

MOVING FORWARD TOGETHER

ANNUAL REPORT 2020/21



TABLE OF CONTENTS

About this report.....	2
About NQBP	3
Chair's statement.....	4
CEO's review.....	5
COVID-19	7
Business performance	8
Highlights	8
Port of Mackay	9
Port of Hay Point.....	10
Port of Abbot Point.....	10
Port of Weipa	11
Performance against strategic objectives	12
Planning for evolving and transitioning industries	13
Embrace existing and new businesses.....	13
Collaborating to enhance reputation.....	15
Enhancing employee engagement and efficiency	17
Corporate governance.....	20
Annual financial report	31

ABOUT THIS REPORT

This year's North Queensland Bulk Ports Annual Report is titled "*Moving Forward Together*", reflecting our focus during 2020/21 as we contributed to Queensland's economic recovery through our strong community ties and responsiveness to the needs of port users and customers.

This report provides a summary of the major projects and achievements of North Queensland Bulk Ports Corporation Limited (NQBP), as well as the organisation's financial and non-financial performance for the 2020/21 financial year.

It reports against NQBP's Statement of Corporate Intent 2020/21, which represents NQBP's performance agreement with our shareholding Ministers.

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

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

ABOUT NQBP

NQBP is a Government Owned Corporation, responsible for the ports of Hay Point, Mackay, Abbot Point and Weipa, along with the non-trading Port of Maryborough.

OUR VISION

To be global leaders in sustainable facilitation of port trade.

OUR MISSION

To manage safe and efficient ports that connect regional Queensland to the world by balancing the needs of iconic natural environments, communities, stakeholders and port users.

OUR VALUES

Integrity, Respect, Excellence and Unity guide our behaviours and how we interact with our colleagues, customers, stakeholders and communities.

OUR STRATEGIC THEMES

Planning for evolving and transitioning industries

Our trade is progressively evolving and transitioning to new industries due to forces external and independent of NQBP. The decisions we make today—in planning, policy, advocacy, infrastructure, the allocation of funds and the way we work—will pave the way for future trades to be facilitated.

Embrace existing and new businesses

Our current trades will remain a strong contributor to the Queensland economy for many years to come while transitioning at different paces due to decisions made by our customers, government and the community. We value our current trades while leveraging our expertise to demonstrate that we are open to new businesses that grow our throughput.

Collaborating to enhance reputation

Partnerships and collaboration are essential for not only our success, but for the success of our customers, stakeholders and the community. We take the time to understand the needs and ambitions of our stakeholders and seek to develop mutually beneficial partnerships based on long-term success.

Enhancing employee engagement and efficiency

We believe outward success is built on a foundation of investing in our people and systems. We seek to attract, develop and retain a diverse workforce where everyone understands their role, where performance is recognised, and where the right systems and resources are at hand.

STRATEGIC DIRECTION

NQBP's ports provide essential connections between Queensland's regions and the world, particularly for the food, energy and metallurgical industries. As a forward-looking port authority, we are aware of the transitions happening globally within these industries and the potential impact on our trade and our business.

During 2020/21, we continued to implement our Vision and Mission. We refined our Strategic Themes to better reflect challenges and opportunities in the context of economic recovery resulting from the global pandemic. The refinements reflect consultation with staff on the wording of the four themes and supporting narrative.

We considered market trends, the impacts of climate change, global trade conditions and our current and prospective customers' needs. We continue to work with existing customers, port partners and stakeholders to provide services that ensure our ports respond to current trade demand, while also actively promoting and facilitating alternative trade opportunities through our ports. In doing so, we continue to respect the role we play in balancing port operations with the environment and the communities in which we operate.

Pages 13–19 of this Annual Report provide an overview of our performance in 2020/21 against our Strategic Themes.

CHAIR'S STATEMENT

In the face of the twin challenges of the COVID-19 pandemic and regional trade tensions, our people worked safely and tirelessly throughout this reporting period in support of our port partners and our regional communities.

As a government owned port authority, we were clear in our commitment to supporting Queensland's regions and local jobs.

This included bringing forward job-creating investments in port infrastructure to support the trades of today, as well as actively preparing for the trades that will support the jobs of tomorrow.

Our ports and our people deliver essential port services critical to around 22,400 Queensland jobs in mining, agriculture and transport and facilitate around \$23 billion worth of trade worldwide.

To keep this trade flowing, our marine pilots operated on the "frontline" of the pandemic as they steward international cargo vessels safely into port. With new ways of working and new controls in place, they have done so safely and efficiently, in partnership with regulatory and health authorities.

In 2020/21, NQBP recorded no reportable environmental breaches, no security issues and no lost time injuries. This could only be achieved with the support and commitment of our people.

In an independent assessment of satisfaction among external stakeholders undertaken in 2020/21, NQBP recorded an overall Corporate Reputation Index rating of 78, an increase of 16 points on the previous survey result in 2019. Focused effort on long-term port planning and improved communications with port users reflected positively in the external assessment of NQBP's performance.

Trade and financial performance

The global impacts of the COVID-19 pandemic, regional trade tensions and the decline of bauxite trade through the Port of Weipa put significant pressure on NQBP, port users and the supply chain.

Compared with 2019/20, overall trade declined by 11.3 per cent (2020/21: 147.0 million tonnes; 2019/20: 165.7 million tonnes). This resulted in a decline in revenue¹ of 6.8 per cent (2020/21: \$105.8 million; 2019/20: \$113.5 million). Coal exports through NQBP ports are made up 75 per cent of steel-making coal, and 25 per cent of coal used primarily in the production of electricity.² Coal tonnage results for the Port of Abbot Point were down 7.2 per cent (2020/21: 29.6 million tonnes; 2019/20: 31.9 million tonnes). Hay Point coal volumes were 11.4 per cent down on last year's result (2020/21: 98.3 million tonnes; 2019/20: 110.9 million tonnes). Bauxite, used in aluminium production, through the Port of Weipa was 18.9 per cent lower (2020/21: 15.9 million tonnes; 2019/20: 19.6 million tonnes).

¹ Revenue excluding managed fund income

² Source: AME Group research, commissioned by NQBP

Throughput for the multi-cargo Port of Mackay was in line with the previous year (2020/21: 3.2 million tonnes; 2019/20: 3.2 million tonnes).

While we cannot control international trade demand, we can control our response to the trade environment. Responding to declining trade throughout the year, NQBP increased its focus on cost controls, leading to reductions in consultancy, travel and promotions. Investment income was a key contributor to an improved Net Profit After Tax result of \$15.9 million, compared with \$6.9 million (restated) in 2019/20. Pleasingly, despite the challenges faced during the year to our business, NQBP will return a dividend of \$4.32 million to the people of Queensland via our Shareholders (compared with \$13.95 million in 2019/20).

Strategic direction

In performing our role to manage safe and efficient ports, and to act commercially, NQBP has maintained a forward focus and established a solid footing to explore alternative trade commodities and other alternative uses of port assets. As such, we continue to reflect our ongoing commitment to supporting regional economic growth and positioning NQBP to take advantage of trade and business opportunities.

Aligned with the *Transport Infrastructure Act 1994* and our critical regional role, NQBP's Mission is to manage safe and efficient ports that connect regional Queensland to the world by balancing the needs of iconic natural environments, communities, stakeholders and port users.

To ensure NQBP accomplishes its Mission and advances towards its Vision, we refreshed our four Strategic Themes during 2020/21 to better articulate the way NQBP is evolving its approach to focusing its resources in the current environment. Our four Strategic Themes are:

- Planning for evolving and transitioning industries
- Embrace existing and new businesses
- Collaborating to enhance reputation
- Enhancing employee engagement and efficiency.

Supporting our people and communities

We recognise our employees are central to delivering on our strategic objectives and we continued to support initiatives focused on improving employee engagement. The Board also recognises that workplace diversity and inclusion is important in providing access to a greater range of skills and strengths. The Board supported initiatives and investments in this area.

Directors took part in a range of community activities and site visits throughout the year, engaging with stakeholders and demonstrating our strong commitment to our people and our communities.

NQBP has built strong working relationships with Traditional Owners in our port communities as a vital step in our journey towards reconciliation. Activities undertaken during 2020/21 as part of NQBP's Reconciliation Action Plan extended our engagement and collaboration with Traditional Owners.

This contributed to positive outcomes including the employment of more First Nations People, increased spending with Aboriginal and Torres Strait Islander businesses, and an increased awareness of Aboriginal and Torres Strait Islander cultures, histories, knowledge and rights.

Acknowledgements

I would like to thank Chief Executive Officer Nicolas Fertin and the NQBP Executive Leadership Team for their continued leadership during another challenging year. The team competently balanced the health and wellbeing of NQBP employees with community and stakeholder expectations and operational commitments.

I also thank my fellow Directors for their support, expertise and leadership. In September 2020, the NQBP Board welcomed the appointment of Monica McKendry, Tony Mooney and Lynn Smart, joining Andrea Ranson. In June 2021, we welcomed Owen Doogan to the Board.

I take this opportunity to formally acknowledge the significant contribution of outgoing Directors Peter Tait, Stephen Golding and Sally Frazer. Both Stephen and Peter had served as Directors of the Mackay Port Authority, and subsequently served on the NQBP Board since its inception in 2009. For more than a decade, they provided a wealth of expertise across port and governance issues and have been instrumental in our achievements. Sally joined the NQBP Board in 2017, also making a significant contribution to our business.

I thank our shareholding Ministers for their ongoing support of NQBP.



Brad Fish
Chair

CEO'S REVIEW

NQBP's priority is to ensure everyone accessing port infrastructure and involved in port operations returns safely home every day. I am pleased to report no lost time injuries in 2020/21. This was a year that included the significant adoption of a fair and just safety culture at NQBP, and the completion of a new and more effective Safety Management System, which together form the foundation of our commitment to continuously improve our safety practice and performance.

With NQBP ports supporting around 22,400 trade jobs (farmers, miners and transport providers) and more than \$23 billion of trade, our ability to identify and respond to threats and opportunities remains paramount.

Reverberations from the global pandemic and regional trade tensions impacted port trade during 2020/21. This reminded us of the importance of updating our plans and refreshing our Strategic Themes to reflect our ongoing commitment to supporting Queensland's regional economy and positioning NQBP to take advantage of new and emerging business opportunities.

Trade performance

Like three of the critical sectors of the Queensland economy—tourism, resources and agriculture—NQBP's activities are directly dependent on trade demand from Australia's neighbouring countries in Asia and the Sub-Continent. Over the past 12 months, NQBP and Queensland businesses, and their trades, demonstrated resilience along with the criticality of steel-making and electricity-making coal trades to many countries. When trade tensions occurred, NQBP anticipated that potentially up to 30 per cent of its coal trade could be impacted. Instead, the full year result ended up representing a 10.4 per cent reduction of coal trade compared with 2019/20.

The near end-of-life of East Weipa mine resulted in a decline of bauxite exports through the Port of Weipa of 18.9 per cent compared with 2019/20.

The Port of Mackay recorded more than three million tonnes of trade throughput in 2020/21, in line with the previous year. Breakbulk freight tonnage increased by around 75 per cent compared with the previous year, reflecting the fact that Mackay is now the chosen destination for industrial equipment industries needing to trade with Central Queensland.

Anticipating the financial impacts of the COVID-19 pandemic and the end of East Weipa bauxite mining, NQBP focused on cost controls that led to a 2.2 per cent (\$1.4 million) reduction in overall operating costs.

In support of the COVID-19 state recovery program, NQBP brought forward investment and accelerated asset repairs and upgrades, maintenance expenditure (excluding dredging) and capital investments to \$27.6 million, an increase of 72 per cent compared with 2019/20.

PERFORMANCE AGAINST STRATEGIC THEMES

Planning for evolving and transitioning industries

NQBP continued to work collaboratively with industry partners and government agencies to support the progressive evolution and transition to new industries.

While external conditions naturally shift and fluctuate, our strategies—centered around research, port-ready planning and building and enhancing relationships—have ensured NQBP remains agile and adaptive.

Embrace existing and new businesses

Annual maintenance dredging is essential to ensure navigable depths are maintained. This year, maintenance dredging was completed at Mackay and Weipa—without incident and at lower cost than budgeted.

Significant effort was expended in the finalisation of a new towage licence framework for the ports of Mackay and Abbot Point. Announced in April following a comprehensive and competitive tender process, the new towage licences take effect from 1 October 2021 and will ensure continued safe and efficient port operations.

NQBP engaged with private sector and government agencies on emerging business opportunities to support government initiatives to develop the Queensland economy in space technology and hydrogen.

In May 2021, the Queensland Government announced that a site at Abbot Point was suitable for a small-scale rocket launch facility. Gilmour Space Technologies (Gilmour) has expressed an interest in the site. NQBP is working closely with Gilmour and the relevant government agencies to ensure strategic and operational alignment between port and rocket launch activities at Abbot Point.

During the year, NQBP responded to numerous interests in developing hydrogen export trade through Abbot Point, Hay Point and Mackay.

With an eye on the future, we are investing millions of dollars in our ports to maximise their inherent attributes and market appeal, including being located across northern Australia and government-identified economic hubs, having abundant land separated from urban areas and excellent marine infrastructure linking northern Australia to markets in Asia and the Pacific. This makes our ports prime locations to support sustainable trades such as renewables, hydrogen, and biofuels.

Collaborating to enhance reputation

NQBP acknowledges that partnerships and collaboration are essential for not only our success, but for the success of our customers, stakeholders and the community.

We take time to understand the needs and ambitions of our stakeholders. In 2020/21, this included undertaking independent research to evaluate stakeholder perceptions and guide the development of initiatives to raise stakeholder and community satisfaction.

NQBP's overall Stakeholder Corporate Reputation Index score was 78, an increase of 16 points compared with the previous survey result in 2018/19. The research revealed a significant increase in trust among key stakeholders, with perceptions of NQBP as an efficient and well-managed organisation also significantly improved.

While our stakeholder partnerships are highly valued, NQBP is particularly proud to be part of the North Queensland community and continues to build strong partnerships through a variety of community and industry initiatives, as identified in this report.

NQBP launched its Reconciliation Action Plan (RAP) in November 2020, demonstrating our commitment to reconciliation within Australia. Endorsed by Reconciliation Australia, the RAP outlines the actions NQBP will undertake to achieve reconciliation through four key pillars: relationships, respect, opportunities and governance. The development of the RAP included staff and Traditional Owner groups across our port communities.

As the RAP champion, I am proud of our work to recognise Aboriginal and Torres Strait Islander peoples. This year, we increased the number of First Nations People employed at NQBP and increased our annual spend with Aboriginal and Torres Strait Islander businesses. Importantly, we have increased understanding, value and recognition of Aboriginal and Torres Strait Islander cultures, histories, knowledge and rights through cultural learning and training.

This effort was acknowledged this year through NQBP being the first and only port authority to be awarded joint winner of a Queensland Reconciliation Award (Business Category).

In the same month as launching our RAP, face-to-face meetings with NQBP's Community Reference Groups (CRGs) were reinstated after a period of virtual meetings due to COVID-19 considerations. These groups are an important and highly valued conduit for information between NQBP and its port communities. In March 2021, we welcomed new members to the Mackay and Hay Point CRGs and look forward to their contributions over the coming three-year term.

Enhancing employee engagement and efficiency

The year was very challenging and ambiguous across our 16 function areas and 135 employees. As trade declined and the COVID-19 pandemic continued to change the way we work, our people remained focused on continuing our improvement projects and responding to opportunities and challenges.

During the year, we implemented flexible work arrangements allowing work from home. We provided training to employees and Directors to increase our skills in living our values of Integrity, Respect, Unity and Excellence.

The yearly independent assessment of employee engagement was conducted in April with the participation rate remaining high at 90 per cent, and staff engagement score almost equal to the previous year.

