



Policy 4 - Finance

1. Application

This policy applies to all NQBP Personnel.

2. Policy

This policy outlines the financial governance framework for NQBP commensurate with a government owned corporation that:

- Meets the expectations of its shareholding Ministers;
- Aligns with Queensland Government expectations that NQBP maintains the highest level of financial governance;
- In accordance with the *Government Owned Corporations Act 1993 (GOC Act)*, has the key objective to be commercially successful in the conduct of its activities;
- Ensures compliance with legal and other financial obligations; and
- Ensures financial risks are effectively identified and managed.

This policy provides guidance to all NQBP Employees about the broad financial issues that NQBP will encounter including the provision of financial limits.

Capital Structure

An organisation's capital (or financial) structure refers to the specific mixture of debt and equity the organisation uses to finance its operation. NQBP will establish its capital structure with regard to the following 3 key objectives:

- To establish the Capital Structure that will minimise its Cost of Capital;
- To maintain flexibility for current and future infrastructure opportunities; and
- To maintain at least a BBB grade credit rating.

The CFO will review the appropriateness of NQBP's capital structure on an annual basis and submit that review to the AFRMC for consideration prior to formal Board approval of any recommended changes to the capital structure.

Risk Adjusted Return for Capital

A Risk Adjusted Return (**RAR**) is the minimum return that an organisation requires before committing scarce capital to a project. It may also be used to monitor the performance of a business or business segment.

The CFO will review the appropriateness of NQBP's RAR on an annual basis and submit that review to the AFRMC for consideration prior to formal Board approval of any recommended changes to the RAR.

The Board will approve project specific RAR's on the recommendation of the CFO where a project's size and risk profile materially differ from NQBP's usual projects.

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Dividend Policy

Section 131 of the *GOC Act* provides for the Board to recommend the payment (or non-payment of a dividend) on or after 1 May, but before 16 May, of each financial year. Under the *GOC Act*, the dividend must be paid within six months of the end of the financial year.

NQBP will pay dividends in accordance with Sections 131, 132 and 133 of the *GOC Act*. The Board will review and approve its dividend policy on an annual basis and include the details of the approved dividend policy in the Statement of Corporate Intent.

Liquid Funds Management

Cash at bank or on hand not currently required by NQBP is to be appropriately invested in accordance with Standard 4.04 Financial Arrangements and Standard 4.05 Financial Risk Management. NQBP monitors cash flows daily and invests surplus funds.

Procure Funding

A borrowing (procurement or funding) can be defined as the raising and obtaining in any way, money or credit facilities and includes guarantees and letter of credit given by financial institutions.

Standard 4.04 Financial Arrangements outlines NQBP's requirements for raising and obtaining money, credit and other financial accommodation including specific guidance on Leasing arrangements and also Structured Finance arrangements. Standard 4.05 Financial Risk Management provides details of the requirements for the ongoing management of borrowings.

Financial Risk Management

Financial risk management will be undertaken in accordance with NQBP's Risk Management Framework.

The CFO is responsible for ensuring financial risks (i.e. Settlement Risk, Funding Risk, Liquidity Risk, Credit Risk, Foreign Exchange and Derivatives Risk) are being managed in accordance with the requirements of Standard 4.05 Financial Risk Management. The AFRMC will monitor NQBP's compliance with Standard X.05 Financial Risk Management.

Financial Reporting

The Chief Financial Officer prepares and delivers NQBP's annual financial report. This report is prepared in accordance with the *Corporations Act 2001* and the *Financial Accountability Act 2009*.

The Chief Financial Officer will ensure that:

- NQBP's statutory reporting obligations are met; and
- Assurance activities are undertaken at regular intervals, the timing of which will be determined by the significance of the risk, and legal and compliance requirements so as to verify that risks have been diligently identified, evaluated and controlled.

Travel

Travel will be undertaken only where there is a demonstrated business need for the travel. Standard 4.03 and Procedure 4.03 provide details of how NQBP will manage travel to ensure that commercial benefits are obtained.

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Expense Reimbursement

Legitimate business expenditure that is originally funded by employees, contractors or directors may be reimbursed by NQBP. Detailed guidelines and directions are provided in Procedure 4.02.

Corporate Credit Card

Corporate credit cards must only be used for business purposes. Standard 4.01 and Procedure 4.01 provides details of how NQBP will manage Corporate Credit Cards.

Acceptance of Gifts

NQBP's business is dependent on good relationships with all its stakeholders. To avoid actual or perceived conflicts of interest, all directors, employees and contractors of NQBP shall comply with Standard 4.02 which outlines NQBP's requirements in respect of Gifts.

Hospitality & Entertainment

In undertaking hospitality and entertainment with customers, stakeholders and interest groups to build networks, improve communication and develop new business opportunities, NQBP will ensure such expenditure is for official purposes only, prudent, and conducted in a professional manner. Guideline 4.02 Hospitality & Entertainment should be referred to when considering the appropriateness of hospitality and entertainment expenditure.

Fraud

Fraud is any activity involving dishonesty or deception that is to the detriment of NQBP, whether or not there is any personal benefit to the person(s) committing the fraud. NQBP will vigilantly maintain procedures to discourage, detect and deal with actual and potential fraudulent activity in accordance with the requirements set out in Standard 4.06

Private use of Motor Vehicles and Other NQBP Equipment

No employee or contractor is entitled to use or borrow NQBP equipment for private use unless authorised by the Chief Executive Officer or the CFO in writing. Further guidance is provided in Guideline 4.01.

3. Compliance Policy, Procedure, Standard and Legislative Framework

NQBP is a Government Owned Corporation and a port authority and is required to comply with its own policies, prescribed applicable legislation and State Government policies and procedures. This policy should be read in conjunction with:

- a) Finance Standards, Guidelines, and Procedures
- b) Policy 2 - Compliance
- c) *Corporations Act 2001 (Cth)*
- d) *Government Owned Corporations Act 1993 (Qld)*
- e) *Financial Accountability Act 2009 (Qld)*
- f) Leasing in the Queensland Public Sector Policy Guidelines
- g) Investment Guidelines for Government Owned Corporations 2013 (IGGOC)
- h) Code of Practice for Government Owned Corporations' Financial Arrangements
- i) Corporate Governance Guidelines for Government Owned Corporations February 2009.
- j) Australian Accounting Standards

4. Policy Review Date

This policy should be reviewed by 31 January 2019.

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5. Definitions

Contractors: means contractors or consultants engaged by NQBP under a personal services consultancy agreement or other similar arrangements.

NQBP: means North Queensland Bulk Ports Corporation Limited ACN 136 880 128.

NQBP Employee: means employees and Contractors of NQBP but does not include NQBP directors.

NQBP Personnel: means NQBP officers (for example NQBP directors) and NQBP Employees.

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