBP is committed to developing the Port of Abbot Point in a responsible and sustainable manner.

The Abbot Point Growth Gateway Project (APGGP) facilitates the expansion of the Port of Abbot Point and the Terminal 0 Project through the dredging of additional berths and beneficial reuse of material on vacant industrial land adjacent to the existing Terminal 1. The project is funded by Adani and will proceed when there is demand for additional marine-side infrastructure to accommodate increased shipping.

Existing unused capacity at Adani Abbot Point Terminal 1 is expected to be utilised in the initial stages of the Carmichael Mine and Rail Project. In the meantime, NQBP continues to refine project plans and pre-commencement studies for the APGGP that ensures the project is ready to go when required.

THE PORT OF WEIPA

The Port of Weipa is located on the north-west coast of Cape York Peninsula and is a key strategic asset for the State. It is the only regularly maintained deep water port on the western side of Cape York and with more than 30 million tonnes per annum of product passing through the port (including bauxite, livestock, fuels and general cargo), it is a crucial gateway to Northern Australia.

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

THROUGHPUT

The total throughput for the port for 2016–17 was 35.7 million tonnes comprising 35.5 million tonnes of bauxite, with the remainder comprising of livestock, fuel and general cargo.

PERFORMANCE AND ACHIEVEMENTS

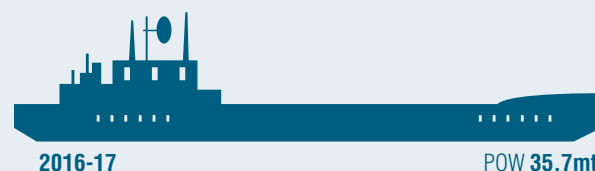
A total of 622 bulk carriers visited the port during 2016–17, a decrease on the prior year, however throughput was 10.1 per cent higher reflecting the larger size of vessels coming into the port.

NQBP engaged with stakeholders, including Rio Tinto, the Weipa Town Authority (WTA) and other government and community groups to progress initiatives supporting the long-term future of the port for Queensland.

A current focus on attracting new commercially viable opportunities to the port has seen recent progress in the export of live cattle, timber and break bulk.

Dredge management remains a key operational priority and this year NQBP completed another successful maintenance dredging program, in line with stringent environmental guidelines, to continue to ensure safe navigable shipping. Cost-efficiency savings of almost \$1 million were delivered to Rio Tinto through the provision of internal project management and reduced mobilisation costs.

Proceeds from the sale of strategic port land at Evans Landing to the Western Cape Communities Trust (WCCT) in August 2016 will be reinvested in the local community to enhance the ability of the Port of Weipa to meet growing operational and community needs.



The total throughput for the port for 2016–17 was 35.7 million tonnes comprising 35.5 million tonnes of bauxite, with the remainder comprising of livestock, fuel and general cargo.

OUTLOOK

NQBP is focused on identifying future opportunities at the port, while pursuing project and break bulk cargoes needed to support the development of Rio Tinto's Amrun Project in the short term. We are also seeking opportunities to support other exporters of bauxite in the region.

NQBP will develop a futures plan for the port that looks at opportunities to optimise strategic port land after the cessation of Rio Tinto bauxite exports and we are committed to working with government to implement planned infrastructure upgrades.

Continued stakeholder investment will help ensure the port remains a strategic and valued asset, providing an alternative trade gateway outside of the Great Barrier Reef Marine Park.

The port is also well positioned to support any future government plans to expand the training capability at Scherger Air Force Base on Cape York Peninsula, by facilitating the movement of machinery and infrastructure.

THE PORT OF MARYBOROUGH

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





TRADE FACILITATION

MAXIMISING OPPORTUNITIES

Growing trade through our ports.

We are committed to working with government to maximise opportunities for growth and development and to coordinate the delivery of the staged expansion of our ports, in a sustainable manner.

ACTIVE TRADE FACILITATION

Trade growth and new trades

NQBP placed a significant focus on the growth and development of new trades during the year. We have a clear focus on new trade potential and are well-placed to influence supply chains and improve competitiveness.

Our commitment to pursuing a diverse mix of commodities for trade through our ports will help provide security in times of industry downturn or when unexpected events impact commodity supply chains.

These actions support our ongoing investigation of all potential revenue sources, to facilitate growth and increase trade through our ports.

A study into **break bulk trade** through the Port of Mackay was completed earlier in the year and recommended actions are being implemented to grow this key market.

The completion of the new federally accredited, quarantine-approved NSS wash-down facilities at the port in August 2016 further supports development of break bulk trade through this port. The facility is able to accommodate containers, large heavy machinery and vehicles used for mining and agricultural purposes. A successful trial of the facility was undertaken by Thiess in October 2016 to import used mining equipment from its global fleet.



October 2016 also saw a consignment of **live cattle** successfully exported from the Port of Weipa. A further shipment is planned for early 2017–18 and opportunities are present to further develop this market. NQBP is working to establish permanent cattle-holding yards to support an expected growth in live cattle trade.

The Port of Weipa also received its first new proponent to export bulk commodities, with the first of three Green Coast Resources ships arriving in October 2016. NQBP worked closely with Green Coast Resources and state agencies during the year to facilitate approvals and safe operating plans for a **new bauxite trade** at Weipa, which is expected to provide additional throughput in the future.

Additional opportunities exist at the Port of Weipa in relation to the export of timber and NQBP will continue to work with stakeholders to further assess the viability of trade for this commodity.

Promoting private sector development

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

NQBP is developing a blueprint for the Port of Mackay, which combined with the port master planning process will inform future development plans.



PORT EXPANSION

Investing in enabling infrastructure, supporting port expansion and new business

Improving and expanding our port infrastructure and facilities underpins our ability to be a competitive player in the market, offering customers more choice and driving competitiveness.

The completion of the **Abbot Point Marine Offloading Facility (MOF)** during the year will help to improve port and supply chain efficiencies, in turn contributing to the economic growth of the State.

Stage 1 of construction of the **Hay Point MOF** was also completed in October 2016 to support expected imports for customers at nearby terminals. Bed levelling and a line boat pontoon replacement will occur in early 2017–18.

Marine pilots

NQBP's port pilotage service enhances supply chain coordination with the safe transit of ships at the Port of Mackay and the Port of Hay Point.

In 2016–17, a number of innovative practices were implemented to enhance the safety and efficiency of the program.

Automated passage plans were developed to streamline back-end services and simplify record keeping requirements for pilots. A process that was previously managed by a paper-based chart system, is now completed on electronic tablets and the benefits are expected to be realised during the coming year.

NQBP's **portable pilot units** were refitted to ensure accurate data capture. The highly precise independent navigation units have been used by NQBP marine pilots since 2007 and this year we invested \$190,000 to underpin the units' lifespan.



A **fatigue management system** was established to understand, measure and manage fatigue experienced by the pilotage team, who together operate 24 hours a day, seven days a week. The system, which has been audited by a psychologist specialising in fatigue management, is based around training where pilots learn to manage lifestyle factors including diet, exercise and family commitments, in order to reduce the impacts of fatigue.

Training also formed a major part of the pilotage program in 2016–17, including the development of a competency-based training system and retraining of pilots re-entering the workforce. A **helicopter underwater escape training course**, simulating an emergency in the water, is also being developed and is expected to be rolled out in the latter half of 2017–18.

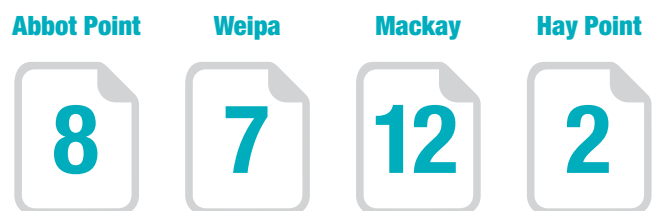
Port planning and development assessments

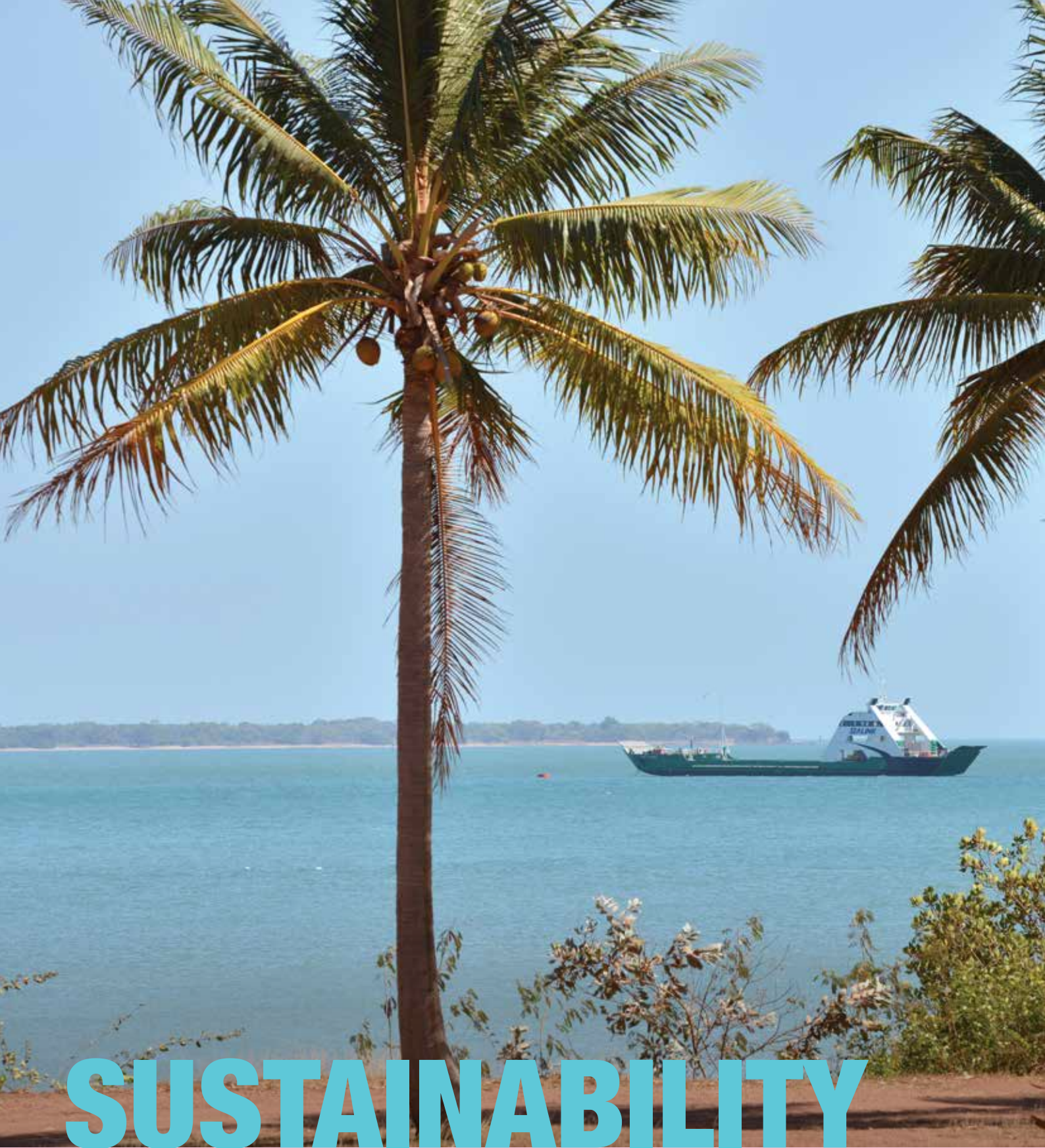
NQBP's Sustainable Port Development Guidelines provide the detailed standards and requirements for development in our ports.

The guidelines have been developed to ensure a high standard of new development on NQBP land while providing cost-effective and sustainable outcomes for development proponents. The guidelines also provide standards for development aspects such as building design, site layout, parking, sustainable design, landscaping and fencing.

All new development on NQBP's strategic port land must comply with these guidelines.

DEVELOPMENT APPROVALS ISSUED





SUSTAINABILITY

ENSURING PROSPERITY

Sustainable development and environmental management underpin the growth of our business.

NQBP's approach is critical: we operate three ports adjacent to the Great Barrier Reef Marine Park and we are the only port authority in the world to manage three major ports within a World Heritage Area.

NQBP's Sustainability Plan 2015+ outlines a clear strategy for port sustainability and continues to guide our work.

Our commitment to the communities in which we operate also extends far beyond our ports and our established partnerships and initiatives play a vital role in helping to improve the vibrancy of North Queensland communities.