Acknowledgements

I thank the Board for their guidance and support, including three outgoing Directors whose term of appointment expired in September 2020. I also acknowledge the support of our shareholding Ministers, customers, port users, partners, communities and government departments.

Special thanks to the NQBP team for their resilience and adaptability during an incredibly challenging year as we continued to deliver for the Queensland economy and our regional communities.



Nicolas Fertin
Chief Executive Officer

COVID-19

The COVID-19 pandemic significantly impacted NQBP's major trading partners during 2020/21. Commentary from market analysts and international governments suggest that concerns will be significantly mitigated after a vaccine is effectively rolled out.

The main industries consuming NQBP trades are food, electricity and steel. Lockdown and economic stimulus decisions made by overseas countries in response to the COVID-19 pandemic are impacting these industries across the supply chain and creating volatility in demand and price for electricity-making coal, steel-making coal, fuel and sugar.

Emergency management

NQBP's Emergency Management Team maintained continuous engagement with Local and District Disaster Management Groups and ensured the latest advice from key regulatory agencies (including the Australian Government Department of Health, Queensland Health, Maritime Safety Queensland and Australian Border Force) was incorporated into NQBP's decision-making, policies and procedures to keep ports open.

We also worked closely with public safety stakeholders including the Queensland Police Service, Queensland Health and Local Disaster Management Groups to monitor and, where necessary, restrict public access to NQBP assets.

Operations

Since the onset of the pandemic, our operational staff continued to support port operations while maintaining rigorous health protections. We worked closely with port users to share practices and align control measures to support continued safe and efficient operations. As a result, trade continued to flow safely and efficiently through all our ports despite the COVID-19 pandemic.

Many employees worked from home until the end of 2020, followed by a managed return to the workplace, with continued flexible work conditions in place.

Several human resource policies and procedures were reviewed and updated to reflect the changes to the working environment for our people, while a number of new policies and procedures were introduced to further support the health, safety and wellbeing of our people.

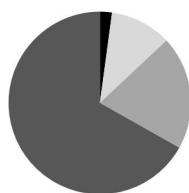
Community and stakeholders

Given the impact of the COVID-19 pandemic on our port communities and indeed the nation, we engaged with our community partners so they knew they had our support during these difficult times. We committed to honour sponsorship and donation funding we had pledged to our community partners and, where possible, worked with them to support changes to their programs, projects or events to meet any new requirements.

We also continued to engage with key stakeholders including our CRGs, Ports Advisory Groups, Technical Advisory and Consultative Committees in new ways, using technology to adhere to physical distancing requirements when prevented from meeting face-to-face.

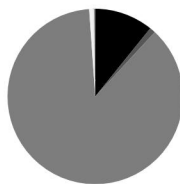
BUSINESS PERFORMANCE

Throughput by Port



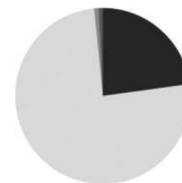
Mackay	3.18MT
Weipa	15.97MT
Abbot Point	29.55MT
Hay Point	98.32MT

Throughput by Commodity



Bauxite (export)	15.85MT
Fuel (import)	1.63MT
Coal (export)	127.88MT
Sugar (including molasses) (export)	1.10MT
Magnetite (import)	0.16MT
Other	0.09MT
Breakbulk (import)	0.20MT
Grain (export)	0.06MT
Fertiliser (import)	0.05MT

Throughput by Industry



Energy (thermal coal + fuel)	33.75MT
Metallurgy (metallurgical coal bauxite + magnetite)	111.77MT
Food (sugar + grain)	1.16MT
Other	0.34MT

Measure		2020/21	2019/20*
Trade throughput	MTpa	147.0	165.7
Total income	\$m	117.9	113.5
Earnings before interest, taxes, depreciation and amortisation	\$m	55.4	47.8
Net profit/(loss) after tax	\$m	15.9	6.9
Underlying net profit after tax (unaudited)	\$m	8.2	12.7
Total comprehensive income	\$m	(4.4)	53.3
Total assets	\$m	812.9	838.5
Net assets	\$m	420.6	429.4
Capex	\$m	17.82	7.76
Current ratio (excluding provision for dividend)	-	2.09	2.37
Debt/debt plus equity ratio	-	0.33	0.32
Return on assets	%	3.67	2.22
Return on equity	%	1.94	3.10
Operating cash flows	\$m	42.1	40.7
Dividends provided	\$m	4.32	13.95
Lost time injury frequency rate (LTIFR)	Rate	-	-

* 2019/20 figures have been restated

HIGHLIGHTS

Throughout 2020/21, NQBP worked collaboratively across its 16 function areas to deliver against strategic projects and operational objectives. Key highlights are listed below, and described in more detail on pages 9 to 19.

- Zero Lost Time Injuries.
- Completed or commenced work associated with a \$21.45 million infrastructure spend at the ports of Mackay, Hay Point and Abbot Point, supporting around 200 jobs.
- Increased Roll-on Roll-off (RORO) trade in Mackay by 75 per cent. RORO started in July 2019 and now supports 11 vessel calls per year.
- Completed maintenance dredging at the Port of Weipa and Port of Mackay without incident and below budget.
- New towage licence framework for the ports of Abbot Point and Mackay, taking effect from 1 October 2021.
- Achieved the best result possible in an external audit of NQBP's Environment Management System (EMS), with zero major or minor non-conformances and zero opportunities for improvement. It was the first time this has occurred since receiving EMS certification in 1999.
- Achieved a 16-point increase in Corporate Reputation Index rating by external stakeholders, based on independent research results.
- Received endorsement in November 2020 from Reconciliation Australia of our Innovate Reconciliation Action Plan 2020/22. In June 2021, NQBP was named a business category winner at the Queensland Reconciliation Awards.
- Confirmed a new five-year, \$5 million partnership James Cook University to help protect the health of the marine environment.

PORT OF MACKAY

The Port of Mackay is strongly positioned to accommodate the safe and efficient transfer of large equipment and materials throughout Central Queensland and reduce the logistical challenges associated with road transfers.

Located just five kilometres north of the city of Mackay and close to Australia's leading mining equipment, technology and services hub in Paget, the port is ideally positioned to connect Central Queensland with the rest of the world.

The Port has grown into an essential multi-commodity port and hosts one of the world's largest bulk sugar terminals. The Port supports over 2,00 trade jobs with goods to the value of around \$3.5 billion passing through the port each year.

Through the Port of Mackay, NQBP has facilitated the transport of diverse breakbulk over size over mass (OSOM) cargo, from heavy mining equipment to 135-tonne dump trucks to longwall equipment. The Port of Mackay offers customers the ability to transition large cargo to laydown areas for a variety of uses.

TRADE

Despite the challenges of the COVID-19 pandemic, the Port of Mackay maintained a high trade volume in 2020/21 with 3.18 million tonnes passing through the port (2019/20: 3.18 million tonnes).

The Port of Mackay continued to build on its breakbulk cargo trade, with more than 168,000 freight tonnes of breakbulk passing through the port, an increase of 75 percent compared with last year's figure of 96,000 freight tonnes.

TRADE BY COMMODITY



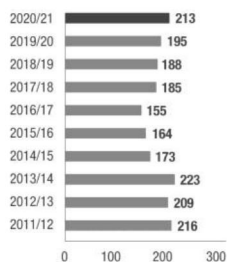
- Fuel 1.56MT
- Sugar 1.10MT
- Magnetite 0.16MT
- Grain 0.06MT
- Break Bulk 0.17MT
- Fertiliser 0.05MT
- Other 0.08MT

TRADE BY INDUSTRY



- Energy 1.56MT
- Metallurgical 0.16MT
- Food 1.16MT
- Other 0.3MT

SHIP VISITS (2011/12 – 2020/21)



TRADE VOLUMES (2011/12 – 2020/21)



MAINTENANCE AND UPGRADES

Investment in upgrades to existing wharf infrastructure and new facilities has ensured the ongoing safety and efficiency of the Port of Mackay.

Construction commenced in February 2021 on a new \$8.5 million tug berth facility, generating 20 jobs during the peak of the project, with at least half of these from the Mackay area. The new facility includes berths for up to two larger and more powerful tugs, supporting the Port of Mackay's ability to expand for future growth.

Other improvements at the Port of Mackay included a \$1.8 million upgrade to Wharf Four, expanding cargo capacity, and a \$2.5 million project to extend Wharf One, improving its ability to handle longer breakbulk cargo such as rail infrastructure, wind turbines or piles.

Stabilisation of the western revetment inside the port saw Queensland-based contractors engaged on the \$1.5 million project, supporting up to 15 jobs. Around 15,000 tonnes of locally sourced material was used to reform the revetment structure.

A streetlight upgrade at the Southern Breakwater was completed in March 2021 by a Mackay-based company using light poles fabricated by a Queensland-based firm. This project supported 10 jobs.

Maintenance dredging was completed in December 2020 with around 140,000 cubic metres of natural sediment removed from the port and placed at the Dredge Material Placement Area (DMPA) to maintain efficient operations. It was the first time since 2013 that maintenance dredging has been carried out at the Port of Mackay.

PORT OF HAY POINT

The Port of Hay Point is the largest steel-making coal port in the world, primarily exporting metallurgical coal, a key resource in the steel-making process.

The port's two coal terminals, Hay Point Coal Terminal and Dalrymple Bay Coal Terminal, service coal mines in the Bowen Basin.

TRADE

The COVID-19 pandemic and regional trade tensions impacted Hay Point throughput which declined by 11.4 per cent to 98.32 million tonnes. Total ships through the Port of Hay Point decreased from 1,147 in 2019/20 to 1,076 in 2020/21.

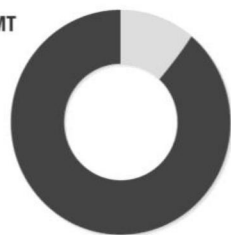
TRADE BY COMMODITY

● Coal **98.32MT**



COAL TRADE BY INDUSTRY

● Electricity-making **10.73MT**
● Steel-making **87.59MT**



SHIP VISITS (2011/12 – 2020/21)



TRADE VOLUMES (2011/12 – 2020/21)



PORT OF ABBOT POINT

Abbot Point is Australia's most northern coal export port, located near Bowen between the existing industrial centres of Townsville to its north and Mackay to the south.

The Port of Abbot Point is a strategic asset due to its proximity to the resource rich Bowen and Galilee basins, its remote location from urban development and access to deep water.

TRADE

Coal throughput at the Port of Abbot Point decreased by 7.3 per cent from 31.88 million tonnes in 2019/20 to 29.55 million tonnes in 2020/21. Towage services supported 395 ship visits through the port.

TRADE BY COMMODITY

● Coal **29.55MT**

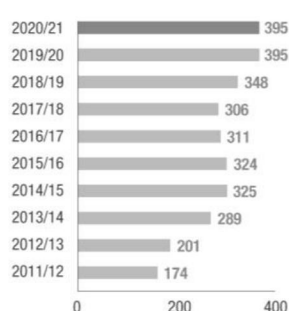


COAL TRADE BY INDUSTRY

● Electricity-making **12.39MT**
● Steel-making **17.16MT**



SHIP VISITS (2011/12 – 2020/21)



TRADE VOLUMES (2011/12 – 2020/21)



PORT OF WEIPA

Due to its close proximity to both the town of Weipa and the region's mineral deposits, the Port of Weipa has been an essential contributor to the economic development of the Cape York region for more than 50 years.

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

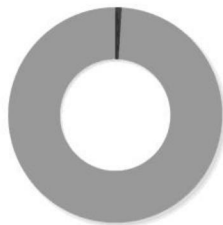
In 2020/21, NQBP successfully completed maintenance dredging at the Port of Weipa, removing around 320,000 cubic metres of natural sediment to ensure continued safe operations and access to the port.

TRADE

Trade throughput at the Port of Weipa declined from 19.8 million tonnes in 2019/20 to 15.97 million tonnes in 2020/21. This reflects the ramp down in volume from the East Weipa Mine as it approaches end-of-life.

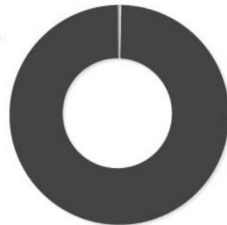
TRADE BY COMMODITY

- Fuel 0.08MT
- Bauxite 15.85MT
- Other Cargo 0.04MT

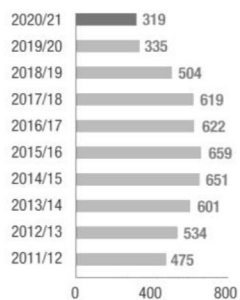


TRADE BY INDUSTRY

- Energy 0.08MT
- Metallurgical 15.85MT
- Other 0.04MT



SHIP VISITS (2011/12 – 2020/21)



TRADE VOLUMES (2011/12 – 2020/21)



PERFORMANCE AGAINST STRATEGIC OBJECTIVES

NQBP identified six strategic projects in its Statement of Corporate Intent for 2020/21. These projects support the continued advancement of NQBP's Vision to be global leaders in sustainable facilitation of port trade, and the organisation's four strategic themes.

Table 1: Strategic Projects 2020/21

Strategic Project	Objective	Result
Fuel road transport improvement	Develop a more efficient road transport connection to the Port of Mackay	Developed a needs analysis report for input from key stakeholders prior to finalisation of business case for submission.
Weipa transitioning trade	Develop conceptual models that would confirm the constraints to the facilitation of new trades through Port of Weipa after the end of bauxite export anticipation before 2028	Trade has significantly declined with East Weipa mine virtually closed and Weipa port only fed from Andoom mine. NQBP will undertake significant efforts in assessing the sustainability of the Port of Weipa in collaboration with local stakeholders and in line with government direction.
Abbot Point towage licence implementation	Complete towage licensing framework and port rules at Port of Abbot Point	A new towage licence framework was announced in April following a comprehensive and competitive tender process. New arrangements take effect from 1 October 2021 and will ensure continued safe and efficient port operations.
Bowen Wharf future	Engage with stakeholders on the future of the current Bowen Wharf, its ownership and its potential replacement	A \$3.6 million repair project carried out on the 150-year-old wharf injected more than \$600,000 into the local community through job creation, accommodation and various project supplies.
Reconciliation Action Plan implementation	Implement the Reconciliation Action Plan that provides a consistent approach and positive actions to develop higher valued relationships with the indigenous groups in our Port communities	Received endorsement in November 2020 from Reconciliation Australia of our Innovate Reconciliation Action Plan 2020–2022. In June 2021, NQBP was named Business Category joint winner at the 2021 Queensland Reconciliation Awards.
ERP Business Transformation implementation	Re-engineer NQBP's whole of business processes through the implementation of a new Enterprise Resource Planning (ERP) system	New ERP system developed, with user acceptance testing and training to be completed by end September 2021. On track for implementation in October 2021.

PLANNING FOR EVOLVING AND TRANSITIONING INDUSTRIES

Our trade is progressively evolving and transitioning to new industries due to forces external and independent of NQBP. The decisions we make today—in planning, policy, advocacy, infrastructure, the allocation of funds and the way we work—will pave the way for future trades to be facilitated.

MAXIMISE PORT LAND AND INFRASTRUCTURE

As the trade landscape is changing, we must adapt our infrastructure and business practices to ensure we are well positioned to capitalise on new trade opportunities.

There are significant opportunities for our ports to sustainably prosper and support economic growth by optimising the use of existing port land and infrastructure.

Hydrogen

Hydrogen, particularly Green Hydrogen, is in the early stages as an industry operating on a mass scale. NQBP anticipates that the industry's future in Queensland will evolve over the next decade.

Large-scale production will require safe transportation through the Great Barrier Reef Marine Park World Heritage Area. NQBP will continue to support the Queensland Hydrogen Industry Strategy vision that by 2030 Queensland will be at the forefront of renewable hydrogen production in Australia, supplying an established domestic market and export partners with a safe, sustainable and reliable supply of hydrogen.