SUSTAINABILITY

Sustainable sediment management

A Sustainable Sediment Management Assessment for the Port of Hay Point was conducted during the past two years.

The leading-practice assessment was designed to investigate ways to avoid or reduce the need for maintenance dredging, both in the short and long term. It has also provided valuable data to inform future planning in this area.

The assessment has been peer-reviewed and will be finalised in early 2017–18. The outcomes are expected to drive the development of a Long-Term Dredge Management Plan at Hay Point and guide government permitting and approvals requirements.

NQBP is committed to adopting a similar approach at all other ports and this is expected to become a focus in the coming year.



Renewable energy

In 2016–17, NQBP developed a **Renewable Energy Pathway**, to illustrate our approach to integrating renewable energy into our business. The pathway focuses on building baseline knowledge in certain areas and building people's skillset to support the roll-out of more complex projects and initiatives. External support is engaged to provide the opportunity to influence more substantial outcomes through current and emerging technologies.

NQBP's **Renewable Energy Strategy** aims to provide renewable energy solutions at our ports, making them more self-sufficient, increasing sustainability and providing value to our customers.

A recent energy audit on NQBP facilities, as well as cross-collaboration between NQBP work teams, helped to identify areas suitable for the integration of renewable energy infrastructure. As part of an energy pilot project, solar panels will be installed during construction of a new shed at the Port of Abbot Point, demonstrating the ease of incorporating sustainable design principles into projects at concept phase.

Greenhouse gas emissions

NQBP tracks greenhouse gas emissions in line with best practice, although not required to formally report under Commonwealth legislation as activities do not exceed the 25,000 tonne CO² threshold.

In 2016–17, we achieved a 15 per cent reduction in emissions, a result of our commitment to limiting our impact to the environment by making practical changes to working more efficiently, smarter and more sustainably.

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

Greenhouse gas emissions (tonnes-CO²-e)

Port Operations and Management	2016–17	2015–16
Total electricity for power and lighting	774.79	983.82
Total fuel for fleet vehicles, mowers, boats and plant	119.10	137.01
Total fuel for rental vehicles	2.03	3.37
Total fuel from flights	191.44	321.69
Total fuel from dredging activities	758.26	725.8
Total NQBP emissions	1845.62	2171.69
Reduction of emissions	326.07	
% change	15%	

Green Office Program

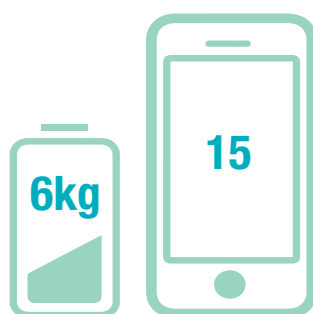
NQBP's Green Office Program provides employees an opportunity to be involved in building sustainability, integrating sustainable thinking into the business and helping develop a culture of sustainability. The program is based on a Harvard University model and includes specific criteria to increase office sustainability.

In August 2016, NQBP moved from the program's 'Leaf 1' rating which was achieved in 2015 when the program first commenced, to a higher 'Leaf 2' rating following the implementation of sustainability initiatives, including waste recycling, using recycled stationery, paper reduction, offering healthier snack options for employees and a green office awareness campaign.

2016–17 achievements included:



recycling the pods and grinds of almost **2000 cups of coffee** in the Brisbane office



recycling almost **six kilograms** of batteries and **15 mobile phones** from NQBP offices



recycling **23 pairs of old reading glasses** as part of a corporate social responsibility project

Procurement

In January 2017, NQBP's procurement procedure was revised to include a greater focus on sustainability. The procedure was amended to recognise whole-of-life costs associated with the purchase of goods and benefits to be generated for NQBP, society, the economy and the environment.

NQBP's suppliers must also adhere to set sustainability levels such as being socially responsible and ethical, generating positive social outcomes with NQBP purchases, offering environmentally preferable goods and services and providing cost-saving options.

The procedure also underpins the Queensland Charter for Local Content, specifically including considerations around buying local, transparency of process, building strong relationships with local communities and businesses and providing a fair tender process.

Innovation

In 2016–17, we advanced NQBP's innovation process, focusing on business improvements and efficiencies.

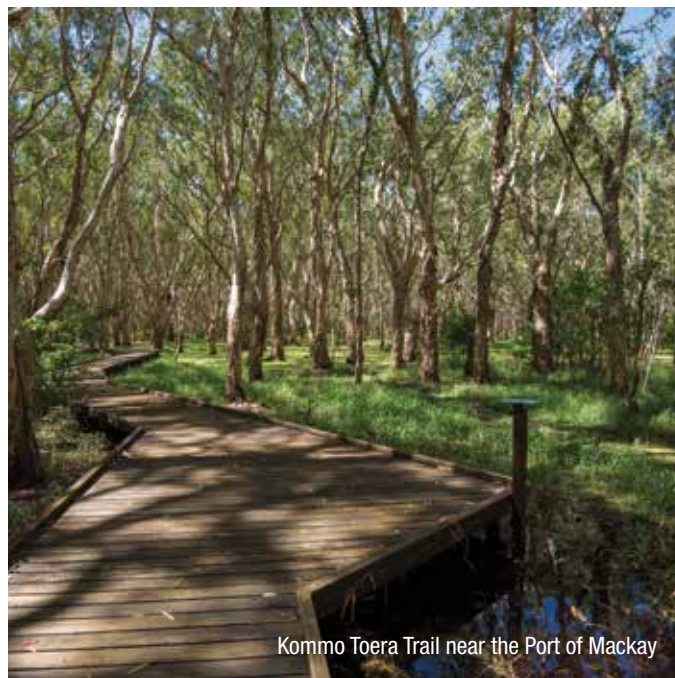
NQBP is focusing on progressing NQBP's business proposition to customers, government and the community. It empowers employees to look for ways to simplify and improve day-to-day tasks and allows them to implement solutions to existing inefficient processes.

ENVIRONMENT

NQBP holds a vision for Australia where trade, communities and the environment all thrive.

Our committed approach sees us undertake our work with a clear focus, ensuring we always reduce and manage any potential impact to the environment.

NQBP conducts all operations within our Environmental Management System — the highest international standard — certified under ISO14001 since 1999.



Kommo Toera Trail near the Port of Mackay

ACTIVITY	DESCRIPTION	PROGRESS 2016–17
Port of Abbot Point		
Environmental approvals for capital dredging	Abbot Point is a designated Queensland Priority Port. Capital dredging is required to allow for future growth of coal export capacity from 50 to 120 mtpa.	The Abbot Point Growth Gateway Project involves dredging 1.1 million cubic metres of seabed and placing it to vacant industrial land at the port, next to the existing coal terminal.
Seagrass monitoring and research program	In place since 2008, the program assesses the long-term condition and trend for this valuable fisheries habitat.	Seagrass condition in Abbot Point continued to show strong improvement for the second consecutive year, with an overall condition rising to 'Satisfactory'. This is reflective of strong, albeit slow, recovery after declines in previous years due to cyclones, high rainfall, winds and flooding. Since the 2016 surveys, TC Debbie impacted the Bowen/ Abbot Point region; the impact from which is likely to be evidenced in surveys scheduled for late 2017.
Marine water quality	A full year of the new ongoing ambient marine water quality monitoring program has been completed at the Port of Abbot Point.	Vision Environmental has been conducting ongoing monitoring covering 35km along the Abbot Point coastline from Camp Island to the Euri and Don River discharges and offshore to Holbourne Island. Results from 2016 showed water clarity was primarily wind and wave-driven at Abbot Point.
Coral monitoring	2016 was the first year of an ambient coral monitoring program at the Port of Abbot Point, with surveys scheduled before and after the wet season each year.	In May 2016, the Australian Institute of Marine Science (AIMS) commenced an ambient coral monitoring program with 12 permanent transect sites at Holbourne and Camp Islands. The first year of surveys showed that the coral communities at Abbot Point were similar in condition to the broader inshore Great Barrier Reef (GBR) region monitored through the statewide Marine Monitoring Program. Similarly, the primary driver for the Abbot Point coral condition was determined to be the GBR-wide prolonged high-water temperature recordings.

ACTIVITY	DESCRIPTION	PROGRESS 2016–17
Port of Hay Point		
Air quality monitoring	In place for nearly 20 years, along with terminal operators, this program is designed to improve dust management practices at the port.	Continued to facilitate effective dust management. The results of a coal dust study, released in 2016, found all monitored community sites around Hay Point were in full compliance with the national air quality standards.
Marine water quality	Large-scale ambient marine water quality monitoring along the coastline of the Port of Hay Point.	James Cook University's TropWATER has been conducting ongoing monitoring covering 60km along the Mackay coastline from Slade Point to Freshwater Point and offshore to Keswick Island. Results from 2016 also supported Abbot Point's findings that water clarity was primarily wind- and wave-driven, although upcoming results from the 2017 wet season may show greater influences from seasonality. Plankton sampling in 2016 continued as an added feature to build on our understanding on how high nutrients levels, blooms of algae and plankton contribute to changes in water clarity.
Coral monitoring	This program investigates local fringing coral health, abundance and distribution and includes annual before and after wet season monitoring along the coastline of the Port of Mackay and the Port of Hay Point.	Since early 2015, NQBP has had a team of scientists completing diver surveys on four island communities near the Ports of Hay Point and Mackay. The coral communities monitored in the Mackay and Hay Point region are offering a unique insight into the natural buffer capacity evolved from their positioning in a naturally turbid and highly fluctuating environment, with short-term elevated sedimentation not translating into any measurable loss of coral cover.
Seagrass monitoring and research program	Undertaken by James Cook University scientists, this program aligns with broader GBR seagrass monitoring and provides linkages to the Queensland-wide network of habitat assessment and management and covers the coastline of the Port of Mackay and the Port of Hay Point.	Annual monitoring found significant reductions in biomass for both offshore and inshore seagrass habitat in 2016. Monitoring determined this was contributed to by the unfavourable climate conditions (rainfall, river flow, light) in the months leading into the seagrass growing season. Species composition remained in 'very good' condition though, which has indicated that greater area surveys may better account for the ephemeral nature of the seagrass meadows in the Mackay and Hay Point area.

Port of Mackay



ACTIVITY	DESCRIPTION	PROGRESS 2016–17
Port of Mackay		
Air quality	NQBP partnered with GrainCorp in 2016 to implement a new air quality monitoring program at the Port of Mackay.	This program has been developed to allow for monitoring and management of the Port of Mackay air quality. The fully solar-powered sites continue to provide valuable data to facilitate fine-tuned management of loading practices. To date the monitoring stations have recorded very few 'poor' and no 'very poor' days, with the majority falling within the 'good' or 'very good' categories against the National Air Quality Index.
Coral monitoring	This program investigates local fringing coral health, abundance and distribution and includes annual before and after wet season monitoring along the coastline.	<i>See comments against Hay Point marine water quality as these programs are combined.</i>
Marine water quality	Large-scale ambient marine water quality monitoring along the coastline of Port of Mackay.	<i>See comments against Hay Point marine water quality as these programs are combined.</i>
Seagrass monitoring and research program	Undertaken by JCU scientists, this program aligns with broader GBR seagrass monitoring and provides linkages to the Queensland-wide network of habitat assessment and management and covers the coastline of the Port of Mackay and the Port of Hay Point.	<i>See above Hay Point comments as these programs are combined.</i>
Regional stormwater monitoring program	A regional alliance was developed to look at stormwater runoff in the Mackay region.	Together, NQBP, Mackay Regional Council and Reef Catchments hope to identify areas of improvement and implement management strategies to improve stormwater runoff.



ACTIVITY	DESCRIPTION	PROGRESS 2016–17
Port of Weipa		
Maintenance dredging	Safe, sustainable and competitive seaport services for customers require a well-planned maintenance dredging program to ensure declared depths are preserved. NQBP holds 10-year, long-term Commonwealth and ongoing State permits for routine maintenance dredging at the Port of Weipa.	<p>The 2016 maintenance dredging campaign was completed between 24 June and 19 July 2016.</p> <p>The 2017 maintenance dredging campaign was completed between 18 May and 8 June 2017. Both campaigns were completed with full environmental compliance and no incidents to the marine environment recorded.</p>
Strategic, long-term seagrass monitoring program	One of the largest running seagrass monitoring programs in the world. JCU scientists undertake monitoring and reporting, including assessment of seagrass community health indicators.	<p>Outcomes of monitoring in 2016 identified that seagrass condition for the majority of meadows was robust. Dugong feeding activity increased again from last year.</p> <p>Two meadows experienced substantial losses in areas, likely the result of localised unfavourable light conditions. NQBP has increased monitoring in this area to ensure capacity to recover is maintained and to investigate further the potential influencing factors.</p>

Port of Weipa



ECOPORTS PROGRAM

NQBP's EcoPorts Program comprises a practical action plan to achieve long-term environmental and sustainability goals and commitments. It encompasses port environmental monitoring programs, training, auditing and tasks around community and stakeholder engagement on environmental matters.

The program is fundamental in working towards a sustainable future for our ports, through identifying and scheduling our obligations and voluntary commitments to demonstrate a high level of environmental stewardship.

For 2016–17, the program included 35 actions, all of which have been accounted for.

Environmental school grants

As part of the EcoPorts program, NQBP provided environment grants of \$1000 each to 10 schools in all port communities, to fund environmental projects.

This annual grants program aims to create awareness, understanding and appreciation for the environment.

Successful 2016–17 projects focused largely on sustainability and included projects such as in-depth marine studies, sensory gardens and recycling initiatives.

ENVIRONMENTAL POLICY

NQBP is closely involved in the development and ongoing implementation of environmental policy that has the potential to interact with our business interests.

As an organisation with strong environmental and sustainability credentials, NQBP supports planning and policy decisions that ensure avoidance and minimisation of environmental impacts are a priority. We advocate that strong policy is informed by rigorous and recognised science; balances science with environmental, community and economic needs; and recognises maintenance and creation of ports and waterways are essential.

A member of our Sustainability and External Relations Team serves as the Environment and Planning Chair for both Queensland Ports Association and Ports Australia, allowing NQBP to play a vital role in driving industry involvement and input into marine science, port policy and dredging assessment and governance. NQBP's expertise is also called upon by ports and industry associations throughout Queensland and Australia.



Bowen State High School Year 11 Marine Studies students Brad Kuhn and Dimity Ahern

CLIMATE CHANGE COMMITMENT

NQBP has developed an organisation-wide Climate Change Commitment, which seeks to balance economic, environment and community interests across all arms of the organisation.

The commitment underpins NQBP's sustainability plan and vision to lead the sustainable development of Queensland ports, while recognising the vulnerability of ports to climate change.

The Climate Change Commitment also identifies actions to address climate change and to develop resilience through a strategic and coordinated approach, such as undertaking a climate risk vulnerability assessment and identifying actions to mitigate and adapt to risks.

REEF 2050 LONG-TERM SUSTAINABILITY PLAN

The Queensland and Federal Government's Reef 2050 Long-Term Sustainability Plan provides an overarching strategy for managing the Great Barrier Reef into the future.

In 2016–17, NQBP was as a committed and diligent partner, responsible for ensuring the Plan's implementation.

During the year, NQBP:

- Prepared a detailed scope in consultation with key Reef 2050 stakeholders and is in the process of finalising deliverables that address Water Quality Action 17. This Reef 2050 action is the only one being delivered by a non-government reef partner and has required ports to:

“Understand the port sediment characteristics and risks at the four major ports and how they interact and contribute to broader catchment contributions within the World Heritage Area.”

The study is expected to be finalised by NQBP in consultation with Reef 2050 stakeholders by the end of calendar year 2017.

- Worked with regulatory agencies, Reef 2050 stakeholders and research agencies to develop a framework for the long-term management of port sediment.
This framework was heavily informed by leading-practice work undertaken by NQBP as part of the Hay Point Sustainable Sediment Assessment and included in the Queensland Maintenance Dredging Strategy (MDS), which was delivered by the Department of Transport and Main Roads (TMR) in November 2016. The MDS will be supported by Long-Term Dredge Management Plan Guidelines, which NQBP is working on with TMR to deliver.
- Prepared the first maintenance dredging schedule for 2017 in accordance with the requirements of the MDS, including a risk-based assessment at each GBR port that examined the need for imposing environmental windows during dredging.
- Commenced the development of a Long-Term Maintenance Dredge Management Plan at all NQBP ports.

A comprehensive list of NQBP's contribution during the year can be found on our website.

CORAL BLEACHING

As operator of port assets adjacent to the Great Barrier Reef Marine Park (GBRMP) and World Heritage Area, it is critical NQBP maintains a strong focus on environmental policy and emerging issues that have the potential to impact the future of the Great Barrier Reef.

Coral bleaching is of particular importance to NQBP and we are pleased to work in partnership with other key stakeholders as part of the Reef 2050 Advisory Committee and the Great Barrier Reef Marine Park Authority's (GBRMPA) Reef Summit to contribute to this critical area.

COLLABORATION WITH RESEARCH INSTITUTIONS

In 2016–17, NQBP collaborated with researchers from James Cook University's Centre for Tropical Water and Aquatic Ecosystem Research — TropWATER — to support postgraduate students in accessing real-world research opportunities.

The collaboration explored environmental management practices of coastal ports and allowed NQBP to partner with a credible scientific body, supporting sharing and building knowledge between industry and those who will play an active role in shaping port communities in the future.

Collaborations such as this support NQBP's approach to environmental management and ensure a deeper knowledge and understanding of port development and its interaction with the environment.

STORMWATER MANAGEMENT PARTNERSHIP WITH MACKAY REGIONAL COUNCIL AND REEF CATCHMENTS

In June 2015, Reef Catchments Limited, Mackay Regional Council and NQBP commenced a two-year program with Catchment Solutions to undertake a Mackay Urban Water Quality Monitoring Program.

The objectives of the program focused on collecting baseline water quality information from Mackay urban areas and understanding the relationship between urban land uses and land management practices and water quality in the region.

The study was completed in June 2017 and delivered a number of positive outcomes that will support the ongoing management of stormwater across the Mackay region.

POLYFLUOROALKYL SUBSTANCES (PFAS)

In late 2016, Queensland implemented in force the Operational Policy for Environmental Management of Firefighting Foams regulating the future use, disposal, and legacy contamination assessment for any activities involving foams with PFAS contaminant content. Due to their efficacy, some of our ports have historically stocked PFAS fire-fighting foams.

NQBP continues to work with State and Commonwealth regulators to ensure compliance to this new policy is met and to assist in aspects that cross into the broader international maritime industry.

COLLABORATIVE PARTNERSHIPS

VIBRANT PORT COMMUNITIES

Port communities program

NQBP plays a key role in regional Queensland communities and supports local port communities through sponsorships, donations and sustainable partnerships.

NQBP maintains Community Reference Groups (CRGs), which help to build awareness throughout the community of current and future port operations and provides a platform to discuss community investments. The CRGs also provide a critical avenue through which NQBP is able to listen to and act on feedback from the community. Renewed CRGs will be introduced in 2017–18, as the term of the current members has expired.

In 2016–17, NQBP was very active in the area of media engagement across traditional and social media platforms. We also supported a number of community initiatives and events, representing a total contribution of over \$130,000 back to the communities in which we operate.

PORT OF MACKAY

- Mackay Marina Run
- Mackay Relay for Life
- Resource Industry Network
- Mackay Beach Horse Races
- Pink Ribbon Charity Fair
- River 2 Reef Charity Ride

- Magic Mile event on Southern Breakwater
- Mackay Superboats Kids' Zone
- Sister Cities Mackay Japanese Speaking Contest
- Art on Show
- Installation of new softfall at Old Mulherin Park playground
- Installation of a surf interaction sign at North Wall Beach
- Installation of a memorial chair at North Wall Beach
- Tours for school children to learn the history of the Mackay Harbour Precinct.

PORT OF WEIPA

- Weipa Fishing Classic.

PORT OF HAY POINT

- Alligator Creek Learn to Swim Program
- Sarina Beach Coconut Festival
- Sarina Festival 2016
- Sponsorship of the McEwens Beach Progress Association for the purchase of equipment to support the local rural fire brigade.

PORT OF ABBOT POINT

- Bowen Offshore Superboats 2016
- Bowen Fishing Classic 2017
- Bowen Jetty 150 Years Celebration and photographic competition
- Bowen Sea Turtle Assessment and Rehabilitation Inc (BSTAR)
- Cyclone Debbie Community Recovery event
- North Head Lighthouse official opening ceremony
- Bowen Colour Xplosion.

Bowen Colour Xplosion



Port tours

In 2016–17, NQBP hosted a number of port tours for schools and industry groups.

School tours are tailored individually for each school group, based on the relevant subject and student ages.

In 2017–18, NQBP will continue work to develop a suite of educational resource materials to complement the Port Communities Program. These materials will be used for port tours and can be utilised by education providers to integrate knowledge of local industry into the curriculum.

Media

The Australian ports supplement: NQBP ran a marketing campaign in conjunction with a ports supplement produced by *The Australian* newspaper.

The NQBP campaign included the development of a microsite, as well as print and online advertising promoting the Port of Mackay and the Port of Weipa.

The campaign generated significant trade-related enquiries and NQBP received extensive, positive editorial coverage in the supplement.

NQBP welcomed a number of Queensland Government Ministers and local media representatives to the ports during 2016–17 to demonstrate the ports' capabilities and outline local expansion and improvement projects.

Port Life: In October 2016, NQBP released a new community publication, *Port Life*, for the Mackay, Hay Point and Bowen communities. The mini-magazine is a reinvigoration of NQBP's community newsletter and received positive feedback from port customers, local businesses and residents.

Mackay–Whitsunday Healthy Rivers to Reef Partnership

In 2016–17, NQBP continued as a major supporter of and contributor to the Mackay–Whitsunday Healthy Rivers to Reef Partnership, contributing to the second annual report card on water quality for the Mackay–Whitsunday community.

In October 2016, the corporation announced a \$100,000 contribution to the partnership, in recognition of NQBP's long-running commitment to environmental stewardship. NQBP also continued to provide data and findings from the extensive environmental monitoring program covering seagrass, marine, inshore coral and water quality.

PIANC International Working Group

In 2016–17, NQBP continued working alongside environmental management experts from around the world as part of a key PIANC working group, Working Group 175. The working group was tasked with reviewing current best practice and developing a practical guideline for environmental risk management of navigational infrastructure projects.

NQBP's Senior Manager Environment and Planning has been working with the group since February 2015, contributing to the development of the guideline which, when complete, will provide an invaluable resource for practical environmental risk management across all ports.



Winning photo from the Bowen Jetty 150 Years Celebration competition taken by Chris Dalton

Port signage

New port signage was installed in 2016–17. The new livery clearly identifies NQBP within the community, heightening the profile of each of the four trading ports and increasing our overall brand presence.

North Head Light House

In 2016–17, NQBP was proud to have played a role in the restoration of North Head Light House near Bowen. Through the Corporate Communities Program, we contributed \$15 000 to the project which brought the iconic community asset back to life.

As the port authority for the Port of Abbot Point, NQBP has a long association with Bowen's maritime history, including the jetty, its wharves and the lighthouse, which all celebrated the 150th year milestone this year.

Partnering with the North Queensland Cowboys

In October 2016, NQBP announced a strategic, three-year, community-based partnership with the North Queensland Cowboys (the Cowboys), with a key focus on building sustainable futures for North Queensland regional and port communities.

The partnership is centred on both parties' shared values of community engagement (including with Indigenous community and children), leadership, innovation and integrity. By joining forces, NQBP and the Cowboys aim to inspire young people in NQBP port communities and educate them about the importance of positive life choices.

The partnership sees us work together with the Cowboys to deliver the club's acclaimed community development program across the port communities of Hay Point (Sarina), Mackay, Abbot Point (Bowen) and Weipa.

Each year, four "Bulk Ports Blitzes" are held across our port communities. The Blitzes comprise a two-day, action-packed community program run by Cowboys legends such as Matthew Bowen and Brent Tate, along with development officers from the club. Activities include skills training sessions for school students and tailored school tours, which demonstrate first-hand how success on the field is built on a commitment to make the right choices off the field.

Throughout the year, NQBP also worked with local community leaders and representatives to provide the opportunity to see their heroes in action on the Cowboys home ground.

The Cowboys and NQBP recently rallied together to inspire healing and recovery across North Queensland communities following the devastating impacts of TC Debbie in early 2017.

As proud North Queenslanders, NQBP is excited to join with the Cowboys in our shared commitment to contribute to building sustainable futures for our communities.



Brent Tate takes questions from students at a local school



Matthew Bowen shares skills with local students

WORKPLACE AND PEOPLE

PEOPLE AND CULTURE

As at 30 June 2017, NQBP employed 118 people across a wide range of disciplines, including pilotage, engineering, planning, environment, safety, maintenance, governance and legal, administration, finance, communications, trade and property, and business and commercial services. Our workforce is diverse; located in three regional centres and a Brisbane office.

During the year, NQBP worked to:

- Improve the workforce's skill and capability
- Ensure the right people were working in the right roles, driving accountability and providing career advancement, and
- Develop capable and unified leaders to provide a pipeline for future leadership.