Rocket launches

In March 2021, NQBP made contact with Gilmour Space Technologies, Economic Development Queensland (EDQ) and the Department of State Development, Infrastructure, Local Government and Planning to ensure the possible development of some Abbot Point land areas for rocket launch activities were compatible with port activities and leveraged existing infrastructure.

These arrangements were subject to Queensland Government determinations in relation to the suitability of Abbot Point for this purpose. The government approved an area within the Abbot Point State Development Area for small-scale launch activities. NQBP continues to work with all parties to ensure strategic and operational alignment between port and rocket launch activities at Abbot Point.

Diversifying trade in Weipa

In response to the forecast depletion of the Port of Weipa's primary bauxite trade, NQBP continued engagement with key community, industry and government stakeholders to identify potential options for diversifying trade in Weipa.

Options identified the constraints, limitations and challenges for developing tourism, food production, aqua culture and bio-futures that could take advantage of the port infrastructure made available once the bauxite trade ends within the next decade.

Planning for the future of the Bowen Wharf

As part of a \$3.6 million project, work commenced in March 2021 on the 150-year-old Bowen Wharf, creating 15 local jobs in the Whitsunday region. This project will ensure the Wharf remains accessible to the public and continues to provide temporary towage infrastructure for Abbot Point's towage operations until permanent towage infrastructure has been established.

NQBP recognises the Bowen Wharf is a valued asset to the community of Bowen and will continue to engage Bowen stakeholders in planning the Wharf's future.

EMBRACE EXISTING AND NEW BUSINESSES

Our current trades will remain a strong contributor to the Queensland economy for many years to come while transitioning at different paces due to decisions made by our customers, government and the community. We value our current trades while leveraging this expertise to demonstrate that we are open to new businesses that grow our throughput.

RETAIN AND GROW EXISTING TRADE

NQBP ports deliver world-class operations that connect regional Queensland with the world. We recognise the industries that are supported by our ports will continue to trade in the near-term and we are committed to working with our port partners and customers to ensure the continuity of our core business.

Port of choice for Central Queensland

Throughout 2020/21, the Port of Mackay expanded its reputation as a multi-cargo gateway to Central Queensland.

The port's versatility was demonstrated through an expanding diversity of trade, including the first trial shipment of a batch of cars transported via the Norwegian Roll-on Roll-off vessel *Hoegh Trove* in July 2020. These vehicles would otherwise have been trucked from Melbourne.

As a further example of the Port of Mackay's multi-cargo billing, the first significant container shipment in many years departed the port in August 2020, with more than 300 containers of material bound for recycling in Indonesia.

NQBP continued to invest in upgrading infrastructure at the Port of Mackay to enable greater land and sea access to the port. This has facilitated an increasingly diversified cargo mix—from a London-style double-decker tour bus, a fleet of new haul trucks and a shipment of 2,340 freight tonnes worth of mining equipment.

A total of \$17.8 million in infrastructure projects were committed during 2020/21 to strengthen trade at the ports of Mackay and Hay Point. Projects include a new tug berth facility, upgrades to Wharf One and Four, seawall repairs and essential maintenance dredging at the Port of Mackay. All of these projects were completed or commenced during the year.

We also completed the underground relocation in July 2020 of 760 metres of powerlines, further opening up the Port of Mackay by enabling large cargo to move easily throughout the port.

The upgrades to the port, along with specific modifications to Wharf One to accommodate greater diversity of cargo, are delivering positive results despite the COVID-19 pandemic and regional trade impacts. This has included reaching full house (a ship on every berth) on numerous occasions throughout the year, and resulted in a 75 per cent growth in breakbulk cargo freight tonnes for the year to 30 June 2021, compared with the previous year.

RESILIENCE TO THREAT OF DISASTERS

Disruptions to our port operations have the potential to cause significant economic losses, not only to NQBP but also to the industries and communities that we support. Maintaining safe access, minimising risks and investing in disaster resilience are essential to our ongoing operations.

Maintaining safe port access

Maintenance dredging ensures that safe and efficient sailing depths are maintained at NQBP's ports to ensure the movement of freight, goods and bulk product exports continue. Maintenance dredging was completed in December 2020 at the Port of Mackay with around 140,000 cubic metres of natural sediment removed from the port and placed at the DMPA.

In May 2021, NQBP successfully completed maintenance dredging at the Port of Weipa, removing about 320,000 cubic metres of natural sediment. The dredging program was the first instance of maintenance dredging under NQBP's new 10-year Commonwealth permit. NQBP has managed maintenance dredging at the Port of Weipa for more than 30 years.

NQBP continued its rigorous environmental management program, including monitoring of water quality, seagrass and coral communities. Both the Weipa and Mackay dredging campaigns were successfully completed with no environmental events.

Security facilities upgrade

Home to marine pilots and Maritime Safety Queensland's Vessel Traffic Service, the Hay Point Administration Building is undergoing refurbished, due to be completed later in the year. The project will deliver improved security through new CCTV cameras, administration space and sound-insulated pilot rooms.

Work also commenced on security improvements at the Port of Abbot Point. This project includes new electronic security gates and a guard house and crib hut with workstations for personnel, fencing, CCTV cameras and associated road improvements. The works enhance regulatory compliance, security capability and operational oversight controls at the port.

Emergency management

NQBP has an Emergency Management Plan (EMP) in place for its operations. The EMP applies to all ports and recognises there are key differences between each port, including geographic location, nature of operations and the community within which the port operates.

NQBP reviews and tests the plans, policies and procedures that support the EMP at least on an annual basis.

Emergency response

NQBP regularly tests its emergency response capabilities through desk-top and simulated exercises. During 2020/21, scenarios including a fuel fire at the Port of Mackay, an oil spill response at the Port of Weipa and a helicopter crash at the Port of Mackay were undertaken as part of training and assessment of our emergency management and response function.

DELIVERY OF ESSENTIAL PORT SERVICES

NQBP is responsible for operating effective and efficient port facilities and services, including pilotage and towage services. NQBP is committed to managing safe and efficient ports that balance the needs of iconic natural environments, communities, stakeholders and port users.

Pilotage services

NQBP's marine pilots are critical to the Queensland trade supply chain. In 2020/21, NQBP's marine pilots were responsible for the safe passage of 1,076 ships at the Port of Hay Point and 213 ships at the Port of Mackay.

The professionalism of NQBP's marine pilots to continuously adapt to changing operating processes and procedures, introduced to protect themselves, vessel crew and pilot service providers, allowed them to continue their integral work, to keep trade moving during the COVID-19 pandemic restrictions.

In November 2020 our pilotage team received independent, external accreditation through the International Standard for Maritime Pilot Organisations (ISPO). This is a standard of best practices that recognises the safety and quality of service our pilots provide to incoming and outgoing vessels, and other port users.

Towage operations

A new towage licence framework will come into effect at the Port of Abbot Point from 1 October 2021, following a comprehensive tender process.

The new arrangement will assist NQBP in meeting current and future trade requirements and foster improved environmental management and supply chain optimisation. It will see the introduction of three new state-of-the-art tugs at the Port of Abbot Point.

Environmental management

NQBP's Environmental Management System (EMS) is certified under ISO14001:2015 (International Standard) to ensure continual improvement in environmental performance. The EMS is audited annually, with a more comprehensive recertification audit required every three years.

NQBP received the best possible outcome from the 2021 EMS audit with zero minor or major non-conformances and zero opportunities for improvement. This was the best result achieved since the EMS first received certification in 1999.

COLLABORATING TO ENHANCE REPUTATION

Partnerships and collaboration are essential for not only our success, but for the success of our customers, stakeholders and the community. We take the time to understand the needs and ambitions of our stakeholders and seek to develop mutually beneficial partnerships based on long-term success.

ENVIRONMENTAL STEWARDSHIP

With three major ports operating alongside the Great Barrier Reef, NQBP continued to make environmental stewardship a strategic priority in 2020/21.

Partnership with James Cook University (JCU)

NQBP has a long-running relationship with JCU that has spanned 25 years. The partnership includes the monitoring of water quality and seagrass health at our four trading ports, as well as the monitoring of coral health at the ports of Mackay, Hay Point and Abbot Point.

A new five-year partnership confirmed in September 2020 builds on the previous arrangement, in particular with JCU's Tropical Water and Aquatic Ecosystem Research (TropWATER). It includes environmental monitoring of the marine environment around our ports, the results of which are displayed on the NQBP website.

JCU monitors 30,000 hectares of seagrass at NQBP's ports. This data provides a valuable resource that enables NQBP to track distribution, density and seasonality, establish naturally occurring fluctuations and determine how external factors may potentially impact these important communities.

In addition to informing our own environmental activities and port operations, the data contributes to advances in an international body of seagrass knowledge through JCU's academic research and regional report cards developed to help monitor the health of our waterways. Data collected through this partnership is used by the Mackay Whitsunday Healthy Rivers to Reef Partnership in its annual waterway health report card.

The renewed partnership with JCU includes internship opportunities within the NQBP environment team for tertiary students, and a guest lecture program where NQBP team members provide valuable industry insights to marine science students. The first of three interns took up a place with the NQBP Environment Team in early 2021.

In March, JCU and NQBP announced the first Bachelor of Science scholarship recipient under the partnership. The recipient will study science relevant to applied management in the port industry.

The partnership will also introduce the use of advanced technologies such as remote camera systems, Artificial Intelligence, Remote Operated Vehicles and improved sensors and data loggers.

Coral dashboard

In December 2020, NQBP launched a new coral dashboard on its website, providing the community with greater insight into its coral monitoring program. Visual data from monitoring undertaken in partnership with JCU provides information on coral health and effects on coral such as cyclones and other events.

With conservation of the natural environment at the forefront of NQBP's business planning and operations, this dashboard recognises coral as a critical coastal marine habitat and a key indicator of overall marine health. The coral dashboard compliments our seagrass and air quality data dashboards, which went live in 2018 and 2019 respectively.

The coral dashboard represents the outcomes of our monitoring program which covers three inshore island communities at the ports of Mackay and Hay Point, and a further two inshore islands at the Port of Abbot Point.

The data enables NQBP to track distribution, density, seasonality and health of corals and seagrasses within and around our ports and have a greater understanding of naturally occurring fluctuations.

Results from coral monitoring data around Mackay and Hay Point indicated a strong recovery in coral cover, with no bleaching and very little disease identified at the survey locations.

Improvement projects

In addition to our EMS, NQBP undertakes a range of infrastructure projects to improve environmental management. In Weipa, we completed a new drainage system at the Evans Landing operations base to reduce sediment runoff from the nearby roadway.

Supporting the sustainability of the Great Barrier Reef

NQBP was proud to support a range of environmental events and initiatives during 2020/21.

These included our continued support of the Project Catalyst Annual Forum, held in Townsville in 2021. Project Catalyst, which is overseen by Catchment Solutions, is a collective of cane growers that has been championing changes in sugar cane management to improve water quality for the Great Barrier Reef since 2008.

The Project Catalyst Annual Forum brought together growers and representatives from Natural Resource Management groups, the Australian Government, WWF-Australia and The Coca-Cola Foundation to share knowledge and discuss innovative advancements in water management practices that will help safeguard the future of the Great Barrier Reef.

NQBP continued its support of the Whitsunday Water Quality Monitoring Blueprint for Tourism Operators by providing additional funding through to 2022. This program links together citizen science and research partners at JCU for a reef health check using water quality as a means to collaboratively develop a framework for connecting and empowering citizens to collect data. Researchers from JCU trained 17 crew from four tourism operator businesses to collect water quality data from across the Whitsundays.

Global presence

The World Association for Waterborne Transport Infrastructure (PIANC) has long been regarded as the international home of waterborne transport infrastructure policy and research. During 2020/21, NQBP continued its engagement with PIANC on key environmental aspects of port management. NQBP team members were Australian expert representatives on the PIANC working group on implications of invasive marine pests for waterborne transport infrastructure. This working group will generate an international guideline on managing the business, liability, health and safety and other risks associated with marine species.

Ports Australia

Ports Australia is the peak representative body of the Australian Ports sector. NQBP continues to be actively involved in the Ports Australia Sustainability Working Group including development of the Sustainability Strategy Development Guide. This world-first guide helps port authorities to develop their own sustainability strategy based on the international protocols of the United Nations Sustainability Development Goals.

As chair of the Sustainability Working Group, NQBP has assisted Ports Australia on promotion of the guide internationally via presentation by invitation at the American Association of Port Authorities.

SUPPORTING OUR COMMUNITIES

NQBP is proud to be part of the North Queensland community and is committed to engaging with and supporting our port communities to help them achieve success. Each year, we are proud to support a variety of regional events and initiatives that contribute to the sustainability of our port communities and create a connection with our stakeholders and the community.

During 2020/21, we continued to proactively build strong partnerships for the betterment of our organisation, our stakeholders and our communities, as summarised below.

EcoPorts

After pausing the EcoPorts program during the 2020 calendar year due to the impacts of the COVID-19 pandemic, NQBP's 2021 program included 11 grants of up to \$1,000 to schools within port communities. The funding supports environmental projects ranging from recycling, gardening and invasive fish species monitoring.

NQBP has been running the EcoPorts program for seven years and has allocated more than \$70,000 to over 70 school projects.

Port Communities Program

Through this flagship community program, NQBP contributed more than \$110,000 in community investment to 40 initiatives during 2020/21.

The COVID-19 pandemic continued to impact community initiatives throughout the year, with several events and projects postponed or cancelled. To assist our community partners in managing these changes, where possible, we honoured all sponsorship and donation funding that we had previously pledged.

We also provided support to several health and wellbeing initiatives including the Mackay Community Foundation, the Weipa Men's Shed and the Ronald McDonald Family Room, which will see the construction of the first ever Ronald McDonald Family Room at the Mackay Base Hospital. This joint-initiative between Ronald McDonald House Charities and the Mackay Hospital Foundation aims to provide a volunteer-led facility for families in the Mackay region to access much-needed respite while visiting sick children in hospital.

NQBP has been a long-time supporter of the work of Stella Maris in providing care and support services to the crews of the vessels that call at our ports. Our partnership with Stella Maris continued in 2020/21 with support for the annual Christmas shoebox appeal and Seafarers Care Package program which saw gifts and necessities delivered to seafarers.

Other initiatives supported under the Port Communities Program included the Weipa Fishing Classic, Mackay Nude Lunch for Ovarian Cancer, Mackay Marina Run, Zonta International Women's Day High Tea, the Mayor's Charity Ball in both Mackay and the Whitsundays, Hay Point's Hector Hall sporting equipment, Alligator Creek State School 2020 Learn-to-Swim program, the 2021 Sarina Beach Coconut Festival, and Sail Bowen 2020.

North Queensland Cowboys Community Partnership

NQBP is proud to be part of the North Queensland community. Our partnership with the North Queensland Cowboys has engaged thousands of young people and community members since it was first launched in 2016.

The partnership is our largest and longest engagement program and features two-day Bulk Port Blitzes conducted across our four Port communities of Mackay, Bowen, Weipa and Sarina (Hay Point) each year. The Blitz program includes school visits, port site visits, and events connected to important issues, including International Women's Day and Reconciliation in Action. The partnership enables Cowboys' players and ambassadors to connect with school children to deliver important messages such as making positive life choices.

The partnership has made a positive impact on our stakeholders—from customers and community partners, to employees across our ports. Importantly, we have also witnessed the positive outcomes generated for young people across our port communities.

With one of the largest fan bases in the National Rugby League, the Cowboys are renowned for excellence in their approach, particularly in regard to delivering positive outcomes through their community engagement program.

The community-based partnership between NQBP and the Cowboys is centered on both organisations' shared values of community engagement (including Indigenous engagement), leadership, innovation and integrity. Both qualitative and quantitative evidence, collected by NQBP indicates the partnership has been successful in enhancing NQBP's reputation.

Formalised community engagements

NQBP convenes well-established forums that provide for discussion with community representatives on aspects of mutual interest relating to port operations, development and more.

In Mackay and Hay Point, our Community Reference Groups (CRGs) provide an invaluable link with the port communities. In late 2020, residents were invited to nominate for a seat on the CRGs for the 2021–2024 term.

Seven new appointments were made to the Port of Mackay CRG. These included three community representatives, two environmental representatives, a local business and a port industry representative. The newly formed group held its first quarterly meeting in June 2021.

Eight appointments were made from community and interest group representatives to the Port of Hay Point CRG. This group also met for the first time in June.

NQBP's Port Advisory Groups (PAGs) are an important link between port operations and our key stakeholders. Membership of these groups was reinvigorated during 2021 with new representatives from port terminals and tenants, service providers and other key stakeholders.

The PAGs provide a forum for NQBP to share development and operational activities. This two-way communication and engagement is essential in our understanding of port tenants' operations and upcoming projects which may interface with port activities.

PAG meetings are held quarterly in Hay Point, Mackay, Abbot Point and Weipa.

Reconciliation Action Plan and implementation

NQBP's Reconciliation Action Plan (RAP) builds on existing relationships with Traditional Owners in our port communities throughout Queensland.

Our vision for reconciliation is for an Australia that embraces and values Aboriginal and Torres Strait Islander peoples, histories and cultures and promotes diversity, providing equitable opportunities for all Australians.

NQBP achieved a 97 per cent completion rate of RAP actions due by the end of June 2021. Since the RAP was introduced and endorsed by Reconciliation Australia in late 2020, we have undertaken a range of actions and outcomes in line with our vision for reconciliation. These included:

- staff cultural competency training to increase awareness of Aboriginal and Torres Strait Islander cultures and heritage
- increased employment of Aboriginal and Torres Strait Islander peoples from 2.4 per cent to 3.1 per cent
- raised direct procurement spend with Aboriginal and Torres Strait Islander businesses from 1.63 per cent to 3.66 per cent, equating to \$1.42 million in 2020/21
- long-term engagement of Juru Enterprises Limited (JEL) to conduct land management at Abbot Point and Australian Indigenous Security Services at Abbot Point
- changed our procurement policies to encourage contractors to include Aboriginal and Torres Strait Islander employment in major contracts, resulting in six local Aboriginal and Torres Strait Islander peoples being employed as part of the Bowen Wharf refurbishment project
- worked directly with Aboriginal business, Wik Timber, to facilitate business growth and trade through the Port of Weipa

- recognised local traditional language through the naming of Gudyara Road at the Port of Mackay ("Sea Road" in the Yuwi language) and meeting rooms in Brisbane and Bowen, recognising Traditional Owner groups and Juru language
- engaged Aboriginal artists for office artwork and supported Aboriginal and Torres Strait Islander cultural celebrations and other events to recognise culture.

NQBP proudly supports Aboriginal owned and operated businesses, such as Chaboo which made its mark on NQBP's Brisbane office. This included several meaningful artworks by Casey Coolwell, a Quandamooka, Nunukul woman with traditional ties to North Stradbroke Island on her father's side and linkages to the Aboriginal and South Sea Islander people of Bowen and Mardigan people of Eulo through her mother's side.

Further support for First Nations' enterprises included procurement of stationery and other office supplies through the Indigenous-owned Cultural Choice company. We also engage Australian Indigenous Security Services at the Port of Abbot Point.

NQBP and JEL have worked together for more than a decade. Since 2018, JEL has carried out land management at the Port of Abbot Point, along with turtle monitoring and tagging operations. This collaboration has resulted in positive environmental management of strategic port land and connection to country for local Juru people.

NQBP's achievements toward reconciliation were acknowledged at the 2021 Queensland Reconciliation Awards, with NQBP being the first and only port authority to receive such an award.

Support for Aboriginal and Torres Strait Islander events

During 2020/21, NQBP supported NAIDOC events and initiatives including the Juru Dance Group and a Yarning Circle project under development at Bowen State School. We also marked National Reconciliation Week with a range of staff and community activities across our port communities and offices. Celebrations included a Kup Murri, a traditional cooking method using an underground oven, at Mackay, and 'bush tucker' morning tea in Brisbane.

ENHANCING EMPLOYEE ENGAGEMENT AND EFFICIENCY

We believe outward success is built on a foundation of investing in our people and systems. We seek to attract, develop and retain a diverse workforce where everyone understands their role, where performance is recognised, and where the right systems and resources are at hand.

PROVIDE A SAFE WORKPLACE

Health and safety, including physical and mental wellbeing, are the highest priority at NQBP. We are committed to ensuring a safe work environment for all employees, contractors, stakeholders and visitors to our sites, as well as those who may be impacted by our operations.

Throughout 2020/21, NQBP placed the highest priority on communicating health information and recommendations in relation to the COVID-19 pandemic.

Through our Emergency Management Team, NQBP continuously monitored Queensland Health information to ensure we provided the most accurate information that put the health and safety of our employees first.

In accordance with the Australian Government advice, COVID-19 vaccines are voluntary and free through health providers. Marine pilots and lines handlers were classified in group 1A/B of the rollout, and were strongly encouraged to receive the vaccine.

Other health, safety and wellbeing initiatives during the year included free skin checks, flu vaccinations, weekly wellbeing tips and training to support staff and their families.

Mental health and wellbeing

The impact of the COVID-19 pandemic and extended periods of work-from-home arrangements affected all staff in some way. To assist, NQBP implemented activities for staff and their families, including mental health awareness training, along with promotion and participation in RU OK and World Mental Health Day activities.

A free, independent counselling service is provided to all staff and their immediate family for work-related or personal issues.

Safety leadership

Continued emphasis on the importance of enhancing our safety culture in providing a 'fair and just culture' was enhanced through delivery of safety leadership and engagement training to leaders and managers. The interactive course provided participants with the important skills required to lead safety conversations and demonstrate commitment through our senior leadership team.

NQBP acknowledges and participates in the annual Safe Work Month facilitated by Worksafe Queensland. During October 2020, we convened a series of activities designed to highlight the importance of safety and encourage the continued reporting of all safety events, with honesty and integrity.

Safety Management System

The aim and intended outcomes of the NQBP Work Health and Safety Management System (WHSMS) are to prevent work-related injury and illness to workers and to provide a healthy and safe workplace.

To achieve this, NQBP has designed its WHSMS to align with AS/NZS ISO 45001 *Occupational health and safety management systems – requirements with guidance for use*.

Implementing the WHSMS to conform to this standard has enabled NQBP to manage its workplace health and safety risks and improve performance. In so doing, it will also assist NQBP to fulfil its legal and other requirements. Implementation of this WHSMS delivered on a strategic and operational requirement for NQBP.

Another important step in our safety journey was achieved in November 2020 through the delivery of enhancements to the safety event management software system, Riskware.

Safety Consultative Committee

The NQBP Safety Consultative Committee continued to promote safety in the workplace. During 2020/21, the committee met on six occasions and contributed significantly to consultative processes aligned with the redesign of the WHSMS.

In promoting the importance of safety in the workplace, the Committee attended the Mackay Region Resource Industry Network Annual Safety Conference, providing an excellent opportunity to increase safety knowledge.

Lost Time Injury (LTI)

NQBP did not record any lost time injuries during the 2020/21 reporting period.

EMPLOYEE ENGAGEMENT

By developing a high-performing culture where our people are fully engaged, we can achieve greater results for our stakeholders, communities, the environment and our owners, the people of Queensland.

Employee engagement survey

NQBP staff participated in an annual employee engagement survey, conducted during April and May 2021. We maintained a 90 per cent participation rate in the survey and, despite a challenging trading year and external concerns related to the COVID-19 pandemic, our staff engagement score remained close to the previous year.

This result placed NQBP in the 55th percentile of Australian businesses that complete the same engagement survey (more than 200,000 Australians).

Values

Our four values guide our behaviour:

Integrity – We stand by our actions and NQBP's values even when no-one is watching.

Respect – We care for and treat everyone fairly, recognising and appreciating diversity.

Excellence – We strive to deliver the best outcomes while being committed to continuous learning and improvement.

Unity – We share a common purpose to achieve positive outcomes for our organisation and regions.

To ensure our workforce had a shared understanding of what our values mean and what behaviours are expected, all employees were engaged in training sessions in late 2020 around Living our Values.

Inclusion and diversity

NQBP recognises that workplace inclusion and diversity are important in providing access to a greater range of skills and strengths. This will, in turn, assist us in safely and efficiently managing our ports and being global leaders in the sustainable facilitation of port trade.

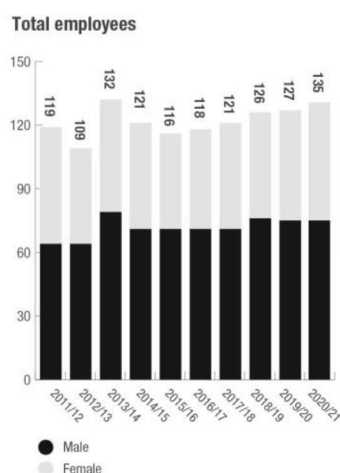
Our inclusion and diversity actions focus on three priorities: inclusion, indigenous engagement and gender. These were supported by various activities throughout the year.

We have always encouraged candidates from diverse backgrounds to apply when recruiting new roles and sought to achieve 50 per cent candidate shortlist pool from diverse categories. The language and style of our recruitment advertising reflects our commitment to diversity.

NQBP actively participated in International Women's Day (IWD) celebrations in 2021 under the theme "Choose to Challenge". This was in line with our commitment to gender equality and inclusion and our continued support of women in the workforce and in the communities we live and work in.

We understand that flexible working arrangements are key enablers for a more engaged, inclusive and diverse organisation. Under NQBP's flexible arrangements, 71 per cent of our workforce had flexible start and finish times, 47 per cent worked a nine-day fortnight and seven per cent worked part time. A majority of employees worked from home at some point during the year, not including enforced periods due to government requirements.

As at 30 June 2021, NQBP had approximately 41 per cent representation of female employees in various positions across the organisation. This is a one per cent increase on the previous period.



Performance reviews and planning

NQBP has a robust Performance Review and Planning process that includes mid-year and end-of-year performance reviews. The review process provides all personnel with the opportunity to engage in self-review and feedback on their performance and the creation of a plan for the year ahead.

Employee participation

A key component of the Port Communities Program is employee engagement. Our employees provide an important link between our operations and our communities, and our community partnerships offer opportunities for employee participation in activities, events and fundraising.

During 2020/21, NQBP supported teams of employees to participate in Relay for Life, in support of the Cancer Council, the Push Up Challenge, in support of headspace Mackay, and the Mackay Marina Run, in support of the Leukemia Foundation.

Employees were also offered the opportunity to participate in or support community events such as the Weipa Running Festival, International Women's Day and Australia's Biggest Morning Tea, in aid of the Cancer Council.

Internships

We are proud to offer internships to students at high school and university, to raise awareness of the careers available within the ports industry. In 2020/21, we welcomed three interns into our business.

THE RIGHT SYSTEMS

The productivity and efficiency of our business systems and technology are key drivers in enabling the organisation to deliver on strategy.

Enterprise Resource Planning

Significant progress was made during 2020/21 on the implementation of a new Enterprise Resource Planning (ERP) system, expected to be operational from October 2021.

The new OnePort solution will drive more effective integration between business functions, streamline our business processes and consolidate our data for reporting and decision-making purposes.

Business process mapping, data integration and user testing has been completed, with training and systems roll-out taking place.

Delivering better value for money

NQBP's procurement model aligns policies and procedures with the Queensland Government's Procurement Policy and related best practices.

The procurement model focusses on building closer relationships with strategic suppliers and developing tendering and panel arrangements to streamline processes while ensuring support is provided to local and Indigenous suppliers.

CORPORATE GOVERNANCE

Organisational structure

Shareholding Ministers

Treasurer and Minister for Investment, The Honourable Cameron Dick MP

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

Board of Directors	Audit and Financial Risk Management Committee	Culture People and Safety Committee	Corporate Governance and Planning Committee
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Members (as at 30 June 2021)

Brad Fish (Chair) Andrea Ranson Lynn Smart Monica McKendry Tony Mooney Owen Doogan	Monica McKendry (Chair) Brad Fish Lynn Smart Andrea Ranson	Lynn Smart (Chair) Brad Fish Tony Mooney	Andrea Ranson (Chair) Monica McKendry Tony Mooney
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Non Current Members

Sally Frazer Stephen Golding Peter Tait (Directors to 30 September 2020)	Peter Tait (Chair to 30 September 2020) Sally Frazer (Member to 30 September 2020)	Sally Frazer (Chair to 30 September 2020) Stephen Golding (Member to 30 September 2020)	Stephen Golding (Chair to 30 September 2020) Peter Tait (Member to 30 September 2020)
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Executive Leadership Team

Chief Executive Officer Nicolas Fertin

Gary Campbell Safety Sustainability Environment Communications Indigenous Engagement	Tim Lewis Engineering Asset Management Maintenance Port Development Planning Emergency Management	Peter Sinnott Human Resources Corporate Governance Legal Records Management Company Secretariat	Brendan Webb Port Operations Pilotage Services Commerce and Trade	Belinda Kenny ICT Finance Risk Management Insurance Internal Audit Procurement
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EXECUTIVE LEADERSHIP TEAM

NICOLAS FERTIN

Chief Executive Officer
MScEng (Hons), MBA

Skills and experience

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

Nicolas has more than 15 years' experience in the ports, property and rail industries in Europe, Asia and the Middle East. He has led transformations across teams located in multiple countries and states to improve business performance.

GARY CAMPBELL

General Manager Safety, Environment and Communications
BBus, GAICD

Skills and experience

Gary joined NQBP in 1996 and has held a wide variety of roles in that time. He is a former journalist and newspaper editor and previously worked on major government infrastructure projects and in policy areas.

He is a graduate of the Australian Institute of Company Directors and has qualifications in business.

Responsibilities

Gary's role includes executive responsibility for health and safety, sustainability, environment, indigenous relations, communications and stakeholder management.

TIM LEWIS

General Manager Infrastructure and Land Operations
BEng (Hons), MEng, CEng, MICE, CPEng, FIEAust, NER, RPEQ, MAIPM

Skills and experience

Tim joined NQBP in 2016 and currently oversees NQBP's infrastructure and land operations which includes the delivery of capital and maintenance projects and works, infrastructure planning activities, security and emergency management. He has more than 20 years' experience in Civil and Maritime engineering in both consulting and client-side roles. He has extensive experience in leading design, construction and project management of multi-disciplinary teams gained in Europe, the Middle East and Australia.

Tim is registered as a Chartered Professional Engineer in both the UK and Australia and is a Fellow of Engineers Australia.

Responsibilities

Tim is a professionally qualified Civil Engineer and leads the engineering and planning teams providing engineering, asset management, maintenance and port development planning expertise to NQBP. Tim is also responsible for emergency management and response planning, and landside operations including port security.

PETER SINNOTT

General Manager Legal, People and Governance
BCom, LLB (Hons), MFM

Skills and experience

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

He is a fellow of the Governance Institute of Australia.

Responsibilities

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

BRENDAN WEBB

General Manager Trade and Marine Operations

Skills and experience

Brendan joined NQBP in April 2017 as General Manager Trade and Operations.

He has more than 20 years' experience in customer account management and operational leadership roles and has worked across mining, engineering services, transport and logistics sectors.

Responsibilities

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

BELINDA KENNY

Chief Financial Officer
BCom, CPA

Skills and experience

Belinda joined NQBP in October 2020 and is a finance professional with more than 15 years' experience in the manufacturing and agricultural sectors. She was CFO for MSF Sugar Pty Ltd for six years.

Responsibilities

A Certified Practising Accountant (CPA), Belinda's portfolio spans finance, procurement, risk and assurance, and information, communication and technology (ICT).