In 2016–17, we rolled out development programs to address identified skill gaps, maintain competency and improve capability.

Performance was measured during the year and all employees were provided with personalised development plans to address skill and knowledge gaps and provide development activities to support career advancement.

A restructure of NQBP's Executive Committee in 2016–17 helped to better align skill sets with operational deliverables, ensuring an increased focus on trade growth. The team became involved in learning and development opportunities to foster teamwork and collaboration across the organisation and a talent process was also undertaken to help identify higher-performing employees.

EMPLOYER OF CHOICE STRATEGY

In 2016–17, NQBP continued to implement the Employer of Choice Strategy, the primary focus of which is to build the corporation's people capability — an important element in the delivery of NQBP's Strategic Plan.

The strategy has resulted in a continued emphasis on the alignment of culture in everything we do, our values of team, leading the way and doing the right thing, amongst others. This emphasis has also supported a continuous improvement mindset, resulting in improved and simplified human resource processes and systems.

NQBP's employee value proposition remains underpinned by flexible work options, interesting work challenges, staff development and a drive for employees to grow in their career.

ENTERPRISE AGREEMENTS

NQBP has two Enterprise Agreements. The Enterprise Agreement for our general workforce (administration and port staff, maintenance and operations) is current to February 2018.

The second agreement with Marine Pilots is current to January 2018.

DRUG AND ALCOHOL POLICY

NQBP maintains a zero tolerance for drug and alcohol at all offices and ports and continues to implement a 0.0 per cent Blood Alcohol Concentration procedure at all sites.

DEVELOPING OUR PEOPLE

NQBP aims to be a corporation that values skills, where people understand the alignment between the work they do and the goals of the business and where each employee seeks to exceed in their role and develop their skills and competencies.



SUMMARY OF WORKPLACE AND PEOPLE OUTCOMES

RECRUITMENT



62.5%

Per cent of females appointed over the year

INDUSTRIAL RELATIONS



ZERO

Number of days lost from industrial disruption

PERFORMANCE

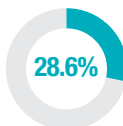


59.4%

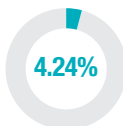
Employees rated 'above average or higher' in their annual performance review

VALUING DIVERSITY

40% Females in workforce



28.6% Females on Board



4.24% Indigenous – employees in workforce



16.7% Females on executive team



9.32% Cultural backgrounds – staff in workforce



57% Females on enterprise agreement(s)

NUMBER OF EMPLOYEES

118

Headcount

EMPLOYEE DEVELOPMENT

\$443,975

Training expenditure (excludes on-the-job-training)

EMPLOYEE RELATIONS

THREE

Number of formal grievances reported to management (including harassment bullying or discrimination)

PERFORMANCE

1.7%

Employees on a formal performance improvement plan over the year

\$12,686

Study Assistance (Tertiary) Expenditure

TURNOVER

12.61%

12 month average

HEALTH AND SAFETY

NQBP's health and safety goal is to achieve zero injuries and harm

Our strategic intent is to build a sustainable culture of interdependence through the implementation of a health and safety consultative framework, where at-risk behaviours are eliminated. NQBP aims to do this by focusing effort and attention on the systems and symbols that drive positive behaviour, influencing culture, developing confidence in the health and safety processes and delivering visible outcomes to all employees.

NQBP's most visible health and safety achievement in 2016–17 was the prevention of lost-time injuries for almost three years, equating to more than 1050 days of work without a lost-time injury.

NQBP is developing as a learning organisation with consistent and repeatable tasks and activities. Our focus on different leadership styles has helped drive employees to influence organisational culture and regular auditing of systems and processes has helped us measure and monitor compliance to continually improve outcomes for our employees.

SAFETY AS A VALUE

NQBP relates health and safety to the organisational values to assist employees when assessing the impact of their decisions.

The relationship between safety and organisational values is one of our major strengths, together with our employees and their demonstrated care for each other. The correlation between the NQBP's values and the sustained injury performance cannot be underestimated.

HEALTH AND SAFETY RISK MANAGEMENT

During the year, NQBP implemented a significant business improvement project aimed at sustaining the continued effectiveness of health and safety management systems and processes.

The introduction of a business-wide Health, Safety, Environment and Risk software program significantly improved the availability, quality and accuracy of information and data for all employees. The improvements also resulted in more effective employee performance monitoring by managers.

Throughout project delivery and implementation, we engaged key discipline experts to ensure teams were well consulted and individual needs incorporated into the program design and system functionality.

The project's implementation was well received by employees, with excellent utilisation rates and above-average reporting and recording of incidents and hazards. Employees were also proactive in identifying opportunities to reduce documentation and include processes within the business-wide system.

ACCREDITATION/SUSTAINABILITY

The newly integrated Health, Safety, Environment and Risk software has resulted in improved efficiencies and effectiveness of the combined management systems and contributed to a reduction of paper-based processes and supporting documentation by almost half.

The long-term sustainability of the health and safety management system is guaranteed by the new software program and will greatly assist in benchmarking NQBP's performance over time.

Our plan to attain precertification accreditation has been held over to enable a complete system review during this phase of business improvement.

How safety links to our values



EMPLOYEE INVOLVEMENT

NQBP recognises the benefit of investing in the health and safety of employees. In turn, we have experienced very high, above industry level employee commitment and participation in programs.

We are committed to ensuring employees are trained in the statutory requirements for their roles, which includes having scheduled consultation meetings, conducting risk assessments for all tasks, reporting, recording and investigating all incidents and working safely.

Our commitment to our employees extends beyond this, with supplementary health and safety resources and opportunities contributing to achieving and maintaining key milestones.

These resources and opportunities have included:

- Participation and involvement in industry health and safety networks
- Participation in WHSQ Safe Work Month with facilitated weekly programs in Mackay and Brisbane
- Voluntary employee health and wellbeing screening and awareness, monitoring and reporting sessions
- R U OK Day functions and breakfasts
- Mental Health at Work Sessions
- Port of Mackay Safety Forum (an annual port user event as part of Safe Work Month).

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

Safety is our priority and focus and in 2016–17 we achieved:



Zero lost-time injuries recorded for almost three years



1068

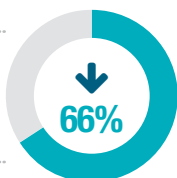
Number of days lost-time injury free



200%

Reduction in injury severity rate

Reduction in all injury frequency during the reporting period



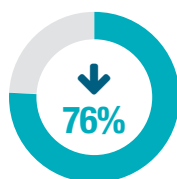
Increase in incident reporting in 12 months



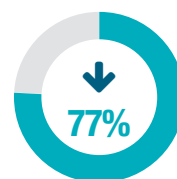
Decrease in WorkCover premiums in 5 years



Recovery at work for injured employees



Reduction in average claim cost per injury



Below industry average for average claim costs

SIGNIFICANT BUSINESS PROJECTS

NQBP has invested in improving the safety of its port facilities across Queensland, and reducing hazards for employees, port users and the general public.

Hazard reductions include:

- Port of Mackay
 - Improved fire-fighting system
 - Upgraded lighting and electrical systems
 - Improved shipping berths infrastructure
 - Improved port and marina sea walls
 - Port of Mackay, Harbour Road traffic improvements
 - Replacement of Mulherin Park playground equipment.
- Port of Weipa
 - Evans Landing public boat ramp.
- Port of Hay Point and the Port of Abbot Point
 - Upgrade of the Marine Offloading Facility at Hay Point and Abbot Point.



SMARTER PORTS

WORKING SMARTER

Future success is driven by our innovation, creativity and adaptability.

Smart improvements in all areas of our business are driving productivity and delivering far-reaching benefits for NQBP, our customers and Queensland as a whole.

DIGITALLY ENABLED

NQBP is progressing the implementation of a new website, which will support improved e-commerce capability. When complete, this digital platform will provide 24/7 business-to-business service to our customers and communities, increasing our accessibility and reach among the community.

At the end of 2016 and in line with NQBP's smarter ports strategy, Wi-Fi technology was established at the Port of Mackay to support upgrades to port surveillance equipment and enable productivity improvements from our outside workforce.

New Microsoft Surface communication hubs have also been introduced in Mackay and Brisbane, helping to keep our people in different regions connected, while reducing time and cost spent on business travel.

EFFICIENT AND AGILE SYSTEMS

NQBP's 'working smarter' approach enabled us to achieve a 59 per cent reduction in paper usage between the period of July 2015 to April 2017 as well as promoting efficiency and productivity where possible. This achievement has further helped NQBP to decrease cost wastage and maximise the use of existing resources.

Office-based and operational employees have all contributed to meeting this target. For example, paper use was reduced significantly by increasing the use of iPads for work orders.



LEVERAGE AND BUILD HUMAN CAPABILITY

We are committed to the continual development of our people and ensuring the alignment of roles and skill sets to provide the best opportunity for NQBP to be successful, operationally.

In 2016–17, we implemented changes at all levels of our organisation to ensure experience and ability aligned with responsibilities and deliverables. We invested in improving our procurement practices and succession planning was implemented across some operational work areas to ensure work continued to advance, particularly during times of change or extended leave.

Personal development within individual roles was also a key focus, to ensure the future requirements of NQBP would continue to be met.

An Organisational Capability Framework is being developed and targeted training and development requirements will be identified as part of this framework.

Driving accountability

In April 2017, NQBP introduced a new business-wide risk and incident management system, removing the centralised administration of risk and incident information, known as Riskware, and increasing employee participation and accountability in this critical area.

Riskware transfers the responsibility for risk management back to the team with the greatest operational control over activities or assets to which the risk relates and is an efficient way for NQBP to track various management systems across the business, such as the Corporate Risk Management Framework and Safety and Environmental Management Systems.



CORPORATE GOVERNANCE

STRONG FOUNDATIONS

Our robust governance underpins the success of our operations.

ORGANISATIONAL STRUCTURE

For the year ended 30 June 2017

Shareholding Ministers

Treasurer, Minister for Trade and Investment

The Hon. Curtis Pitt MP

Minister for Main Roads, Road Safety and Ports

The Hon. Mark Bailey MP

* As at 11 August 2017, Acting Minister for Main Roads, Road Safety and Ports. The Hon. Steven Miles MP

Board of Directors

Brad Fish (Chair)
Annabel Dolphin
Stephen Golding
Kasper Kuiper
Jane McTaggart
Peter Tait
Craig Walker

Audit and Financial Risk Management Committee

Peter Tait (Chair)
Annabel Dolphin
Brad Fish
Kasper Kuiper¹
Jane McTaggart²

People and Culture Committee

Annabel Dolphin (Chair)
Brad Fish
Stephen Golding
Craig Walker

Corporate Governance and Planning Committee

Stephen Golding (Chair)
Kasper Kuiper
Peter Tait
Craig Walker

Chief Executive Officer

Steve Lewis

Director Sustainability and External Relations

Gary Campbell

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

General Manager Engineering and Development

Rochelle Macdonald

- Maintenance
- Health and Safety
- Asset Management
- Engineering Services

Director Legal, People and Governance

Peter Sinnott

- Human Resources
- Legal
- Records Management
- Company Secretariat

General Manager Trade and Operations

Brendan Webb

- Port Operations
- Pilotage Services
- Commerce and Trade

Chief Financial Officer

Bernie Wilson

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

¹ Member until 23 May 2017

² Member from 23 May 2017

EXECUTIVE COMMITTEE



Steve Lewis

Chief Executive Officer

MBA, BBus (Fin Mgt and Economics), GAICD

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

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



Gary Campbell

Director Sustainability and External Relations

BBus, GAICD

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

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



Rochelle Macdonald

General Manager Engineering and Development

BSc (Hons), MEM, PhD, GAICD, PLD
(Harvard – accelerated MBA equivalent)

Skills and experience: Dr Macdonald joined NQBP in January 2016, after working in an executive role at the Dampier Port Authority in Western Australia. She is highly experienced within the world of bulk ports, facilitating the development of two of Australia's largest LNG port projects, Pluto and Wheatstone. She is a specialist in developing and optimising intergenerational port assets and integrated logistic networks, which will be key to facilitating sustainable growth of Regional Queensland.

Dr Macdonald has also been appointed to the Board of the Greater Whitsunday Alliance (GW3), an advocacy body to facilitate economic growth of the Greater Whitsunday Region.

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



Peter Sinnott

Director Legal, People, and Governance
B.Com, LLB (Hons), MFM

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

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



Brendan Webb

General Manager Trade and Operations

Skills and experience: Mr Webb joined NQBP in April 2017 in the new role of General Manager Trade and Operations with in excess of 20 years' experience in operational leadership roles from the Mining and Engineering Services and Transport and Logistics sectors. Safety, customer value and business strategy have been a career focus, including the integration delivery of Bucyrus into Hasting Deering, executive account management of major resource houses and leadership in change management implementation from company acquisitions and mergers. Mr Webb brings his extensive industry experience, supply chain knowledge and expertise in managing stakeholder relationships.

Responsibilities: Mr Webb provides executive leadership to NQBP's Commercial Division delivering customer focus, efficient service and trade expansion. This is underpinned by operational leadership, including pilotage, security, incorporating supply chain and stakeholder recognition. He is focused on asset utilisation to grow the diversity of trade and supply chain optimisation to deliver maximum stakeholder value.



Bernie Wilson

Chief Financial Officer
BBus, CPA, MAppFIN, GAICD

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

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

CORPORATE GOVERNANCE STATEMENT

CORPORATE 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 Treasurer and Minister for Trade and Investment; and the Minister for Main Roads, Road Safety and Ports*. 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 annually 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.

BOARD OF DIRECTORS

Details of members of the Board, including their terms of office and their skills, experience and expertise, are outlined on pages 54 and 55 of this report.

* Change in Shareholding Minister as at 11 August 2017 refer page 37

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. A Conflicts of Interest Protocol is in place to address any potential conflicts of interest for the Chair as a result of his previous consulting and directorship with companies in the Adani Group. The independence of Directors is a key issue in ensuring the Board exercises independent judgement. At NQBP, materiality in relation to the independence of Directors is assessed on a case-by-case basis, taking into account the particular circumstances.

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

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

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

ROLE OF THE BOARD

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

The collective role of the Board is to:

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

The Board's functions include:

- Responsibility for NQBP's commercial policy and management;
- Ensuring that, as far as possible, NQBP achieves and acts in accordance with its Statement of Corporate Intent (SCI);
- Accounting to 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 and, in addition to this, it meets three times a year to discuss strategy and at other times should the need arise. During 2016–17, 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 regularly 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, agriculture, transport and industrial relations.

DIRECTOR INDUCTION AND EDUCATION

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

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

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

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

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

INDEPENDENT ADVICE AND ACCESS TO INFORMATION

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

The 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, if corrupt conduct is reasonably suspected.

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

The Code of Conduct, Integrity Framework (Corrupt Conduct and Public Interest Disclosures) Standard, Whistleblower Protection Procedure 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 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 2016, an internal review of NQBP's Board performance was undertaken.

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

In addition, each committee (in accordance with the relevant Charter) addresses competency and performance issues at least annually, as well as their information needs. The Board then reviews the performance of each committee on an annual basis. This was undertaken in May and June 2017.

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 80. 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 People and Culture 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 with agreed targets set by the Board. The performance pay for the Chief Executive Officer and senior executives is made up from achievement of performance targets with 15 per cent of total salary the maximum payable, subject to achievement of a financial target. Recommended payments are determined by the Board after the end of the financial year and paid and reported to Shareholding Ministers in accordance with current guidelines.

Proposed performance payments are approved by the Board after the end of the financial year.

The performance pay scheme applicable to other employees is based on each individual's overall performance. The scheme involves a performance payment pool for the 2016–17 financial year. Not all of this pool was distributed for the 2016–17 year.

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



BOARD COMMITTEES

During the 2016–17 financial year, there were three Board committees to assist the Board in discharging its duties. Each of these committees has a Charter in place that sets out its role. A copy of these Charters is included on the NQBP website.

A general description of the role and achievements of the three committees is outlined below. Details of the qualifications of members of each of the three committees, along with the number of meetings held by the committees and names of attendees, are included on pages 54, 55 and 56 respectively of this report.

AUDIT AND FINANCIAL RISK MANAGEMENT COMMITTEE

Chair: Peter Tait

Current Members: Brad Fish, Annabel Dolphin, Jane McTaggart (became a member on 23 May 2017).

Non-current Members: Kasper Kuiper (member from 1 July 2016 to 23 May 2017).

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.

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.

AFRMC achievements

In the 2016–17 financial year, the Committee met on 23 August 2016, 10 November 2016, 28 February 2017 and 30 May 2017. The Committee followed a key list of standing items to ensure coverage of:

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

In addition, during the 2016–17 financial year, the AFRMC also considered the following key matters:

- Quarterly Review Deep Dives – Financial Risk Metrics, Timely and Accurate Management Reporting;
- Revaluation and Impairment of Assets;
- Annual Financial Statements;
- Dividend and Return of Capital;
- Internal Audit Program and progress and timing of scheduled audits;
- Fraud Risk Assessment;
- Insurance Review;
- Mackay Breakwater Insurance Claim;
- Annual Budget Process;
- QTC Debt Structure Review;
- Port Pricing;
- Financial Investment Options;
- Cashflow management;
- Review of Delegations Framework;
- Review of Policies; and
- Annual Review of Committee Charter and Performance.

PEOPLE AND CULTURE COMMITTEE

Chair: Annabel Dolphin

Members: Brad Fish, Stephen Golding, Craig Walker

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

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

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

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

- 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; and
- Reviews the appropriateness of NQBP's Employment and Industrial Relations (E&IR) Plan.

The Committee consists of at least three Directors, appointed by the Board. The Board Chair may be appointed to the Committee but may not sit as the Chair of the Committee. The Charter of the PACC is supplied to newly appointed Directors as part of their general induction. The PACC 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 PACC meetings, the appropriateness of its Charter and the composition of the Committee on an annual basis.

PACC achievements

In the 2016–17 financial year, the Committee met on 25 July 2016, 3 November 2016, 14 February 2017 and 9 May 2017. 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 2016–17 financial year, the Committee also considered the following key matters:

- Reviewed progress of priority actions in the strategic HR Plan;
- Provided input into the development of the Employer of Choice Strategy and Workforce Plan and monitored their implementation;
- Reviewed issues in relation to the appointment of the General Manager Trade and Operations;
- Reviewed and made recommendations to the Board on specific HR procedures and the consolidation of HR Policies;
- Considered and made recommendations in relation to a survey on the organisational health and culture;
- Provided input into succession planning;
- Reviewed and made recommendations to the Board in relation to remuneration and performance payment targets and processes;
- Reviewed and made recommendations to the Board on CEO performance and remuneration;
- Reviewed and provided input into the Bargaining Frameworks for the Enterprise Agreements for NQBP staff and Marine Pilots;
- Reviewed sustainability culture and leadership issues;
- Reviewed and provided input into the draft NQBP E&IR Plan 2017/18;
- Reviewed and recommended enhancement of the Performance Management System;
- Considered quarterly People and Culture Reports;
- 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, Craig Walker, Kasper Kuiper

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.

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

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

CGAPC achievements

In the 2016–17 financial year, the Committee met on 3 August 2016, 3 November 2016, 14 February 2017 and 9 May 2017. During the 2016–17 financial year, the key matters considered by the Committee included reviews of:

- Continual development of IT Functions and Technology Systems;
- Risk Management Reporting Framework;
- Risk and strategic issues associated with NQBP's major projects;
- Risk Appetite Statement and Risk Matrix;
- Continual review of the development of Risk Management systems and reports:
- The Committee Charter;
- Policy and Procedure Simplification project;
- Changes to reporting processes to the Board;
- Strengthening Sustainability Governance;
- Project updates;
- Processes to prevent Cyber Crime attacks;
- Improvements to Governance;
- Board performance and Director's training;
- Government Engagement and Master Planning for Ports;
- 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 policy and procedures 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:

- Corporate Risk Management;
- Insurance;
- Assurance (Internal Audit); and
- Emergency and Business Continuity Management.

The Risk Management Framework, including detailed procedures for risk management, is based on the Australian and New Zealand Standard for risk management, AS/NZS ISO 31000:2009. This risk management framework has been integrated with other NQBP policies and management systems.

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

RISK AND ASSURANCE – THREE LINES OF DEFENCE



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

- Assisting in planning to execute the NQBP strategy;
- Analysing and prioritising responses to risks to the business;
- Understanding the business risks the strategy creates; and
- Bringing innovation to realise the opportunities of NQBP.

The framework enables NQBP to:

- Identify, assess, evaluate, prioritise and manage risk across the organisation;
- Create value to the organisation through informed decision making and the effective allocation of resources; 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 rankings or controls. The organisation's risk profile is under constant review by management and the Board.

The Risk Management Framework has operated efficiently and effectively throughout the year. 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 2016–17.

INTERNAL AUDIT

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

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

These include:

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

The 2016–17 audit program included reviews of:

- Fitness for Work;
- Fraud Risk Review;
- Asset Management;
- Contract Management;
- Sustainability;
- Project Governance; and
- People Performance Management.

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:

- To establish the Capital Structure that will minimise its Cost of Capital;
- To maintain flexibility for current and future infrastructure opportunities; and
- To maintain at least a BBB 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 new 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 monitors 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 notifications issued by Shareholding Ministers under section 114 of the GOC Act for the 2016–17 financial year in relation to the revocation of notifications requiring compliance with the Local Industry Policy.

Community service obligations

There were no community service obligations identified during 2016–17.

Employment and Industrial Relations Plan

NQBP's Employment and Industrial Relations Plan 2016–17 establishes the Corporation's intent with respect to Directors' and staff remuneration and employment conditions and its human resource priorities.

Corporate entertainment and hospitality

Corporate entertainment was tightly managed and ended 11 per cent below budget in 2016/17.

Right to Information

NQBP received one access application and one consultation request from Queensland Government departments for information under the *Right to Information Act* 2009 (Qld) during 2016–17. The access application was finalised.



DIRECTORS' REPORT

For the year ended
30 June 2017

DELIVERING VALUE

Our financial results support our business approach and provide a solid platform for growth.

The Board of Directors of North Queensland Bulk Ports Corporation Limited (NQBP) present their report of NQBP and the Group for the year ended 30 June 2017.

REVIEW OF OPERATIONS

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

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

As at 30 June 2017, both MPL and PCQ remain as non-operating companies with nil assets and liabilities.

Overall NQBP's results rose by 20 per cent on last year primarily because of the reversal of prior years' impairments of assets associated with the 2017 fair valuation of Property, Plant and Equipment.

Overall port throughput reduced by 7.6 million tonnes on last year and 15.6 million tonnes on target with the coal ports Hay Point and Abbot Point being significantly down. Tropical Cyclone Debbie caused the closures of the coal ports and the resulting damage to rail infrastructure delayed the recommencement of port operations for several weeks. The number of vessels loaded at the coal ports fell by 36.6 per cent in the months of March to May 2017 compared to last year's shipments.

Bauxite exports finished the year 18.5 per cent up on target and 10.1 per cent up on the previous year. Strong demand for bauxite, especially to China, has contributed to the increase.

Mackay did well to finish the year only 40,500 tonnes short of target, due mainly to lower export volume of raw sugar.

NQBP continues to work closely with government departments and industry at the ports of Mackay, Abbot Point and Hay Point to facilitate growth and ensure timely development of business focussed investments.



Board of Directors

Left to right: Stephen Golding, Jane McTaggart, Brad Fish, Kasper Kuiper, Annabel Dolphin, Craig Walker. Absent: Peter Tait

OPERATING RESULTS

The profit of the consolidated NQBP Group for the financial year, after providing for income tax equivalents, amounted to \$22.1 million. This result was \$6.3 million above target, primarily because of the reversal of prior years' impairments of assets associated with the 2017 fair valuation of Property, Plant and Equipment.

After adjusting for abnormal transactions, NQBP's Underlying Profit (unaudited) was just \$0.8 million below target. This is considered a strong result in light of the adverse impact that Tropical Cyclone Debbie had on coal port throughput.

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.

PRINCIPAL ACTIVITIES

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

- Port operation and management;
- Strategic port planning and port infrastructure development;
- Trade facilitation and port marketing; and
- Pilotage services.

DIVIDENDS

The Directors of NQBP have recommended a dividend of \$12.35 million be paid to shareholders for 2016–17. This recommended dividend represents 100 per cent of net profit after tax for 2016–17 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.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In November 2016, NQBP borrowed \$110 million from the Queensland Treasury Corporation and returned \$110 million of capital to its Shareholders in line with the State's Debt Action Plan. This has resulted in NQBP's gearing increasing from 14.0 per cent at 30 June 2016 to 32.2 per cent at 30 June 2017. As a consequence, NQBP's year on year funding costs increased by 51.5 per cent.

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

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

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Category 4 Tropical Cyclone Debbie crossed the Queensland Coast north-east of Airlie Beach on 28 March 2017. The days of strong winds and rough seas resulted in high rates of siltation at the Port of Hay Point, with almost 200,000m³ of additional material accumulating in navigational areas of the port, predominately in berth pockets.