BOARD OF DIRECTORS

BRAD FISH

Chair

BBus (Acct), CertCivEng, GAICD

First appointed: 1 October 2015

Term of office: To 30 September 2021

Special responsibilities

Member of the Audit and Financial Risk Management Committee

Member of the Culture People and Safety Committee

Skills and experience

Having worked in the ports sector for more than 30 years, Brad is experienced in all facets of port management and development. He currently consults to various businesses within the industry.

Brad was Chief Executive Officer of NQBP for 13 years to July 2014, responsible for the strategic planning, infrastructure development and operations of numerous Queensland ports.

ANDREA RANSON

Director

GAICD, FGIA, LLM, LLB(Hons), BA, NMAS, PRI, QLS

First appointed: 1 October 2018

Term of office: To 30 September 2021

Special responsibilities

Chair of the Corporate Governance and Planning Committee

Member of the Audit and Financial Risk Management Committee

Skills and experience

Andrea is a skilled lawyer and nationally accredited mediator with more than 25 years' professional experience in business and law. Andrea has practiced in industrial relations, civil and commercial law in Melbourne and as a commercial lawyer in Queensland.

Andrea is a member of the Queensland Law Society and a Fellow of the Governance Institute of Australia. She has executive experience in business, manufacturing, and logistics and is passionate about regional Queensland.

External appointments

Commissioner, Queensland Local Government and Remuneration Commission; Mediator, Queensland Civil and Administrative Tribunal; Member of the Department of Justice and Attorney-General Mackay Dispute Resolution Panel; Member of the Dispute Resolution Branch; Aboriginal and Torres Strait Islander Working Group and other roles supporting Mackay community organisations.

MONICA McKENDRY

Director

BBus (Acct), CA, GAICD

First appointed: 1 October 2020

Term of office: To 30 September 2023

Special responsibilities

Chair of the Audit and Financial Risk Management Committee

Member of the Corporate Governance and Planning Committee

Skills and experience

Monica is a Chartered Accountant in public practice and has provided business clients from a diverse range of industries with accounting, taxation and strategic business advice for over 15 years. She is a Registered Tax Agent, Commissioner for Declarations and Self-Managed Superannuation Auditor.

External appointments

Honorary auditor of the Macrossan & Amiet Charitable Foundation,

Honorary treasurer of the Mackay Children's Contact Service.

TONY MOONEY

Director

AM FAICD

First appointed: 1 October 2020

Term of office: To 30 September 2023

Special responsibilities

Member of the Culture People and Safety Committee

Member of the Corporate Governance and Planning Committee

Skills and experience

A former Councillor, Deputy Mayor and Mayor of the Townsville City Council, Tony also served as a director of the Port of Townsville Corporation for many years.

Tony was appointed by the Federal Government to the Board of the Great Barrier Reef Marine Park Authority in 2011 where he served until 2016.

In 2008, Tony was made a Fellow of the Australian Institute of Company Directors. In 2011, he was awarded an Order of Australia (AM) for services to local government and the community.

Tony previously served on the boards of numerous government and community entities, including Ergon Energy, LG Super, Townsville Entertainment Centre Board of Management and Willows Stadium Joint Board (currently 1300SMILES Stadium).

External appointments

Chair of the Townsville Hospital and Health Service, Director of the Tropical Australian Academic Health Centre and Chair of the Resources Community Infrastructure Fund Advisory Committee.

LYNN SMART

Director

BCom, CPA, MBA, Fellow AICD

First appointed: 1 October 2020

Term of office: To 30 September 2023

Special responsibilities

Chair of Culture People and Safety Committee

Member of the Audit and Financial Risk Management Committee

Skills and experience

Lynn is an experienced independent director of more than 10 years with roles in privately-owned, government and non-profit organisations. Her professional experience has been gained through commercial and accounting roles for more than 25 years. During this time, Lynn gained industry experience in mining and mining services, water infrastructure and irrigation scheme assets, dredging, manufacturing and primary industries.

External appointments

Independent Chair, Zarraffa's Coffee Group Pty Ltd; Independent Chair, Jobfutures (CoAct) Ltd; Independent Director, Neumann Contractors Pty Ltd.

OWEN DOOGAN

Director

Graduate Diploma in Business

First appointed: 17 June 2021

Term of office: To 31 May 2024

Skills and experience

Owen has a broad experience in transport from working in the transport industry in Queensland for over than 30 years and was previously a Board Director of the Bundaberg Port Authority before its amalgamation. Owen was formerly the Queensland State Secretary of the Rail, Tram and Bus Union.

External appointments

Owen is a member of the Queensland Community Alliance Board and is currently undertaking a consulting role in the transport industry.

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:

- Treasurer and Minister for Investment; and
- Minister for Transport and Main Roads.

NQBP owns all shares in PCQ and MPL. All 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 functions including authority, accountabilities, risk management, leadership, performance monitoring and internal control systems. The Board recognises the importance of applying effective corporate governance practices and is committed to a high level of integrity throughout its operations.

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

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

BOARD OF DIRECTORS

Details of members of the Board, including their terms of office and their skills, experience and expertise, are outlined on pages 22 to 23.

Appointments

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

The Directors are subject to NQBP's Compliance Policy as well as the Disclosure and Conflicts of Interests Procedure and the Code of Conduct. Directors are required to disclose potential or actual conflicts of interest as soon as they arise. If a Director discloses a conflict of interest regarding a matter that is considered material by the Board, that Director will not participate in any discussion or decision making on that matter.

The independence of Directors is a key issue in ensuring the Board exercises independent judgement. At NQBP, materiality in relation to the independence of Directors is assessed on a case-by-case basis, taking into account the particular circumstances.

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

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

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

Role of the Board

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

The collective role of the Board is to:

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

The Board's functions include:

- responsibility for NQBP's governance and policy framework
- ensuring that, as far as possible, NQBP achieves and acts in accordance with its Statement of Corporate Intent (SCI)
- accounting to shareholders for NQBP's performance as required by the GOC Act and other laws applying to NQBP
- ensuring that NQBP otherwise performs its functions in a proper, effective and efficient way.

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

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

Board meetings

The Board generally meets nine times a year. In addition to this, it meets up to three times a year to discuss strategy and schedules additional meetings as required. During 2020/21, the Board met 10 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
- commercial and governance decisions requiring a Board resolution.

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

Director induction and education

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

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

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

The Board supports the ongoing development of individual Directors as appropriate, so that the Board has the skills and knowledge to effectively perform its role in relation to NQBP. Training is provided to the directors on key areas such as competition law, environmental and safety laws and conflicts of interest. In addition, training on Director's obligations in relation to annual financial statements is held annually.

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 Whistleblower and Public Interest Disclosure Protection Procedure.

These policies, procedures, standards and guidelines require Directors and employees to disclose potential or actual conflicts of interest as soon as they arise, so that the issue can be reviewed and managed in an appropriate and transparent manner to promote integrity within NQBP's operations. These documents also require Directors and employees to act honestly and comply with the law and to restrict share trading activities where inside information is an issue.

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

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

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

Communications with shareholding Ministers

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

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

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

NQBP's policies and procedures do not prescribe the type and level of disclosure to shareholding Ministers. The Board and NQBP management team exercise their judgement on a case-by-case basis as to what matters should be disclosed in order to comply with the GOC Act disclosure requirements.

Review of Board performance

As noted above, NQBP has a Governance Policy and Procedure in place and these documents outline the process for evaluation of Board and Committee performance, reflecting the requirements of the Government's Corporate Governance Guidelines.

NQBP's procedure requires that a review of Board performance is conducted annually, with an external review usually undertaken every two years.

The Corporate Governance and Planning Committee is the relevant committee to review and make recommendations to the Board in relation to improvement of Board processes. In 2020/21, an external review of NQBP's Board performance was undertaken.

In addition, each Committee (in accordance with the relevant charter) addresses competency and performance issues at least annually, as well as their information needs. The Board then reviews the performance of each committee on an annual basis. This was undertaken in May and June 2021.

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 60. This amount excludes travel and associated expenses incurred in the course of undertaking their duties.

Directors do not receive performance-related payments or retirement benefits, other than compulsory superannuation as required under the *Superannuation Guarantee (Administration) Act 1992*.

APPOINTMENT OF CHIEF EXECUTIVE OFFICER AND SENIOR EXECUTIVES

The Chief Executive Officer and senior executives are appointed by the Board in accordance with the GOC Act. The appointment of the Chief Executive Officer also requires the prior written approval of the shareholding Ministers. For the Board to appoint a senior executive, the Board must follow the processes set out in relevant Queensland Government policies and advise shareholding Ministers of the details of the appointments.

Remuneration arrangements for management and employees

The Chair reviews the performance of the Chief Executive Officer and reports to the Board through the Culture, People and Safety Committee. All new senior executive and senior manager employment agreements include provisions consistent with shareholder guidelines.

Review of performance for management and employees

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

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

The performance pay scheme applicable to other employees (employees covered under the enterprise agreement) is based on each individual's overall performance. The scheme involves a performance payment pool for the 2020/21 financial year of up to six per cent of the base pay of participants.

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

In line with the Queensland Government policy associated with the response to the COVID-19 pandemic, the NQBP Board took the decision that no performance payments would be issued for the accrued period of 2019/20 (paid in 2020/21).

BOARD COMMITTEES

During the 2020/21 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 page 33 of this report.

Audit and Financial Risk Management Committee

Chair: Monica McKendry

Members: Brad Fish, Andrea Ranson, Lynn Smart

Non-current Members: Peter Tait (Chair to September 2020)
Sally Frazer (to 30 September 2020)

Secretary: Belinda Kenny (Chief Financial Officer)

NQBP's Audit and Financial Risk Management Committee (AFRMC) provides independent and expert advice and support to assist the Board to discharge its financial and risk management responsibilities.

The Committee does not replace or replicate established management responsibilities and delegations, the responsibilities of other executive management groups within NQBP, or the reporting lines and responsibilities of either internal audit or external audit functions.

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

The AFRMC:

- monitors external reporting requirements
- reviews the annual budget and five-year projections and financial risk management policies before consideration by the Board
- reviews the annual financial statements before final sign-off by the Board
- oversees all internal audit functions, and reviews findings, recommendations and the implementation progress
- reviews reports and other information from the Auditor-General
- monitors the internal control and financial risk management environment within the organisation
- monitors matters and transactions which may have a material effect on the financial position of NQBP.

The Committee consists of at least three Directors appointed by the Board. NQBP's Board 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.

Audit and Financial Risk Management Committee achievements

In the 2020/21 financial year, the Committee met on 18 August 2020, 18 November 2020, 16 February 2021 and 18 May 2021. The Committee followed a key list of standing items to ensure coverage of:

- matters or circumstances of significant impact
- strategic and significant issues
- financial risk management
- financial governance
- external audit
- proposed Board papers.

In addition, during the 2020/21 financial year, the AFRMC also considered the following key matters:

- annual financial statements
- dividend recommendation
- cash and debt management; budget papers etc
- port pricing
- annual budget process
- asset valuation and impairment
- QTC WACC review
- profit impairment review
- asset stock take results
- fraud risk review
- amendments to CEO delegations
- internal audit program, progress of audits, reports and management responses
- material financial risk reviews
- insurance program market feedback and renewal progress
- annual review of committee charter and performance.

Culture, People and Safety Committee

Chair: Lynn Smart

Members: Brad Fish, Tony Mooney

Non-current Members: Sally Frazer (to 30 September 2020)
Stephen Golding (to 30 September 2020)

Secretary: Peter Sinnott (General Manager Legal, People and Governance)

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

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

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

The CPSC:

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

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

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

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

Culture, People and Safety Committee achievements

In the 2020/21 financial year, the Committee met on 11 August 2020, 10 November 2020, 9 February 2021 and 18 May 2021. The Committee followed a key list of standing items to ensure coverage of:

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

In addition, during 2020/21 financial year, the Committee also considered the following key matters:

- reviewed progress of priority actions in the strategic HR Plan and metrics
- provided input into the development of the HR Strategy and monitored its implementation
- reviewed and made recommendations to the Board on specific HR procedures
- reviewed and provided recommendations in relation to the quarterly workplace health and safety reports
- reviewed and provided recommendations in relation to the Reconciliation Action Plan
- reviewed and made recommendations to the Board in relation to remuneration and performance payments and processes
- reviewed and made recommendations to the Board on CEO performance and remuneration
- reviewed culture and leadership issues
- reviewed and provided input into the draft NQBP E&IR Plan 2020/21
- considered Quarterly People and Culture Reports
- reviewed and provided feedback into the Board induction process
- reviewed Committee Performance and the Charter.

Corporate Governance and Planning Committee

Chair: Andrea Ranson

Members: Monica McKendry, Tony Mooney

Non-current members: Stephen Golding (to 30 September 2020), Peter Tait (to 30 September 2020)

Secretary: Peter Sinnott (General Manager 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 effectiveness of risk management systems
- monitor and review the effectiveness of the project governance framework for major projects
- reports to the Board on the adequacy of the planning system as proposed by the Chief Executive Officer and the content of strategic and corporate plans
- articulates information gained from individual Board members to assist the Chief Executive Officer in developing plans
- requests the Chief Executive Officer to consider or further consider any strategic issue relevant to NQBP.

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

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

Corporate Governance and Planning Committee achievements

In the 2020/21 financial year, the Committee met on 11 August 2020, 9 February 2021 and 11 May 2021. Key matters considered by the Committee included:

- continual development of IT functions and technology systems
- the Risk Management Reporting Framework
- risk and strategic issues associated with NQBP's projects
- deep dives into selected major risks
- the Annual Report
- updating the Director's handbook and induction process
- legal developments that impact NQBP
- continual review of the development of Risk Management systems and reports
- the Committee Charter
- reviewing and recommending amendments to Policies and Procedures to the Board
- updates on strategic projects and Long-Term Port Development Plans
- updates on the Transformer Project
- processes to improve cyber security
- improvements to Governance and Board processes
- processes for Board evaluation
- commercial arrangements for Hydrogen
- Board performance and Director's training
- NQBP's Complaints Report and Lobbyists Register
- issues for Strategic Planning and progressing strategic initiatives.

MANAGING RISK

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

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

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

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

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

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

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

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

The framework enables NQBP to:

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

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

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

There were no material breaches of risk management policies during 2020/21.

INTERNAL AUDIT

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

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

These include:

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

The 2020/21 audit program included reviews of:

- fraud risk review
- performance management (people)
- enterprise resource planning (ERP) audit program.

ADDITIONAL INFORMATION

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

Capital structure and risk adjusted return for capital

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

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

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

Dividend policy

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

Funds Management

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

Financial Risk Management

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

Government policies applicable to NQBP

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

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

Summary of directions and notifications given to the Board by NQBP's shareholding Ministers

There were no directions or notifications issued by shareholding Ministers under section 114 of the *GOC Act* for the 2020/21 financial year.

Community service obligations

There were no community service obligations identified during 2020/21.

Employment and Industrial Relations Plan

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

Corporate entertainment and hospitality

NQBP did not hold any events in 2020/21 which cost more than \$5,000.

Right to Information

NQBP received two applications under the *Information Privacy Act 2009* and one access to application under the *Right to Information Act 2009* (Qld) for the year ending 30 June 2021.

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

CONTENTS

Directors' Report	32
Auditor's Independence Declaration	35
Financial Statements	36
Statement of Comprehensive Income	36
Statement of Financial Position	37
Statement of Changes in Equity	38
Statement of Cash Flows	39
Notes to and Forming Part of the Financial Statements	40
Directors' Declaration	67
Independent Auditor's Report	68

**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 25 August 2021. The Directors have the power to amend and reissue the financial statements.

DIRECTORS' REPORT

The Board of Directors of North Queensland Bulk Ports Corporation Limited (NQBP) present their report of NQBP and the entity (the Group) for the year ended 30 June 2021.