Preventative maintenance of the port requires the removal of the mobile seafloor sediments that have accumulated in these important navigational areas. The most effective means to keep infrastructure clear is using traditional dredge equipment.

This year the State Government finalised and released the Maintenance Dredging Strategy for Great Barrier Reef World Heritage Area (GBRWHA) ports. The Hon Dr Steven Miles MP, wrote 'The Strategy will provide a transparent and consultative framework for sustainable, leading practice management of maintenance dredging in GBRWHA ports to ensure their safe and effective operation, and to contribute to securing the Reef's health and resilience'.

ENVIRONMENTAL MANAGEMENT

NQBP maintains an internationally accredited ISO14001 quality Environmental Management System and this year has again demonstrated operational excellence, with Det Norske Veritas (DNV) finding no major non-conformances to the ISO standards.

There were no breaches of legislation or any significant environmental incidents during the year except for one incident which was not notified to the Queensland Department of Environment and Heritage Protection within the specified time. Remedial action has since been taken to ensure there is compliance with the notification timeframe in future. No material harm was caused by the incident.

SUSTAINABILITY

NQBP is committed to leading the sustainable development of Queensland ports and building prosperity for current and future generations. NQBP's proximity to the Great Barrier Reef World Heritage Area and the trade opportunities it provides Queensland communities means it can contribute to the significant economic, environmental and social outcomes.

Sustainability is one of NQBP's key strategic pillars.

For NQBP to continue to evolve and mature its approach to sustainability, changes to its governance were required to enable the organisation to efficiently, effectively and consistently pursue its sustainability goals. Beyond NQBP's Sustainability Plan and Sustainability Policy, sustainability has had greater focus in the Corporate Risk Register. The NQBP Environmental Management System (EMS) incorporates elements and recent changes to the ISO 14001 standard to be more inclusive of sustainability and will require NQBP to embed this further into the EMS for future recertification.

Strengthening sustainability governance has included the development of sustainability principles, the inclusion of sustainability within Board papers, amendment of the Corporate Governance and Planning (Board) Committee Charter to include sustainability responsibilities and inclusion of sustainability considerations into project documents and briefs.

In January 2017, NQBP's procurement procedure was updated to include a greater focus on sustainability. The new procedures required consideration of the whole of life costs associated with the purchase of goods, taking into account the maintenance and disposal costs. The process highlights ethical procurement practices to ensure all activities are performed with integrity and in a manner able to withstand the scrutiny from both internal and external sources. It also includes a specific section on sustainable procurement to ensure that the whole of life basis is considered in terms of benefits not only for NQBP, but also for society, the economy and the natural environment. NQBP has included procedures that underpin the Queensland Charter for Local Content, to include considerations around buying local, transparency of process, building strong relationships with local community and businesses and providing a fair tender process.

SHIPPING INFRASTRUCTURE

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

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

There were no breaches of licence conditions.

ENVIRONMENTAL MONITORING

As a port authority, NQBP undertakes its business at the interface of land and sea environments. As part of its continual improvement, NQBP has developed a comprehensive ambient monitoring program at each of its trading ports.

Our intensive monitoring program at the ports of Hay Point and Mackay, which spans 55 kilometres of coastline from Freshwater Point to Keswick Island, commenced in July 2014. Similarly, our Abbot Point program covers from the mouth of the Don River, east to Holbourne Island and north to Cape Upstart.

At the Port of Weipa, we have been running our seagrass monitoring and research for over 20 years.

The NQBP ambient monitoring program includes:

Marine Water Quality: Consisting of 13 permanent water quality logging sites where scientific instruments continually measured turbidity, photosynthetically active radiation (PAR), sedimentation rates, conductivity, temperature and pH. In addition, water samples are sent for laboratory analysis including total suspended solids, total and dissolved metals, chlorophyll a, ultratrace nutrients, hydrocarbons, herbicides, pesticides and pathogens.

Seagrass Monitoring: Intensive mapping of the regions seagrass communities every three years, with annual surveys monitoring seagrass area, biomass and species composition at all NQBP ports.

Inshore Fringing Corals: At the ports of Hay Point and Mackay our monitoring programs survey coral communities at Slade Islet, Round Top Island, Victor Island and Keswick Island twice a year during the wet and dry seasons at 36 transect sites and include percentage cover, prevalence of damage or disease, as well as size and abundance of various coral species.

In 2016–17, NQBP was proud to continue its support of the Mackay Whitsunday Healthy Rivers to Reef Partnership. The partnership will be putting to good use the valuable information NQBP gathers through its marine monitoring programs to continue to produce the region's Mackay-Whitsunday report card.

NQBP is also proud to be co-chairing an international working group responsible for developing a guideline on 'Environmental Risk Management (ERM) for Navigation Infrastructure Projects', working with port and industry experts from around the world. This work will culminate in a publication by the World Association of Waterborne Transport Infrastructure, expected to be finalised in late 2017.

BOARD OF DIRECTORS



Brad Fish BBus(Acct),
CertCivEng, GAICD
CHAIR

First appointed:

NQBP on 1 October 2015

Term of office:

to 30 September 2018

Special responsibilities:

- Member of the Audit and Financial Risk Management Committee
- Member of the People and Culture Committee

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



Annabel Dolphin BBM, Dip
NSL, GAICD, CAHRI
DIRECTOR

First appointed:

NQBP on 1 October 2015

Term of office:

to 30 September 2018

Special responsibilities:

- Chair of the People and Culture Committee
- Member of the Audit and Financial Risk Management Committee

Skills and experience: Ms Dolphin has held several independent non-executive board roles and leadership positions across the private, government and resources sectors. Possessing a unique blend of business, human resources and directorship experience, Ms Dolphin has extensive business strategy, human resource management and leadership expertise. She is Chair of TAFE Qld, which is the largest public provider of vocational education in Queensland. Ms Dolphin is a Director of Mater Health Services North Queensland and currently a member of several private Advisory Boards in mining services, manufacturing, professional services, civil construction and retail travel. She was previously a non-executive director of Ergon Energy. She holds a Bachelor of Business Management and Diploma in Neuroscience of Leadership. Ms Dolphin is also a Certified Professional Member of the Australian Human Resources Institute.

External appointments: Chair of TAFE Queensland and Director of Mater Health Services North Queensland.



Stephen Golding AM RFD,
BE, MEngSc, BEcon, Hon FIEAust,
FCILT, FITE, FAIM, FAICD, CPEng,
RPEQ, NER
DIRECTOR

First appointed:

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

Term of office:

to 30 September 2017

Special responsibilities:

- Chair of the Corporate Governance and Planning Committee
- Member of the People and Culture Committee

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

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



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

First appointed:

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

Term of office:

to 30 September 2017

Special responsibilities:

- Member of the Corporate Governance and Planning Committee

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

External appointments: Branch Master of the Queensland Branch of the Company of Master Mariners.



Jane McTaggart MEng (Mgt), BA Econ (Hons), CPPM (AIPM), MAICD
DIRECTOR

First appointed:
NQBP on 15 December 2016

Term of office:
to 30 September 2019

Special responsibilities:

- Member of the Audit and Financial Risk Management Committee

Skills and experience: Ms McTaggart has over 27 years of experience delivering major projects for local, State and Federal Government and authorities. She specialises in transport and infrastructure planning and has delivered strategic planning, concept design and feasibility studies, business cases, tender documentation and transaction advice on projects such as Toowoomba Second Range Crossing, Gold Coast Light Rail (Stages 1 and 2), Cross River Rail, Brisbane Metro and Regional Transport Plans for Queensland. Prior to entering the private sector in 2008, Ms McTaggart led major projects and teams for Brisbane City Council, the Queensland Government and for UK government authorities, managing projects funded by the Home Office and the European Commission.

Peter Tait B Com, M Info Systems, FCA, FAICD
DIRECTOR

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

Term of office:
to 30 September 2017

Special responsibilities:

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

Skills and experience: Commencing his professional career at the Brisbane office of an international firm, he moved to large regional practice, SH Tait & Co in Mackay, before retiring from public practice in July 2016. In public practice, he was a trusted business adviser providing accounting, taxation, audit and strategic business advices to a large range of clients operating in diverse industries. He is a former registered company auditor, registered tax agent and registered self-managed superannuation fund auditor.

External appointments: Company Secretary of Queensland Mines Rescue Service Limited, External Representative on Mackay Regional Council Audit Committee, Board Member of Mackay Hospital Foundation, Company Secretary of Mackay Regional Council for Social Development Limited, Honorary Treasurer of the George Street Neighbourhood Centre Association Inc in Mackay and Honorary Treasurer of Mackay Children's Contact Service Inc.

Craig Walker MBA (Exec), DBus, DEng-e, MAICD, CDec
DIRECTOR

First appointed:
NQBP on 1 October 2015

Term of office:
to 30 September 2018

Special responsibilities:

- Member of the People and Culture Committee
- Member of the Corporate Governance and Planning Committee

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

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

Further details about NQBP's Board and its meetings can be found in the Corporate Governance section of this report, on pages 40 to 49.

Name and qualifications	Experience, special responsibilities and other directorships
Company Secretary Peter Sinnott BCom, LLB (Hons), MFM, FGIA, FCIS Commenced: NQBP, MPL and PCQ on 9 January 2012	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, specialising in commercial and corporate law. Mr Sinnott is a Fellow of the Governance Institute of Australia.
Company Secretary Steven Maycock JD(Hons), BSc(Hons), BPharm, GradDipACG, FGIA, FCIS, GAICD. Appointed Company Secretary: NQBP, PCQ and MPL on 24 May 2016.	Steven Maycock has held a number of governance and company secretarial roles in both private and ASX listed companies since leaving top-tier law firm Clayton Utz to move inhouse, specialising in compliance, governance and corporate law. Mr Maycock is a qualified company secretary through the Governance Institute of Australia and a graduate of the Australian Institute of Company Directors.

MEETINGS OF DIRECTORS IN 2016–17

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

Board Meetings

Director	NQBP		PCQ		MPL	
	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended
B Fish (Chair)	9	9	9	9	9	9
A Dolphin	9	9	9	9	9	9
S Golding	9	9	9	9	9	9
K Kuiper	9	9	9	9	9	9
J McTaggart ¹	5	5	5	5	5	5
P Tait	9	8	9	8	9	8
C Walker	9	9	9	9	9	9

Committee Meetings

Director	Audit and Financial Risk Management Committee		Corporate Governance and Planning Committee		People and Culture Committee	
	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended
B Fish	4	3			4	4
A Dolphin	4	4	–	–	4 (Chair)	4
S Golding	–	–	4 (Chair)	4	4	4
K Kuiper ²	3	3	4	4	–	–
J McTaggart ³	1	1	–	–	–	–
P Tait	4 (Chair)	4	4	3	–	–
C Walker	–	–	4	4	4	4

¹ Appointed Director on 15 December 2016

² Member until 23 May 2017

³ Member from 23 May 2017

DEEDS OF INDEMNITY AND INSURANCE

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

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

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

The Indemnity does not apply in respect of:

- Any liability to NQBP, PCQ or MPL (as applicable) or to any subsidiary of those companies;
- Any liability which arises out of the conduct by the Officer involving lack of good faith;
- Any liability which is not permitted to be indemnified under the *Corporations Act 2001* (Cth) (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 wilful 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.

CONTRACT OF INSURANCE

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

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied to the Court under section 237 of the *Corporations Act 2001* 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.

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 & 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 Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* (Cth) is set out on page 58.

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



BRAD FISH

CHAIR, NORTH QUEENSLAND BULK PORTS CORPORATION

29 August 2017

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 financial year ended 30 June 2017, 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
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



D Adams
as delegate of the Auditor-General



Queensland Audit Office
Brisbane

FINANCIAL PERFORMANCE REPORT 2016–17

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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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 29 August 2017. The directors have the power to amend and reissue the financial statements.



Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$'000	2016 \$'000
Income from operations			
Revenue	1	101,464	94,072
Other income	1	6,779	834
Income from operations		108,243	94,906
Expenses from operations			
Consultancies		2,354	2,013
Depreciation and amortisation expense	9	17,271	12,919
Dynamic under keel clearance expenses		1,361	1,182
Employee benefits expense	2	20,734	19,441
Insurance		1,467	1,543
Legal expenses		233	98
Other expenses	3,4	2,599	1,909
Pilot transfers		4,275	4,203
Promotional expenses		534	410
Property expenses	5	7,219	7,092
Quarantine waste expenses		1,225	1,264
Repairs and maintenance		12,619	14,165
Travelling expenses		579	505
Expenses from operations		72,470	66,744
Operating profit		35,773	28,162
Finance income		930	1,613
Finance expenses		(5,288)	(3,490)
Net finance costs		(4,358)	(1,877)
Profit before income tax equivalent		31,415	26,285
Income tax equivalent expense	6	(9,341)	(7,888)
Profit from continuing operations		22,074	18,397
Other comprehensive income			
Adjustment to asset revaluation surplus on revaluation of property plant and equipment	9	91,224	5,432
Income tax equivalent expense applicable		(27,367)	(1,629)
Other comprehensive income net of income tax equivalent		63,857	3,803
Total comprehensive income for the year		85,931	22,200

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

Statement of Financial Position

FOR THE YEAR ENDED 30 JUNE 2017

ASSETS		2017	2016
Current assets	Note	\$'000	\$'000
Cash and cash equivalents	7	35,982	72,114
Trade and other receivables	7	10,090	11,433
Prepayments		1,137	1,245
Total current assets		47,209	84,792
Non-current assets			
Investment in managed fund	7	39,062	-
Investment properties	8	15,093	15,093
Property, plant and equipment	9	630,159	534,801
Total non-current assets		684,314	549,894
Total assets		731,523	634,686
LIABILITIES			
Current liabilities			
Trade and other payables	10	28,964	30,764
Current income tax equivalent liability		2,383	3,775
Provisions	12	15,246	18,564
Total current liabilities		46,593	53,103
Non-current liabilities			
Trade and other payables	10	23,141	18,257
Interest-bearing liabilities	13	176,559	66,559
Deferred income tax equivalent liabilities	11	112,590	87,861
Provisions	12	678	525
Total non-current liabilities		312,968	173,202
Total liabilities		359,561	226,305
Net assets		371,962	408,381
EQUITY			
Issued capital	14	14,409	124,409
Asset revaluation surplus		318,246	256,773
Retained earnings		39,307	27,199
Total equity		371,962	408,381

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 2017

	Note	Issued capital \$'000	Asset revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
Balance as at 1 July 2015		144,409	253,255	24,217	421,881
Net profit/(loss) for the year after income tax equivalent		-	-	18,397	18,397
Transactions with owners in their capacity as owners					
Distribution to owners		(20,000)	-	(15,700)	(35,700)
Fair value adjustments on property, plant and equipment	9	-	5,432	-	5,432
Transfer of revaluation increment in respect of revalued assets disposed		-	(407)	407	-
Income tax equivalent applicable to 2015-16 transactions		-	(1,507)	(122)	(1,629)
		(20,000)	3,518	(15,415)	(31,897)
Balance at 30 June 2016		124,409	256,773	27,199	408,381
Net profit/(loss) for the year after income tax equivalent		-	-	22,074	22,074
Transactions with owners in their capacity as owners					
Distribution to owners		(110,000)	-	(12,350)	(122,350)
Fair value adjustments on property, plant and equipment	9	-	91,224	-	91,224
Transfer of revaluation increment in respect of revalued assets disposed		-	(3,406)	3,406	-
Income tax equivalent applicable to 2016-17 transactions		-	(26,345)	(1,022)	(27,367)
		(110,000)	61,473	(9,966)	(58,493)
Balance at 30 June 2017		14,409	318,246	39,307	371,962

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 2017

	Note	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Cash receipts from customers		117,259	108,529
Cash paid to suppliers and employees		(61,804)	(58,518)
GST refund by/(remitted to) Australian Taxation Office		(5,302)	(6,285)
Interest (paid)/received		(3,526)	(1,922)
Income tax equivalents received/(paid)		(13,371)	(1,232)
Net cash inflow/(outflow) from operating activities	15	33,256	40,572
Cash flows from investing activities			
Purchase of property, plant and equipment		(15,862)	(6,757)
Purchase of investments		(39,062)	-
Proceeds from sale - property, plant and equipment		1,236	57
Net cash inflow/(outflow) from investing activities		(53,688)	(6,700)
Cash flows from financing activities			
Dividend paid		(15,700)	-
Equity repaid to shareholders	14	(110,000)	(20,000)
Increase in QTC borrowings		110,000	-
Net cash inflow/(outflow) from financing activities		(15,700)	(20,000)
Net increase/(decrease) in cash and cash equivalents		(36,132)	13,872
Cash and cash equivalents at beginning of the financial year		72,114	58,242
Cash and cash equivalents at end of the financial year		35,982	72,114

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 2017

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3. Impairment losses
4. Auditor's remuneration
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6. Income tax equivalent expense

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Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

1. Revenue and other income

	Note	2017 \$'000	2016 \$'000
Vessel income		63,061	62,608
Port usage income		12,832	13,114
Rental income from investment properties		10,326	10,943
Other rental income		4,833	5,280
Insurance recoveries		4,363	(223)
Expense recoveries		3,044	2,075
Managed fund income		2,729	-
Other revenue		276	275
Revenue		101,464	94,072
Other income			
Net gain/(loss) on disposal of property, plant and equipment		(240)	(80)
Fair value adjustment for property, plant and equipment	9	7,019	2,591
Fair value adjustment for investment property	8	-	(1,677)
		6,779	834

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

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

Revenue is measured at the fair value (refer Note 21 (ii)) of the consideration received or receivable.

2. Employee benefits expense

	2017 \$'000	2016 \$'000
Salary and wages	18,621	17,365
Employee related costs	2,113	2,076
	20,734	19,441

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 2017

3. Impairment losses

	2017 \$'000	2016 \$'000
Impairment losses – trade and other receivables	17	-
	17	-

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.

Following the review of the balance of plant and equipment and capital work in progress at 30 June 2017, no impairments were identified.

4. Auditor's remuneration

Included in other expenses are audit costs of:

	2017 \$'000	2016 \$'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.)	83	83
Amounts paid, or due and payable, to third parties for providing internal audit services.	105	97

5. Property expenses

	2017 \$'000	2016 \$'000
Land tax	1,955	1,982
Rates and utilities	2,691	2,603
Other property expenses	2,573	2,507
	7,219	7,092

Investment property expenses of \$2.4 million (2016: \$2.0 million) are included in property expenses.

Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

6. Income tax equivalent expense

	Note	2017 \$'000	2016 \$'000
(i) Income tax equivalent expense			
Current tax equivalent expense		11,979	11,201
Deferred income tax equivalent asset	11	(1,607)	(984)
Deferred income tax equivalent liability	11	(1,031)	(2,329)
Total current income tax equivalent expense/(benefit)		9,341	7,888
(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		9,423	7,885
Increase in income tax equivalent expense due to:			
Non deductible expenses		6	3
Decrease in income tax equivalent expense due to:			
Net managed investment fund distributions		(88)	-
Income tax equivalent expense on pre-tax net profit		9,341	7,888

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

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

	Note	2017 \$'000	2016 \$'000
Current assets			
Cash and cash equivalents	(a)	35,982	72,114
Trade and other receivables	(b)	10,090	11,433
		46,072	83,547
Non-current asset			
Investment in managed fund	(c)	39,062	-

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 2017

7. Financial assets (continued)

At 30 June 2017, 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 \$0.4 million (2016: \$0.6 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 \$723,788 (2016: \$1,082,829) which are past due at reporting date. No collateral is held in respect of these balances. NQBP believes these debts are recoverable with the exception of debts totalling \$17,455 which have been impaired. 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.

(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

	Note	2017 \$'000	2016 \$'000
At fair value			
Balance at beginning of year		15,093	16,770
Fair value adjustments	1	-	(1,677)
Balance at end of year		15,093	15,093

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 the NQBP's investment properties are carried at fair value, they are not depreciated and are not tested for impairment.

At 30 June 2017, the fair value of investment properties was determined by Knight Frank assessing the relevant market movements for the various regions in Queensland and applying that index to the comprehensive valuation performed by them at 30 June 2015. 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.

Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

9. Property, plant and equipment

	2017 \$'000	2016 \$'000
<i>Land</i>		
At fair value	164,081	163,163
	164,081	163,163
<i>Channels</i>		
At fair value	339,775	261,321
	339,775	261,321
<i>Infrastructure and major plant and equipment</i>		
At fair value	120,354	104,863
	120,354	104,863
<i>Plant and equipment</i>		
At cost	6,653	7,623
Accumulated depreciation	(4,271)	(5,381)
	2,382	2,242
Capital work in progress – at cost	3,567	3,212
	3,567	3,212
Property, plant and equipment	630,159	534,801

Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

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.

	Land \$'000	Channels \$'000	Infrastructure and Major Plant and Equipment \$'000	Plant and Equipment \$'000	Capital Work in Progress \$'000	Total \$'000
2017						
Carrying amount at opening balance	163,163	261,321	104,863	2,242	3,212	534,801
Additions	775	1,886	11,999	847	355	15,862
Disposals	(350)	-	(1,106)	(20)	-	(1,476)
Depreciation expense	-	(6,151)	(10,206)	(914)	-	(17,271)
Fair value adjustments to Statement of Comprehensive Income	(534)	8,723	(1,322)	152	-	7,019
Revaluations to asset revaluation reserve	1,027	73,996	16,126	75	-	91,224
Carrying amount at balance date	164,081	339,775	120,354	2,382	3,567	630,159
2016						
Carrying amount at opening balance	178,147	244,475	101,261	2,595	6,599	533,077
Additions	498	5,000	4,073	573	(3,387)	6,757
Disposals	-	-	(136)	(1)	-	(137)
Depreciation expense	-	(4,572)	(7,475)	(872)	-	(12,919)
Fair value adjustments to Statement of Comprehensive Income	(2,094)	3,786	969	(70)	-	2,591
Revaluations to asset revaluation reserve	(13,388)	12,632	6,171	17	-	5,432
Carrying amount at balance date	163,163	261,321	104,863	2,242	3,212	534,801

Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

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 approaches with fair value being the lower of these approaches.

Cost approach

In 2014-15, NQBP engaged AECOM Australia Pty Ltd to undertake an independent valuation on the depreciated replacement cost of each of the major assets.

At 30 June 2017, AECOM Australia Pty Ltd provided an update on the market value of each major asset utilising the index applicable to that asset. In addition, Maloney Field Services 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 using the "building block" method.

Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

9. Property, plant and equipment (continued)

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

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. This has resulted in an increase in the fair value of NQBP's assets through the income approach.

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 2.0% (2016: 2.5%)	The higher the operating expense, the lower the fair value
Capital expenditure	First five years are based on planned capital expenditure, with capital expenditure beyond that period forecast by management	Inputs vary by port depending on the assets in the port and the level of growth and renewal capital expenditure required to support revenue growth	The higher the capital expenditure, the lower the fair value
Terminal value	Terminal values are used to 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	Book value as at 1 July 2016, CPI indexation of 2.0% (2016: 1.3%) 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	7.68% (2016: 7.77%)	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 2017

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	24 – 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 2017

10. Trade and other payables

	2017 \$'000	2016 \$'000
Current		
Trade payables	737	1,244
Contract creditors	28	199
Lease rentals received in advance	5,316	4,999
Revenue received in advance	14,620	15,195
Interest payable – Queensland Treasury Corporation	1,700	868
Accrued expenses	5,469	6,894
Other payables	1,094	1,365
	28,964	30,764
Non-Current		
Lease rentals received in advance	23,141	18,257
	23,141	18,257

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 2017

11. Income tax equivalent liabilities

		2017	2016
	Note	\$'000	\$'000
Deferred income tax equivalent assets			
Property, plant and equipment		206	191
Accounts payable and other liabilities		13,294	11,758
Provisions		1,072	1,016
		14,572	12,965
Deferred income tax equivalent liabilities			
Property, plant and equipment		126,828	100,823
Accounts receivable and other assets		334	3
		127,162	100,826
Opening balance		12,965	11,981
(Charge)/credit to Statement of Comprehensive Income	6	1,607	984
Closing balance		14,572	12,965
Opening balance		100,826	101,526
Reclassification between deferred income tax equivalent liability and income tax equivalent liability		-	122
Charge/(credit) to Statement of Comprehensive Income	6	(1,031)	(2,329)
Charge to Asset Revaluation Surplus		27,367	1,507
Closing balance		127,162	100,826
Deferred income tax equivalent balances are presented in the Statement of Financial Position as follows:			
Deferred income tax equivalent (assets)		(14,572)	(12,965)
Deferred income tax equivalent liabilities		127,162	100,826
Deferred income tax equivalent liabilities/(assets)		112,590	87,861

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 2017

12. Provisions

	2017 \$'000	2016 \$'000
Current		
Employee benefits	2,896	2,864
Dividend	12,350	15,700
	15,246	18,564
Non-Current		
Long-term employee benefits	678	525
	678	525

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 leave 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 2017

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):

Interest Rate Risk

	2017		2016	
	Weighted Interest Rate	Balance \$'000	Weighted Interest Rate	Balance \$'000
Book value	2.85%	176,559	4.61%	66,559
Market value		178,901		69,593

At 30 June 2017, 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 (2016: \$0.8 million) lower/higher as a result of higher/lower interest expense. The increase/decrease in interest cost is the result of periodic rebalancing over the year.