Review of operations

As at 30 June 2021, both MPL and PCQ remain as non-operating companies of NQBP with nil assets and liabilities.

NQBP delivered a better than expected financial performance in 2020/21, achieving increased returns to Shareholders against budget despite reduced trade volumes relating to regional trade tensions and the COVID-19 pandemic. This was achieved in the context of increased focus on cost controls and improved returns from investment income.

The overall volume of trade passing through NQBP's ports was 147.03 million tonnes. This is a reduction of 11.3 per cent on volumes achieved in 2019/20 (165.7 million tonnes).

Abbot Point coal tonnage decreased by 7.3 per cent, while coal throughput at Hay Point decreased by 11.3 per cent on last year's result.

Bauxite through Weipa was 19.4 per cent lower than the previous year. With the recent improving capability of the Port of Amrun, less bauxite volumes are going through the Port of Weipa.

The Port of Mackay's trade throughput remained consistent with the previous year at 3.18 million tonnes.

The COVID-19 pandemic and regional trade tensions have impacted NQBP operations and financial result by:

- reduced tonnages, thus reduced port revenues
- decrease in the trade forecast impacted long term cash flows used in discounted cash flow model, resulting in a decrease in asset fair values. Discount rate remained unchanged from last year
- increase in managed fund returns, with a large profit recorded in 2020/21
- accelerated payment of supplier invoices, to support Queensland businesses
- rent relief for some NQBP tenants in accordance with Federal Government Code of Conduct and Queensland Government guidelines.

Operating results

The profit of the consolidated NQBP Group for the financial year, after providing for income tax equivalents, amounted to \$15.9 million, compared with \$6.9 million in 2019/20. The result was primarily due to operational savings and high managed fund returns. NQBP will pay a dividend of \$4.32 million, compared with \$13.95 million in 2019/20.

Good progress was made in delivering on NQBP's strategic initiatives. Further details are provided throughout this report.

NQBP continues to work closely with government departments and industry at all our ports to facilitate growth and ensure timely development of business-focused investments. The Group has ensured the sustainable operation and development of the ports through a structured environmental management, monitoring and improvement program which reflects a strong commitment to best practice, effective community consultation and environmental protection.

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

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the group during the 2020/21 year.

Principal activities

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

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

Significant changes in the nature of principal activities

There were no significant changes in the nature of principal activities during 2020/21.

Likely developments and expected results of operations

Trade results for 2021/22 anticipate flat (if not a small increase) tonnage growth in line with 2020/21. NQBP continues to play a critical role in the Queensland economy and in the generation of national wealth. To this end, we are committed to supporting regional and economic growth. Our support for the regions in which our ports operate best positions NQBP to take advantage of trade and business opportunities as they arise.

Navigable depths across all our ports are a key focus to ensure efficient shipping. NQBP completed maintenance dredging at the Port of Weipa and Port of Mackay during 2020/21.

To support our growth strategies, NQBP is investing in improving our operating systems and processes. In 2020/21, we completed significant implementation of a fully integrated management system to support our operations and provide greater efficiencies to our business.

Dividends

The Directors of NQBP have recommended a dividend of \$4.32 million be paid to shareholders for 2020/21. This recommended dividend represents 100% of net profit after tax for 2020/21 adjusted for abnormal items.

No options over issued shares or interests in the Group were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Environmental regulation and performance

With three major ports operating in the Great Barrier Reef World Heritage Area, environmental stewardship is a key priority for NQBP. NQBP maintains an internationally accredited ISO14001 quality environmental management system and the Group's operations are subject to various environmental regulations under both Commonwealth and State legislation. The environmental management system is audited annually, with a more comprehensive recertification audit required every three years.

In 2020/21, the audit found zero minor or major non-conformances to the standard.

Company secretaries

Name and Qualifications	Experience, Special Responsibilities and Other Directorships
Company Secretary Peter Sinnott <i>BCom, LLB (Hons), MFM, FGIA, FCIS</i> Appointed Company Secretary: NQBP, MPL and PCQ on 9 January 2012–ongoing	Prior to joining NQBP, Peter Sinnott was Legal Director at Rio Tinto Alcan. Mr Sinnott was formerly a Senior Associate/Special Counsel at international law firm Minter Ellison and has over 20 years' experience in private practice and corporate in-house roles, specialising in commercial and corporate law. Mr Sinnott is a Fellow of the Governance Institute of Australia.
Company Secretary Tina Marsh Appointed Company Secretary: NQBP, PCQ and MPL on 24 October 2017–ongoing	Tina Marsh's history with the Group spans more than 25 years. In addition to holding the Company Secretary position Ms Marsh is the Executive Officer to the Chief Executive Officer and is extensively involved in the corporate administration of NQBP.

Meetings of Directors in 2020/21

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

Board Meeting Attendance (1 July 2020–30 June 2021)

Director	NQBP		PCQ		MPL	
	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended
Brad Fish (Chair)	10	10	10	10	10	10
Sally Frazer	3	3	3	3	3	3
Stephen Golding	3	3	3	3	3	3
Andrea Ranson	10	10	10	10	10	10
Peter Tait	3	3	3	3	3	3
Lynn Smart	7	7	7	7	7	7
Monica McKendry	7	7	7	7	7	7
Tony Mooney	7	7	7	7	7	7
Owen Doogan	1	1	1	1	1	1

Committee Meeting Attendance (1 July 2020–30 June 2021)

Director	Audit and Financial Risk Management Committee		Corporate Governance and Planning Committee		Culture, People and Safety Committee	
	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended
Brad Fish	4	4	3 ¹	3	4	4
Sally Frazer	1	1	0	0	1 (Chair)	1
Stephen Golding	0	0	1 (Chair)	1	1	1
Andrea Ranson	4	4	3 (Chair)	3	0	0
Peter Tait	1 (Chair)	1	1	1	0	0
Lynn Smart	3	3	0	0	3 (Chair)	3
Monica McKendry	3 (Chair)	3	2	2	0	0
Tony Mooney	0	0	2	1	3	3
Owen Doogan	0	0	0	0	0	0

¹ Attended meeting as an observer

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Indemnities

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

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

Each of NQBP, PCQ and MPL entered into a separate Deed of Indemnity for the benefit of persons who are or become Directors, Secretaries, Chief Executive Officer and certain other key decision-making persons of any of those companies ("Officers") during the term of the Deed.

Under this Indemnity, each of NQBP, PCQ and MPL agrees to indemnify such persons against any liabilities (including costs and expenses) incurred by such persons as an Officer during the term of the Indemnity.

The Indemnity operates until revoked by the relevant Board.

The Indemnity does not apply in respect of:

- any liability to NQBP, PCQ or MPL (as applicable) or to any subsidiary of those companies
- any liability which arises out of the conduct by the Officer involving lack of good faith
- any liability which is not permitted to be indemnified under the *Corporations Act 2001* (Cth), the *Competition and Consumer Act 2010* (Cth) and any other applicable law
- any liability where, and to the extent that the Officer is indemnified under a policy of insurance or Repayment obligations apply if NQBP, PCQ and/or MPL (as applicable) has paid an amount to an Officer under the Indemnity, and the Officer is no longer entitled to be indemnified.

Each of NQBP, PCQ and MPL is required to effect insurance in relation to these liabilities, except for liabilities arising out of willful breach of duty or the breach of certain provisions of the *Corporations Act 2001*.

No liability has arisen under these Indemnities as at the date of this report.

The Group has not entered into any agreement to indemnify its auditors.

Officer's insurance

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

Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of any of NQBP, PCQ and MPL, or to intervene in any proceedings to which NQBP, PCQ and/or MPL is a party, for the purpose of taking responsibility on behalf of the relevant company for all or part of those proceedings.

No proceedings under section 236 of the *Corporations Act 2001* have been brought or intervened in on behalf of any of NQBP, PCQ and MPL.

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

Non-audit services

The Group's auditor has not provided the Group any non-audit services.

Rounding of amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* (Cth) is set out on page 35.

Significant events after the reporting date

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

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

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



Brad Fish

Chair, North Queensland Bulk Ports Corporation Limited
25 August 2021

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 2021, 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.



Vaughan Stemmett
as delegate of the Auditor-General

25 August 2021

Queensland Audit Office
Brisbane

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

		2021	2020
	Note	\$'000	Restated* \$'000
Income from operations			
Revenue	1	117,831	113,670
Other income	1	73	(199)
Income from operations		117,904	113,471
Expenses from operations			
Consultancies		855	1,312
Depreciation and amortisation expense	10 a), c)	20,783	19,176
Dynamic under keel clearance expenses		1,620	1,630
Employee benefits expense	2	24,166	21,805
Impairment losses / fair value adjustments	3	4,270	10,744
Insurance		3,374	3,013
Legal expenses		1,638	793
Other expenses		3,286	3,361
Pilot transfers		4,501	4,456
Promotional expenses		419	476
Property expenses	5	7,423	6,457
Quarantine waste expenses		1,328	1,223
Repairs and maintenance		13,566	18,809
Loss on managed funds	6	-	1,753
Travelling expenses		370	622
Expenses from operations		87,599	95,630
Operating profit		30,305	17,841
Finance income		191	575
Finance expenses		(7,740)	(8,185)
Interest expense on lease liabilities	10 b)	(263)	(340)
Net finance costs		(7,812)	(7,950)
Profit before income tax equivalent		22,493	9,891
Income tax equivalent expense	7	(6,596)	(2,956)
Profit from continuing operations		15,897	6,935
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Adjustment to asset revaluation surplus on revaluation of property, plant and equipment	10 c)	(28,993)	66,126
Income tax equivalent expense applicable		8,697	(19,771)
Other comprehensive income net of income tax equivalent		(20,297)	46,355
Total comprehensive income for the year		(4,401)	53,290

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

* See Note 10c for details about restatement as a result of a change in accounting policy.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

ASSETS		2021	2020
	Note	\$'000	Restated*
		\$'000	\$'000
Current assets			
Cash and cash equivalents	8	36,922	23,704
Trade and other receivables	8	30,486	54,260
Inventory		452	452
Prepayments		2,087	1,555
Total current assets		69,947	79,971
Non-current assets			
Prepayments		605	331
Investment in managed fund	8	80,978	60,528
Investment properties	9	12,883	12,883
Right-of-use assets	10 a)	12,133	13,289
Property, plant and equipment	10 c)	636,441	671,460
Total non-current assets		743,040	758,491
Total assets		812,987	838,462
LIABILITIES			
Current liabilities			
Trade and other payables	11	25,394	25,143
Current income tax equivalent liability		2,345	3,161
Provisions	13	9,203	18,148
Lease liabilities	10 b)	849	1,174
Total current liabilities		37,791	47,626
Non-current liabilities			
Trade and other payables	11	46,292	40,417
Lease liabilities	10 b)	11,555	12,197
Interest-bearing liabilities	14	186,559	186,559
Deferred income tax equivalent liabilities	12	109,890	121,953
Provisions	13	264	288
Total non-current liabilities		354,560	361,414
Total liabilities		392,351	409,040
Net assets		420,636	429,422
EQUITY			
Issued capital	15	14,409	14,409
Asset revaluation surplus		353,736	374,108
Retained earnings		52,491	40,905
Capital and reserves attributable to owners of NQBP		420,636	429,422
Total equity		420,636	429,422

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

* See Note 10c for details about restatement as a result of a change in accounting policy.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Note	Issued capital \$'000	Asset revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
Balance as at 1 July 2019		14,409	327,977	47,555	389,941
Net profit for the year after income tax equivalent		-	-	6,935	6,935
Transactions with owners in their capacity as owners					
Distribution to owners	13	-	-	(13,950)	(13,950)
Other comprehensive income					
Fair value adjustments on property, plant, and equipment	10 c)	-	66,126	-	66,126
Transfer of revaluation increment in respect of revalued assets disposed - current year		-	(463)	463	-
- prior year		-	100	41	141
Income tax equivalent applicable		-	(19,632)	(139)	(19,771)
		-	46,131	(13,585)	32,546
Balance at 30 June 2020		14,409	374,108	40,905	429,422
Net profit for the year after income tax equivalent		-	-	15,897	15,897
Transactions with owners in their capacity as owners					
Distribution to owners	13	-	-	(4,320)	(4,320)
Other comprehensive income					
Fair value adjustments on property, plant, and equipment	10 c)	-	(28,993)	-	(28,993)
Transfer of revaluation increment in respect of revalued assets disposed - current year		-	(13)	13	-
- prior year		-	(67)	-	(67)
Income tax equivalent applicable		-	8,701	(4)	8,697
		-	(20,372)	(4,311)	(24,683)
Balance at 30 June 2021		14,409	353,736	52,491	420,636

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

* See Note 10c for details about restatement as a result of a change in accounting policy.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Cash receipts from customers		131,902	149,757
Cash paid to suppliers and employees		(64,517)	(89,715)
GST remitted to Australian Taxation Office		(6,425)	(6,716)
Interest paid		(8,004)	(8,017)
Income tax equivalents paid		(10,844)	(4,578)
Net cash inflow from operating activities	16	42,112	40,731
Cash flows from investing activities			
Purchase of property, plant and equipment		(17,904)	(7,920)
Purchase of investments		(20,450)	(6,582)
Proceeds from sale - property, plant and equipment		105	37
Payment to GOC Advances Facility		24,625	6,161
Net cash outflow from investing activities		(13,624)	(8,304)
Cash flows from financing activities			
Dividend paid		(13,950)	(9,900)
Payment of lease liability	10 b)	(1,320)	(1,548)
Net cash outflow from financing activities		(15,270)	(11,448)
Net increase (decrease) in cash and cash equivalents		13,218	20,979
Cash and cash equivalents at beginning of the financial year		23,704	2,725
Cash and cash equivalents at end of the financial year	8	36,922	23,704

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 2021

Contents of the notes to the financial statements

Notes to the statement of comprehensive income

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

Notes to the statement of financial position

8. Financial assets
9. Investment properties
10. Property, plant and equipment
11. Trade and other payables
12. Income tax equivalent liabilities
13. Provisions
14. Financial liabilities
15. Issued capital

Notes to the statement of cash flows

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

Unrecognised items

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

Other disclosures

20. Key management personnel disclosures
21. Related party transactions

Policies

22. Summary of significant accounting policies

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1. Revenue and other income

	Note	2021 \$'000	2020 \$'000
Vessel income		69,810	76,996
Port usage income		14,276	15,167
Rental income from investment properties		10,058	9,857
Other rental income		5,858	5,767
Insurance recoveries		632	1,833
Expense recoveries		4,201	3,381
Managed fund income		12,115	-
Other revenue		881	669
Revenue		117,831	113,670
Other income			
Net gain/(loss) on disposal of property, plant and equipment		73	(190)
Net (loss)/gain on disposal of right to use asset		-	(9)
		73	(199)

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

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

NQBP has reviewed all income streams to ascertain that performance obligations have been satisfied.

2. Employee benefits expense

	2021 \$'000	2020 \$'000
Salary and wages	21,860	19,758
Employee related costs	2,306	2,047
	24,166	21,805

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 2021

3. Impairment losses / fair value adjustments

		2021 \$'000	2020 \$'000
Fair value adjustment for plant, property and equipment	10 c)	4,270	7,991
Fair value adjustment for investment properties	9	-	2,611
Fair value adjustment for investment properties - prior year adjustment		-	142
		4,270	10,744

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

Following the review of the balance of capital work in progress at 30 June 2021, no impairments were identified.

4. Auditor's remuneration

Included in other expenses are audit costs of:

	2021 \$'000	2020 \$'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.)	90	84
Amounts paid, or due and payable, to third parties for providing internal audit services	81	124

5. Property expenses

	2021 \$'000	2020 \$'000
Land tax	2,650	2,277
Rates and utilities	2,657	2,349
Other property expenses	2,116	1,831
	7,423	6,457

Investment property expenses of \$2.7 million (2020: \$2.1 million) are included in property expenses.

6. Loss on managed funds

	2021 \$'000	2020 \$'000
Loss on managed funds	-	1,753

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

7. Income tax equivalent expense

	2021 \$'000	2020 \$'000
(i) Income tax equivalent expense		
Current tax equivalent expense	10,028	9,986
Under/(over) provisions prior year	-	22
Deferred income tax equivalent asset	(1,293)	(4,817)
Deferred income tax equivalent liability	(2,139)	(2,235)
Total current income tax equivalent expense	6,596	2,956
(ii) Numerical reconciliation of prima facie income tax equivalent payable to income tax equivalent expense		
Prima facie income tax equivalent calculated at 30% on the profit before tax	6,748	2,968
Increase in income tax equivalent expense due to:		
Non-deductible expenses	2	6
Asset revaluation reserve prior year	-	110
Decrease in income tax expense due to:		
Prior year adjustments	-	22
Net investment fund distributions	(154)	(150)
Income tax equivalent expense on pre-tax net profit	6,596	2,956

NQBP is exempt from income tax under Division 1AB of the *Income Tax Assessment Act 1936* but is subject to the provisions of the National Tax Equivalent Regime (NTER) in accordance with Part 2 of the Treasurer's Tax Equivalents Manual and pursuant to Section 129 of the *Government Owned Corporations Act 1993*.

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

8. Financial assets

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents	(a)	36,922	23,704
Trade and other receivables	(b)	30,486	54,260
		67,408	77,964
Non-current asset			
Investment in managed fund	(c)	80,978	60,528

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.

At 30 June 2021, 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 (2020: \$0.7 million) as a result of higher/lower interest income.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

8. Financial assets (continued)

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 loss allowance.

Included in trade and other receivables are debtors with a carrying amount of \$1,401,020 (2020: \$407,088) which are past due at reporting date. No collateral is held in respect of these balances. NQBP believes these debts are recoverable. The credit quality of financial assets that are neither past due nor impaired has been assessed as recoverable by reference to external credit ratings (if available) and to historical information about counterparty default rates. The carrying value of trade and other receivables (net of any allowance for expected credit losses) approximate their fair values due to their short-term nature of the debts.

An amount of \$15,461,845 (2020: \$40,091,506) is included in trade and other receivables and is held by Queensland Treasury as part of the Queensland Government's cash management regime. Government Owned Entities (GOC's) advance surplus cash to Queensland Treasury Corporation (QTC) at the cash fund rate, and access to funds is generally subject to notification periods of 24 to 48 hours. Because of the short-term nature of the advances, their carrying amount is assumed to represent fair value.

c) Investment in managed fund

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

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

The investment is denominated in Australian dollars. As a result, there is no exposure to foreign currency risk.

9. Investment properties

	Note	2021 \$'000	2020 \$'000
At fair value			
Balance at beginning of year		12,883	15,336
Additions		-	158
Fair value adjustments	3	-	(2,611)
Balance at end of year		12,883	12,883

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

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

As at 30 June 2021, the fair value of investment properties was determined by Frank Knight assessing the relevant market movements for the various regions in Queensland. 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

10. a) Right of use assets

In accordance with AASB16 Leases, NQBP has recognised a right-of-use asset and related lease liability in connection with former operating leases except for those identified as low-value; having a remaining lease term of less than 12 months from the date of initial application or excluded from the definition of AASB16, which have been expensed as incurred and not capitalised as right-of-use assets.

The assets were valued at fair value of the initial measurement of the lease liability and are depreciated on a straight-line basis over the asset's useful life or the unexpired period of the lease, whichever is the shorter.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or NQBP's incremental borrowing rate. The weighted average incremental borrowing rate applied to lease liabilities recognised under AASB16 was 4.51%.

2021	Property, plant and equipment				
	Office	Photocopiers	Motor Vehicles	Channels	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance carrying amount	8,885	73	207	4,124	13,289
Additions	-	-	136	-	136
Adjustments	-	-	10	(58)	(48)
Disposals	-	-	-	-	-
Depreciation	(1,011)	(44)	(189)	-	(1,244)
Carrying amount at balance date	7,874	29	164	4,066	12,133

2020	Property, plant and equipment				
	Office	Photocopiers	Motor Vehicles	Channels	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance on adoption of AASB16	3,594	117	244	4,124	8,079
Additions	6,679	-	178	-	6,857
Disposals	-	-	(26)	-	(26)
Depreciation	(1,388)	(44)	(189)	-	(1,621)
Carrying amount at balance date	8,885	73	207	4,124	13,289

The contract period for Right of use assets are as follows:

Offices	1 - 10 years
Photocopiers	1 - 3 years
Motor vehicles	1 - 2 years
Channels	Perpetual

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

10. b) Lease liabilities

2021	Property, plant and equipment				
	Office	Photocopiers	Motor Vehicles	Channels	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Lease liabilities					
Opening balance carrying amount	(8,955)	(78)	(214)	(4,124)	(13,371)
Additions		-	(136)	-	(136)
Disposals	-	-	-	-	-
Adjustments	-	4	(16)	58	46
Capital Repayments	1,073	47	200	-	1,320
Interest Expense *	(250)	(3)	(10)	-	(263)
Carrying amount at balance date	(8,132)	(30)	(176)	(4,066)	(12,404)

* Perpetual lease payments of \$183,390 not included

Current lease liability	(849)
Non-current lease liability	(11,555)
	(12,404)

2020	Property, plant and equipment				
	Office	Photocopiers	Motor Vehicles	Channels	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Lease liabilities					
Balance on adoption of AASB16	(3,594)	(117)	(244)	(4,124)	(8,079)
Additions	(6,679)	-	(178)	-	(6,857)
Disposals	-	-	17	-	17
Capital Repayments	1,453	43	206	-	1,702
Interest Expense *	(135)	(4)	(15)	-	(154)
Carrying amount at balance date	(8,955)	(78)	(214)	(4,124)	(13,371)

* Perpetual lease payments of \$186,173 not included

Current lease liability	(1,174)
Non-current lease liability	(12,197)
	(13,371)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

10. c) Property, plant and equipment

	2021 \$'000	2020 \$'000
<i>Land</i>		
At fair value	180,959	179,267
	180,959	179,267
<i>Channels</i>		
At fair value	355,128	368,553
	355,128	368,553
<i>Infrastructure and major plant and equipment</i>		
At fair value	83,789	118,715
	83,789	118,715
<i>Plant and equipment</i>		
At cost	6,534	6,412
Accumulated depreciation	(5,961)	(5,549)
	573	863
Capital work in progress - at cost	15,992	4,062
	15,992	4,062
Property, plant and equipment	636,441	671,460

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

10. c) 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.

2021	Land \$'000	Channels \$'000	Infrastructure and Major Plant and Equipment \$'000	Plant and Equipment \$'000	Capital Work in Progress \$'000	Total \$'000
Opening balance carrying amount	179,267	368,553	118,715	863	4,062	671,460
Additions	640	2,127	1,930	1,188	11,930	17,815
Disposals	-	-	(20)	(12)	-	(32)
Depreciation expense	-	(6,421)	(11,652)	(1,466)	-	(19,539)
Transfer assets between classes and investment properties	-	-	-	-	-	-
Fair value adjustments to Statement of Comprehensive Income	405	(638)	(4,037)	-	-	(4,270)
Revaluations to asset revaluation reserve	647	(8,493)	(21,147)	-	-	(28,993)
Carrying amount at balance date	180,959	355,128	83,789	573	15,992	636,441

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

10. c) Property, plant and equipment (continued)

2020	Land \$'000	Channels \$'000	Infrastructure and Major Plant and Equipment \$'000	Plant and Equipment \$'000	Capital Work in Progress \$'000	Total \$'000
Opening balance carrying amount	168,287	342,694	107,352	1,452	3,560	621,970
Additions	872	-	5,965	423	502	7,762
Disposals	(5)	-	(213)	(9)	-	(227)
Depreciation expense	-	(6,108)	(10,444)	(1,003)	-	(17,280)
Transfer assets between classes and investment properties	-	-	-	-	-	-
Fair value adjustments to Statement of Comprehensive Income	519	(9,331)	821	-	-	(7,991)
Revaluations to asset revaluation reserve	9,594	41,298	15,234	-	-	67,226
Carrying amount at balance date	179,267	368,553	118,715	863	4,062	671,460

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

10. c) 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 were completed during the financial year and subsequently the next full valuation will be completed in another 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.

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

Cost approach

At 30 June 2021, AECOM Australia Pty Ltd provided an update on the market value of land assets utilising the index applicable to that asset. In addition, FS Valuations 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 30 years
- forecast income tax equivalent cash flows
- a port-by-port assessment of terminal value.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

10. c) Property, plant and equipment (continued)

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

Significant Unobservable Inputs	Basis	Inputs	Relationship between inputs and fair value
Revenue	Derived from a combination of forward estimates of port charges and tonnage throughput plus returns from customer specific contractual arrangements	Inputs vary by port depending on the relative maturity of the port, economic demand for commodities, and customer contracts	The higher the revenue growth, the higher the fair value
Operating expenses	First five years are based on expected costs, with growth applied beyond that period as forecast by management	Average growth after 5 years of 2.50% (2020: 2.50%)	The higher the operating expense, the lower the fair value
Capital expenditure	First five years are based on planned capital expenditure, with capital expenditure beyond that period forecast by management	Inputs vary by port depending on the assets in the port and the level of growth and renewal capital expenditure required to support revenue growth	The higher the capital expenditure, the lower the fair value
Terminal value	Terminal values are used to estimate the value of future cash flows for each Port at the end of the modelled forecast. Future cash flows are influenced by the intergenerational nature of port assets and the commercial agreements that are in place.	Fair value at 30 June 2021, CPI indexation of 2.50% (2020: 2.50%) 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	6.50% (2020: 6.50%)	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 works in progress is measured at cost. As part of the annual review process NQBP reviews all capital works in progress to ensure that future economic benefits will be derived from each project. Where no future benefit can be identified, project costs are expensed or impaired where required.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

10. c) Property, plant and equipment (continued)

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 or in the case of leasehold improvements and leased plant and equipment, the unexpired period of a related lease, whichever is the shorter. 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	19–100 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.

Perpetual Leases

NQBP currently holds approximately 30 separate perpetual leases over sea beds and under roads. These leases are with the Queensland Government.

Under a perpetual lease the right of use does not diminish, as it continually refreshes. Therefore, the application of a depreciation charge is inconsistent with a perpetual lease as the right of use does not diminish over time. In addition, the right of use liability is refreshed annually without the liability ever diminishing.

Change in Accounting Policy

During the financial year ended 30 June 2021, the Group amended its accounting policy in respect to the capitalisation of routine dredging costs. These costs will no longer be expensed as incurred and are now capitalised to the Channels property plant and equipment class. The revised treatment more fairly represents the economic substance of the costs incurred and therefore provides more reliable and relevant information. As periodic dredging is a replacement of a significant component of the channels and berth pocket assets depreciating these costs over the period to the next dredge results in a better matching of costs to port access revenues.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

10. c) Property, plant and equipment (continued)

The change in accounting policy has been applied retrospectively for the dredging activities completed at Hay Point in July 2019, and impacted the prior year Group financial statements as follows:

Increase Property Plant and Equipment at 1 July 2019 \$1,375,237
 Increase Deferred income tax equivalent liabilities at 1 July 2019 \$412,571
 Increase Retained Earnings at 1 July 2019 \$962,666
 Decrease Asset Revaluation Surplus at 30 June 2020 for the Channels class by \$770,133
 Decrease Retained Earnings at 30 June 2020 by \$192,533

There is no impact on asset balances as the dredging activity was reflected in the fair value of Channels assets on 30 June 2020.

Where relevant, comparative information has been restated. All changes have been footnoted throughout the financial statements.

11. Trade and other payables

	2021 \$'000	2020 \$'000
Current		
Trade payables	2,347	4,236
Contract creditors	3	43
Lease rentals received in advance	5,645	5,648
Revenue received in advance	6,437	8,347
Interest payable - Queensland Treasury Corporation	1,838	2,030
Accrued expenses	8,127	3,446
Other payables	997	1,393
	25,394	25,143
Non-current		
Lease rentals received in advance	46,292	40,417
	46,292	40,417

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 and are measured at amortised cost.

Revenue received in advance

Revenue received in advance based on contractual property lease obligations 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 2021

12. Income tax equivalent liabilities

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.

	2021 \$'000	2020 \$'000
Deferred income tax equivalent assets		
Property, plant and equipment	-	66
Accounts payable and other liabilities	21,262	20,102
Provisions	1,545	1,346
	22,807	21,514
Opening balance	21,514	16,697
Credit/(charge) to Statement of Comprehensive Income	1,293	4,817
Closing balance	22,807	21,514
Deferred income tax equivalent liabilities		
Property, plant and equipment	127,414	139,391
Accounts receivable and other assets	5,283	4,075
	132,697	143,466
Opening balance	143,467	125,579
Prior year adjustments	67	22
Credit to Statement of Comprehensive Income	(2,139)	(2,235)
(Credit)/charge to asset revaluation surplus	(8,698)	20,101
Closing balance	132,697	143,467
Deferred income tax equivalent balances are presented in the Statement of Financial Position as follows:		
Deferred income tax equivalent (assets)	(22,807)	(21,514)
Deferred income tax equivalent liabilities	132,697	143,467
Deferred income tax equivalent liabilities	109,890	121,953

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

13. Provisions

	2021	2020
	\$'000	\$'000
Current		
Employee benefits	4,883	4,198
Dividend	4,320	13,950
	9,203	18,148
Non-current		
Long-term employee benefits	264	288
	264	288

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 discounted using government bond rates, and 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 2021

14. 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 QTC:

	2021		2020	
	Weighted Interest Rate	Balance \$'000	Weighted Interest Rate	Balance \$'000
Book value	3.05%	186,559	3.40%	186,559
Market value		202,541		210,669

At 30 June 2021, 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 \$2.5 million (2020: \$2.4 million) lower/higher as a result of higher/lower interest expense.

Liquidity risk

NQBP manages liquidity risk by monitoring forecast and actual cash flows and matching these to approved borrowing levels, as detailed in the Statement of Corporate Intent, through QTC. NQBP also has access to a working capital facility with QTC to a limit of \$15 million (2020: \$15 million), however this facility has not been used. An analysis of financial liabilities by remaining contractual maturity is as follows:

	0 to 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
2021				
Trade and other payables	25,394	40	46,252	71,686
Lease liabilities	1,319	4,886	7,643	13,848
Queensland Treasury Corporation borrowings	5,672	22,648	186,559	214,879
	32,385	27,574	240,454	300,413
2020				
Trade and other payables	25,143	40	40,377	65,560
Lease liabilities	1,504	4,819	8,745	15,068
Queensland Treasury Corporation borrowings	6,338	25,335	186,559	218,232
	32,985	30,194	235,681	298,860

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 2020.