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 (2016: \$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
2017				
Trade and other payables	28,964	40	23,101	52,105
Queensland Treasury Corporation borrowings	5,023	20,092	176,559	201,674
	33,987	20,132	199,660	253,779
2016				
Trade and other payables	30,764	40	18,217	49,021
Queensland Treasury Corporation borrowings	3,066	12,273	64,043	79,382
	33,830	12,313	82,260	128,403

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 2016.

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 2017

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:

	2017 \$'000	2016 \$'000
Total borrowings	176,559	66,559
Total equity	371,962	408,381
	548,521	474,940
Gearing ratio	32.19%	14.01%

14. Issued capital

	2017 No. of shares	2017 \$'000	2016 No. of shares	2016 \$'000
Opening balance	138,913,824	124,409	138,913,824	144,409
Distribution to owners	-	(110,000)	-	(20,000)
Closing balance	138,913,824	14,409	138,913,824	124,409

During 2016/17, NQBP borrowed \$110 million from QTC in order to fund the recapitalisation of NQBP in accordance with the State's Debt Action Plan.

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

	2017 \$'000	2016 \$'000
Profit from continuing operations	22,074	18,397
Depreciation and amortisation	17,271	12,919
Loss on sale of fixed assets	240	80
Fair value adjustment to investment property and property, plant and equipment	(7,019)	(914)
Change in operating assets/liabilities		
Decrease (increase) in trade and other receivables	1,343	(789)
Decrease (increase) in other current assets	108	(150)
Increase (decrease) in trade and other payables	3,084	4,342
Increase in other provisions	185	31
Increase (decrease) in current tax equivalent liabilities	(1,392)	9,969
Increase (decrease) in net deferred tax equivalent liabilities	(2,638)	(3,313)
Net cash flow from operating activities	33,256	40,572

Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

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

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.

16. Commitments

	2017 \$'000	2016 \$'000
(i) Capital expenditure contracted for at balance date is payable as follows:		
- not later than one year	1,116	3,822
- later than one year and not later than five years	-	-
- greater than five years	-	-
	1,166	3,822
(ii) Operating lease expenditure contracted for at balance date and payable as follows:		
- not later than one year	4,937	1,864
- later than one year and not later than five years	15,522	5,276
- greater than five years	-	-
	20,459	7,140
(iii) Operating lease revenue not recognised in the financial statements as follows:		
- not later than one year	12,665	13,839
- later than one year and not later than five years	40,172	44,830
- greater than five years	384,547	392,711
	437,384	451,380

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

NQBP has no material contingent liabilities.

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 this 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.

Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

19. Key management personnel disclosures

	2017 \$'000	2016 \$'000
Short-term benefits	1,946	1,869
Postemployment benefits	241	237
Other long-term benefits	13	9
	2,200	2,115

(i) Key management personnel – Board members

2017		Short-term employee benefits (a)	Post-employment benefits (b)	Total (c)
Name	Position	\$'000	\$'000	\$'000
B Fish	Chair	59	7	66
A Dolphin	Director	36	3	39
S Golding	Director	36	3	39
K Kuiper	Director	33	3	36
J McTaggart	Director*	15	1	16
P Tait	Director	36	3	39
C Walker	Director	34	3	37
		249	23	272

* J McTaggart was appointed as a Director on 15 December 2016.

2016		Short-term employee benefits (a)	Post-employment benefits (b)	Total (c)
Name	Position	\$'000	\$'000	\$'000
B Fish	Chair	44	6	50
S Golding	Director	37	4	41
K Kuiper	Director	32	3	35
P Tait	Director	37	4	41
C Walker	Director*	24	2	26
A Dolphin	Director*	25	2	27
P Milton	Chair*	15	2	17
S Brown	Director*	9	1	10
A Grummitt	Director*	9	1	10
		232	25	257

* B Fish was appointed Chair on 1 October 2015. A Dolphin and C Walker were appointed to the board on 1 October 2015 and P Milton, S Brown, A Grummitt term expired on 30 September 2015.

- Total employment cost (as determined by the Governor-in-Council) which includes packaged benefits and fees for committee work as determined by Shareholding Ministers.
- 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.
- Directors received no additional remuneration for their role as director in relation to subsidiary companies.

Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

19. Key management personnel disclosures (continued)

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

(ii) Key management personnel – Executive management

Name	Position	Date Appointed	Date Ceased
Steve Lewis	Chief Executive Officer	7 July 2014	
Jeffrey Stewart-Harris	Chief Operations Officer	21 May 2007	25 January 2017
Brendan Webb	General Manager Trade and Operations	26 April 2017	
Rochelle Macdonald	General Manager Engineering and Development	25 January 2016	
Peter Sinnott	Director Legal, People and Governance	9 January 2012	
Bernard Wilson	Chief Financial Officer	7 February 2011	
Gary Campbell	Director Sustainability and External Affairs	1 July 2015	

Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

19. Key management personnel disclosures (continued)

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

2017	Position	Short-term Benefits				Unused Annual Leave	Bonus (c)	Total Short-term Employee Benefits	Post-Employment Benefits Superannuation (b)	Other Long-term Benefits Unused LSL for the year only	Retirement Termination Benefits	Total
		Cash Salary	Non-Monetary Benefits (a)	Unused Annual Leave	Bonus (c)							
	Chief Executive Officer	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Chief Operations Officer (terminated 25 January 2017)	376	4	2	34	39	416	39	-	-	-	455
	General Manager Trade and Operations (commenced 26 April 2017)	185	-	16	27	20	228	20	5	96	349	
	Director Legal, People and Governance	33	-	-	-	6	33	6	-	-	39	
	Chief Financial Officer	226	4	5	26	42	261	42	-	-	303	
	General Manager Engineering and Development	247	4	-	25	49	276	49	8	-	333	
	Director Sustainability and External Affairs	248	-	3	-	23	251	23	-	-	274	
		207	4	-	21	39	232	39	-	-	271	
		1,522	16	26	133	218	1,697	218	13	96	2,024	

2016	Position	Short-term Benefits				Unused Annual Leave	Bonus (c)	Total Short-term Employee Benefits	Post-Employment Benefits Superannuation (b)	Other Long-term Benefits Unused LSL for the year only	Retirement Termination Benefits	Total
		Cash Salary	Non-Monetary Benefits (a)	Unused Annual Leave	Bonus (c)							
	Chief Executive Officer	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Chief Executive Officer	370	5	17	30	38	422	38	-	-	-	460
	Chief Operations Officer	307	-	3	23	36	333	36	9	-	-	378
	Director Legal, People and Governance	209	5	17	17	41	248	41	-	-	-	289
	Chief Financial Officer	246	5	21	22	49	294	49	-	-	-	343
	General Manager Engineering and Development (from 25 January 2016)	98	-	9	-	9	107	9	-	-	-	116
	Director Sustainability and External Affairs (from 1 July 2015)	198	5	13	17	39	233	39	-	-	-	272
		1,428	20	80	109	212	1,637	212	9	-	-	1,858

(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.

Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

19. Key management personnel disclosures (continued)

(iii) Compensation principles – Executive management

The Policy for Government Owned Corporations Chief and Senior Executive Employment Arrangements 2013, 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 People and Culture Committee, before consideration and approval by the Board. Remuneration for executives is determined in accordance with the Queensland Government's Government Owned Corporations Governance Arrangements for Chief and Senior Executives, as reflected in NQBP's policies and procedures for 'Remuneration, Rewards and Recognition'.

(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 Mark Bailey MP, Minister for Main Roads, Road Safety and Ports,
- the Honourable Steven Miles MP, Acting Minister for Main Roads, Road Safety and Ports (from 11 August 2017), and
- the Honourable Curtis Pitt MP, Treasurer, Minister for Trade and Investment.

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 as from 2016/17, which are published as part of Queensland Treasury's Report on State Finances.

(v) Aggregate performance payments

	2017 \$'000	2016 \$'000
Aggregate performance bonuses paid	608	548
Total salaries paid (employees receiving a performance payment)	11,066	12,606
Number of employees who received a performance payment	92	106

Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

19. Key management personnel disclosures (continued)

(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 2016/17 year have been approved and are scheduled to be paid in September 2017.

Other employees

Other employees are either covered by a common law contract or covered by an enterprise agreement. Eligible employees' performance pay for the 2016/17 year were based on individual performance.

The proposed performance payments for the 2016/17 year have been approved and are scheduled to be paid in September 2017.

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

Transactions with Shareholding Ministers

As a GOC, NQBP's Shareholding Ministers:

- the Honourable Mark Bailey MP, Minister for Main Roads, Road Safety and Ports,
- the Honourable Steven Miles MP, Acting Minister for Main Roads, Road Safety and Ports (from 11 August 2017), and
- the Honourable Curtis Pitt MP, Treasurer, Minister for Trade and Investment.

Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

20. Related party transactions (continued)

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 2016/17, 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 (Deed). The effect of the Deed is that each member of the Group has guaranteed the payment of any debt owed to a creditor of the Group in accordance with the Deed. The Deed becomes enforceable in respect of the debt of a member of the Group:

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

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 transactions and 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 2017

20. Related party transactions (continued)

	2017 \$'000	2016 \$'000
Operating Receipts		
Pilotage services fees and premises rent	12,794	8,845
Interest received	908	1,598
Rental Income	1,204	160
	14,906	10,603
Payments		
Operating Expenses		
Land tax	1,970	1,982
Superannuation contributions	2,579	2,016
Income tax equivalent payments, competitive neutrality fee and rates, research and development concession	15,853	10,751
Consultancy services and interest	3,354	3,549
Surveys, simulator training, and contributions	819	1,616
Audit fees, environmental permits, utilities, vehicle registrations, WorkCover and sundry items	2,134	2,154
Capital Expenditure		
Dividend and equity adjustments	122,350	35,700
	149,059	57,768
Expenses invoiced not yet paid	23	219

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 2017

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. There were no transfers of assets between fair value hierarchy levels during the period.

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 classified 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.

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; and
- Depreciation and amortisation - Note 9.

Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

21. Summary of significant accounting policies (continued)

NQBP did not voluntarily change any of its accounting policies during 2016/17. There were no new Australian Accounting Standard changes applicable for the first time as from 2015/16 that have had a significant impact on NQBP's financial statements.

v) 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 15 *Revenue from Contracts with Customers***
AASB 15 will replace AASB 118 *Revenue* and AASB 111 *Construction Contracts*. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management is currently assessing the effects of applying the new standard on NQBP's financial statements and has identified that certain arrangements relating to the accounting for revenue in advance may be impacted. At this stage, NQBP is not able to estimate the effect of the new standard on NQBP's financial statements. NQBP will make a more detailed assessment of the effects over the next twelve months.

The standard will be mandatory for the financial years commencing on or after 1 January 2018. The expected date of adoption by NQBP will be 1 July 2018.

- **AASB 16 *Leases***

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

AASB 16 was issued in February 2016. It will result in almost all leases being recognized 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.

The standard will affect primarily the accounting for the group's operating leases. The commitment Note 16 quantifies the groups non-cancellable operating leases commitments. NQBP has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the group's profit and classification of cash flows.

The standard will be mandatory for the financial years commencing on or after 1 January 2019. The expected date of adoption by NQBP will be 1 July 2019.

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.

vi) Comparative figures

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

vii) Rounding

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 2017

In the directors' opinion:

- (a) The financial statements and notes set out on pages 61 to 90 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;
 - (ii) giving a true and fair view of the Group's financial position as at 30 June 2017 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

29 August 2017

Independent Auditor's Report

FOR THE YEAR ENDED 30 JUNE 2017

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 2017, 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 2017, 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.

Other information

Other information comprises the information included in the Group's annual report for the year ended 30 June 2017, 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.

Independent Auditor's Report

FOR THE YEAR ENDED 30 JUNE 2017

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.

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:

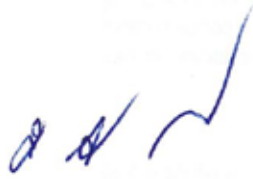
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material 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.

Independent Auditor's Report

FOR THE YEAR ENDED 30 JUNE 2017

- 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.



D Adams
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

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