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 2021

14. 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:

	2021 \$'000	2020 \$'000
Total borrowings	186,559	186,559
Total capital	420,636	429,422
	607,195	615,981
Gearing ratio	30.72%	30.29%

15. Issued capital

	2021 No. of shares	2021 \$'000	2020 No. of shares	2020 \$'000
Opening balance	138,913,824	14,409	138,913,824	14,409
Closing balance	138,913,824	14,409	138,913,824	14,409

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

		2021 \$'000	2020 \$'000
Net profit for the year		15,897	7,128
Depreciation and amortisation	10 a), c)	20,783	18,901
Gain/(loss) on sale of fixed assets		(73)	199
Fair value adjustment to property, plant and equipment	3	4,270	7,991
Fair value adjustment to investment property, plant and equipment	3	-	2,753
Change in operating assets/liabilities			
- Increase (decrease) in trade and other receivables		(851)	13,639
- (Increase) decrease in other current assets		(807)	(482)
- Increase (decrease) in trade and other payables		6,480	(8,173)
- Increase in other provisions		661	315
- (Decrease) increase in current tax equivalent liabilities		(816)	5,490
- Decrease in net deferred tax equivalent liabilities		(3,432)	(7,030)
Net cash flow from operating activities		42,112	40,731

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in at call deposits or loan offset accounts with banks and other financial institutions.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

16(i) Reconciliation of liabilities arising from financing activities

	2020 \$'000	Cash flow \$'000	Non-cash changes \$'000	2021 \$'000
Long-term borrowings	186,559	-	-	186,559
Long-term debt	186,559	-	-	186,559

17. Commitments

(i) Capital expenditure contracted for at balance date is payable as follows:

	2021 \$'000	2020 \$'000
- not later than one year	6,081	572
- later than one year and not later than five years	-	-
- greater than five years	-	-
	6,081	572

(ii) Operating expenditure contracted for at balance date and payable as follows:

	2021 \$'000	2020 \$'000
- not later than one year	3,151	3,406
- later than one year and not later than five years	1,742	3,956
- greater than five years	651	934
	5,544	8,296

(iii) Operating lease revenue not recognised in the financial statements as follows:

	2021 \$'000	2020 \$'000
- not later than one year	13,531	13,215
- later than one year and not later than five years	41,063	41,683
- greater than five years	393,649	403,789
	448,243	458,687

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

18. Contingent assets and liabilities

Contingent assets

NQBP has no material contingent assets.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

18. Contingent assets and liabilities (continued)

Contingent liabilities

North Queensland Bulk Ports Corporation Limited is involved in litigation filed in the Federal Court of Australia by Port Binnli Pty Ltd and Mackay Marina Pty Ltd, who own and operate the Mackay Marina. The harbour in which the Mackay Marina operates is subleased to Port Binnli and Mackay Marina by North Queensland Bulk Ports Corporation. The litigation centres around an allegation in respect of the wave conditions within the Mackay Marina harbour. North Queensland Bulk Ports Corporation has denied any liability.

A preliminary condition assessment of the Bowen Wharf was conducted in mid-2019, and a further assessment took place in early 2020. Works are approaching completion for the remediation works required to ensure the Wharf remains accessible to the public and continues to provide temporary towage infrastructure for Abbot Point's towage operations until permanent infrastructure has been established. NQBP recognises the Bowen Wharf is a valued asset to the community of Bowen and will continue to engage Bowen stakeholders in planning the Wharf's future.

19. Native title claims

NQBP had no native title claims during the year.

20. Key management personnel disclosures

	2021 \$'000	2020 \$'000
Short-term benefits	1,829	2,007
Post-employment benefits	184	210
Other long-term benefits	13	11
	2,026	2,228

(i) Key management personnel – Board members

2021		Short-term employee benefits (a) \$'000	Post- employment benefits (b) \$'000	Total (c) \$'000
Name	Position			
B Fish	Chair	59	6	65
S Golding *	Director	9	1	10
P Tait *	Director	9	1	10
S Frazer *	Director	9	1	10
A Ranson	Director	36	3	39
L Smart **	Director	27	3	30
M McKendry **	Director	27	3	30
T Mooney **	Director	26	2	28
		202	20	222

* S Golding, P Tait and S Frazer ceased tenure on 30 September 2020

** L Smart, M McKendry, T Mooney appointed as Directors on 30 September 2020

** O Doogan appointed as Director 17 June 2021

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

20. Key management personnel disclosures (continued)

(i) Key management personnel – Board members

2020		Short-term employee benefits (a)	Post- employment benefits (b)	Total (c)
Name	Position	\$'000	\$'000	\$'000
B Fish	Chair	59	6	65
S Golding	Director	36	3	39
J McTaggart	Director*	9	1	10
P Tait	Director	36	3	39
S Frazer	Director	36	3	39
A Ranson	Director	34	3	37
		210	19	229

* J McTaggart ceased tenure 30 September 2019

- (a) Total employment cost (as determined by the Governor-in-Council) which includes packaged benefits and fees for committee work as determined by shareholding Ministers.
- (b) Post-employment benefits represent the minimum level statutory payments pursuant to the *Commonwealth Superannuation (Administration) Act 1992* and includes other amounts from salary sacrifice arrangements.
- (c) Directors received no additional remuneration for their role as director in relation to subsidiary companies.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

20. Key management personnel disclosures (continued) (ii) Key management personnel – Executive management

Name	Position	Date appointed	Date ceased
Nicolas Fertin	Chief Executive Officer	17 September 2018	
Brendan Webb	General Manager Trade and Marine Operations	26 April 2017	
Peter Sinnott	General Manager Legal, People and Governance	9 January 2012	
Belinda Kenny	Chief Financial Officer	6 October 2020	
Brett Spirk	Acting Chief Financial Officer	20 December 2019	5 October 2020
Tim Lewis	General Manager Infrastructure and Land Operations	8 September 2018	
Gary Campbell	General Manager Safety, Environment and Communications	1 July 2015	
Ian McGoldrick	Acting General Manager Safety, Environment and Communications	10 May 2021	

2021	Short-term Benefits				Total Short-term Benefits		Post-Employment Benefits		Other Long-term Benefits		Retirement/ Termination Benefits		Total (d)
	Cash Salary	Non Monetary Benefits (a)	Unused Annual Leave for the year only	Bonus(c)	Employee Benefits		Superannuation (b)		Unused LSL for the year only				
Position	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000		\$'000		\$'000		\$'000
Chief Executive Officer	386	2	9	-	397		36		-		-		433
General Manager Trade and Marine Operations	243	-	-	-	243		23		-		-		266
General Manager Legal, People and Governance	235	2	-	-	237		29		7		-		273
Chief Financial Officer *	180	2	4	-	186		17		-		-		203
Acting Chief Financial Officer **	59	2	-	-	61		6		-		-		67
General Manager Infrastructure and Land Operations	235	-	-	-	235		22		-		-		257
General Manager Safety, Environment and Communications	225	2	13	-	240		28		6		-		274
Acting General Manager Safety, Environment and Communications ***	27	-	1	-	28		3		-		-		31
	1,590	10	27	-	1,627		164		13		-		1,804

Short-term Benefits				Total Short-term Benefits		Post-Employment Benefits		Other Long term Benefits		Retirement/ Termination Benefits		Total (d)
Cash Salary	Non Monetary Benefits (a)	Unused Annual Leave for the year only	Bonus(c)	Employee Benefits		Superannuation (b)		Unused LSL for the year only				
\$'000	\$'000	\$'000	\$'000	\$'000		\$'000		\$'000		\$'000		\$'000
Chief Executive Officer	400	3	16	30	449	41	-	-		-		490
General Manager Trade and Marine Operations	251	-	1	25	277	33	-	-		-		310
General Manager Legal, People and Governance	221	3	-	24	248	33	7	-		-		288
Chief Financial Officer *	149	2	-	29	180	19	-	-		-		199
Acting Chief Financial Officer **	111	1	3	-	115	11	3	-		-		129
General Manager Infrastructure and Land Operations	242	-	6	21	269	25	-	-		-		294
General Manager Safety, Environment and Communications	233	3	2	21	259	29	1	-		-		289
	1,607	12	28	150	1,797	191	11	-		-		1,999

* B Kenny was appointed as CFO 6 October 2020

*** Acting General Manager Safety, Environment and Communications for the period 10 May 2021 - 30 June 2021

* Resigned effective 9 January 2020

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

20. Key management personnel disclosures (continued)

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

- (a) Total employment cost includes packaged benefits (such as salary sacrifice relating to employer-provided motor vehicles used by an employee for private purposes, additional superannuation, professional memberships and any exempt benefits). Also included in this category is the car parking benefit provided to meet work requirements. The amount represents the grossed up statutory formula fringe benefit amount.
- (b) This represents the minimum level statutory payments pursuant to the *Commonwealth Superannuation (Administration) Act 1992*.
- (c) Executives may also earn performance based at-risk incentives which are determined at the discretion of the Board of Directors and paid in the year subsequent to the performance period and therefore form part of the compensation in that subsequent period.
- (d) Executives received no additional remuneration for their role as executives in relation to subsidiary companies.

(iii) Compensation principles – Executive management

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

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

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

(iv) Key management personnel – Shareholding Ministers

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

- the Honourable Cameron Dick MP, Treasurer and Minister for Investment; and
- the Honourable Mark Bailey MP, Minister for Transport and Main Roads.

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

(v) Aggregate performance payments

	2021 \$'000	2020 \$'000
Aggregate performance bonuses paid	-	711
Total salaries paid (employees receiving a performance payment)	-	13,321
Number of employees who received a performance payment	-	99

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

20. 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 Board determined that no performance payments will be paid to Executives in the 2020/21 year (accrued 2019/20).

Other employees

Other employees are either covered by a common law contract or covered by an enterprise agreement. Eligible employees' performance pay for the 2020/21 year were based on individual performance.

The proposed performance payments for the 2020/21 year are scheduled to be paid in September 2021.

21. 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 7 and 12, income tax equivalents are paid to the Queensland Government. Refer to Note 7 and 12 for details of income tax equivalent transactions and balances.

Transactions with shareholding Ministers

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

Transactions with entities controlled by other key management personnel

During 2020/21, 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

21. Related party transactions (continued)

Controlled entities

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

Under *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*, PCQ and MPL are relieved from preparing, having audited, lodging and distributing financial reports under the *Corporations Act 2001* providing each member of the Group enters into a Deed of Cross Guarantee. The effect of the Deed is that each member of the Group has guaranteed the payment of any debt owed to a creditor of the Group in accordance with the Deed. The Deed becomes enforceable in respect of the debt of a member of the Group:

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

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

Entities under common control

NQBP has dealt with various other Queensland Government entities in arm's length transactions under normal commercial terms and conditions for various purposes in the ordinary course of business. Details of balances with QTC and QIC are provided in Notes 8 and 14. QTC borrowings are unsecured.

Nature	2021 \$'000	2020 \$'000
Operating receipts		
Pilotage services fees and premises rent	13,880	15,649
Interest received	178	548
Earnings received	12,115	-
Rental income	170	130
	26,343	16,327
Payments		
Operating expenses		
Land tax	2,651	2,526
Superannuation contributions	2,781	2,555
Income tax equivalent payments, competitive neutrality fee and rates, research and development concession	11,344	12,583
Consultancy services and interest	6,250	6,441
Surveys, simulator training, contribution to boat launch Weipa	872	1,149
Audit fees, environmental permits, utilities, vehicle registrations, WorkCover and sundry items	1,436	1,565
Investment earnings	-	1,753
Capital expenditure		
Dividend declared	4,320	13,950
	29,654	42,522
Expenses invoiced not yet paid	1	9

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

22. 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*, the *Government Owned Corporations Act 1993*, 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 2019*.

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

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.

ii) Fair value measurement

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

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

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

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

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

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

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

iii) Goods and Services Tax (GST)

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

23. Summary of significant accounting policies (continued)

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 9 and 10 c);
- Provisions - Note 13;
- Depreciation and amortisation - Note 10 a), c);
- Deferred tax assets and liabilities – Note 7 and 12;
- Impacts of the COVID-19 pandemic have been considered.

v) New and amended standards adopted

NQBP did not adopt any new or amended standards during the year.

vi) New and amended standards and interpretations not yet adopted

NQBP is currently evaluating the interpretation of AASB 138 – Intangible Assets and is assessing the impact of SaaS on NQBP's future reporting periods and on foreseeable future transactions.

vii) Comparative figures

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

viii) Rounding

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

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

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2021

In the Directors' opinion:

- (a) The financial statements and notes set out on pages 31 to 66 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements and;
 - (ii) giving a true and fair view of the Group's financial position as at 30 June 2021 and of their performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, including any obligations or liabilities to which the Company and the controlled entities may become subject to by virtue of the Deed of Cross Guarantee, pursuant to *ASIC 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

25 August 2021

INDEPENDENT AUDITOR'S REPORT

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 (the company) and its controlled entities (together 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 2021, 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 2021, 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 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 Auditing Standards*. I am also independent of the group in accordance with the auditor independence requirements of the *Corporations Act 2001*, and confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

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

Valuation of non-current assets

Refer to notes 9 & 10c) of the financial statements

Key audit matter	How my audit addressed the key audit matter
<p>Land, investment properties, channels, infrastructure (including buildings) and major plant and equipment are material to North Queensland Bulk Ports Corporation Limited and are measured at fair value.</p> <p>With the exception of land and investment properties, market value is not an appropriate basis for valuation of NQBP's assets due to their specialised nature. Instead, the Corporation has developed a discounted cash flow model based on the expected cash flows for each of its units of account (UOA) to determine fair value of these assets.</p> <p>The model involved significant judgements for key valuation inputs and assumptions, including:</p> <ul style="list-style-type: none"> • Estimating future operating and capital cash flows and terminal values; • Setting discount rates; and • The allocation of NQBP's assets to units of account. <p>The fair value of land and investment properties is determined with reference to their market values. An independent external valuer was engaged to undertake a detailed valuation of the group's land and investment properties at 30 June 2021.</p>	<p>My procedures in relation to management's valuation of channels, infrastructure and major plant and equipment included:</p> <ul style="list-style-type: none"> • Critically evaluating management's methodology underpinning the valuation model, which was prepared in consultation with management's external consultants, with reference to common industry practices and that which would be considered by an external market participant to value the assets; • Evaluating the independent external consultant's competence, capabilities and objectivity; • Evaluating management's identification of its units of account and their highest and best use in the most advantageous market; • Performing a sensitivity analysis to help inform the degree of audit emphasis required for key model assumptions and inputs; • Checking the reasonableness and relevance of the input data and key assumptions in the valuation model, in particular: <ul style="list-style-type: none"> • growth rates; • discount rates; • challenging management's assumptions and estimates including those relating to forecast revenue (customer pricing), operating and capital expenditure, tax cash flows and corroborating the key market related assumptions to forecast and historical data; • the expected impact on assumptions as a result of the global pandemic; and • that it is based on the Statement of Corporate Intent and 5 year Corporate Plan. • Assessing the reasonableness of calculations and assumptions of the terminal values allocated to each unit of account; • Back testing the previous year's cash flow forecasts against subsequent actual results to identify potential deficiencies in the forecasting methodology; • Checking the above assumptions are appropriately reflected in the valuation model; <ul style="list-style-type: none"> • Evaluating and checking the mathematical accuracy of the valuation model; and • Assessing the appropriateness of presentation in the group's financial statements.

Key audit matter	How my audit addressed the key audit matter
	<p>My procedures in relation to management's valuation of land and investment properties included:</p> <ul style="list-style-type: none"> Evaluating the independent external valuer's competence, capabilities and objectivity; and Assessing the reasonableness of values applied to land and investment properties, based on our knowledge and research of the property market in Queensland.

Useful lives estimated for depreciation expense

Refer to note 10c) of the financial statements

Key audit matter	How my audit addressed the key audit matter
<p>The straight-line depreciation method used requires significant judgements for:</p> <ul style="list-style-type: none"> Identifying the significant parts of assets that have different useful lives Estimating the remaining useful lives of those significant parts. 	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> Evaluating management's approach for identifying the parts of property, plant and equipment with different useful lives for reasonableness, having regard to recent replacement projects and changes in estimates over time. Evaluating remaining useful life estimates for reasonableness with reference to historical disposal rates, condition assessments for older assets, internal consistency.

Other information

Other information comprises financial and non-financial information (other than the audited financial report). At the date of this auditor's report, the available other information in the company's annual report for the year ended 30 June 2021 was the directors' report.

Those charged with governance are responsible for the other information.

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

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

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Responsibilities of the company for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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


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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

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

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



Vaughan Stemmett
as delegate of the Auditor-General

31 August 2021

Queensland Audit Office
Brisbane

