

LEADING THE TRANSITION TO SUSTAINABLE PORT TRADE

ANNUAL REPORT 2019/20



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ABOUT THIS REPORT

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 2019/20 financial year.

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

This report 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, only 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 and the non-trading Port of Maryborough.

OUR VALUES

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

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 STRATEGIC THEMES

Planning for transitioning trade

Leaders of our business in 2040 will look back to 2020 and be grateful that business and infrastructure plans were established to allow transitioning trade to be facilitated.

Open for business

NQBP will continue to deliver projects to meet our ports' current needs and position ourselves as a "port of choice".

Partnering to enhance reputation

By developing effective and mutually-beneficial partnerships, NQBP could influence policies and public sentiment towards new and existing trade.

Improving employee engagement and efficiency

NQBP will set clearly defined goals and refine how we prioritise the urgent versus the important.

STRATEGIC DIRECTION

Our ports are essential connections between our regions and the world, particularly in 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. In 2019/20, we refined and further developed our Vision, Mission and Strategic Themes to reflect the challenges and opportunities of our current and future business.

During the year, we introduced a new strategic planning process, which considered market trends, the impacts of climate change, strategic risks and our current and prospective customers' needs, while also recognising that Australia and the countries we trade with are signatories of the United Nations Sustainable Development Goals (UNSDGs).

The outcome of the strategic planning process was the adoption of the Vision, Mission and Strategic Themes outlined in this report.

Our Vision and Mission articulate our desired future position to facilitate port trade in a sustainable manner. We will work with current customers, port partners and stakeholders to provide services that ensure our ports respond to the demand for our current trade, while also actively promoting and facilitating alternative trade opportunities through our ports. In doing so, we will also continue to respect the role we play in balancing our port operations with the unique environment and the communities in which we operate.

Our four Strategic Themes underpin all business activities and provide clear direction in pursuit of fulfilling our Mission and achieving our Vision. In developing our new Strategic Themes, we acknowledged our future success would be underpinned by our ability to adapt to global shifts in the industries we support.

Pages 11–18 of this Annual Report, provide an overview of our performance against our Strategic Themes in 2019/20.

CHAIRMAN'S STATEMENT

COVID-19 was a reminder to all businesses that the health, wellbeing and safety of employees, as well as communities and stakeholders, is the priority.

We demonstrated our commitment to improving our health and safety culture through the development and implementation of a new Safety Policy. The Safety Policy is a statement of our organisation's commitment to providing a safe work environment for all employees, contractors, key stakeholders and visitors to our sites. I am pleased to report the Policy was endorsed by the NQBP Board of Directors and the Executive Leadership Team and has been embraced by all employees.

A major part of the new Policy is the commitment to create a fair and just culture, based on our values, where everyone feels empowered to report all incidents with honesty and integrity. It is only through understanding and learning from incidents that we can improve safety for everyone.

Pleasingly, this year we recorded an increase in proactive safety event reporting, while no lost time injuries were reported – demonstrating that one of the keys to reducing injury and illness is consistent event reporting.

I am proud of the way the team at NQBP responded to the COVID-19 pandemic – adopting new ways of working and implementing new controls to ensure their own safety and the safety of others. They did this while continuing to deliver the essential services of the ports, which are critical to around 27,000 Queensland jobs in mining, agriculture and logistics and facilitate approximately \$40 billion worth of trade worldwide.

Financial performance

Despite the challenges of COVID-19, NQBP finished the year in a strong financial position. As a Government Owned Corporation, we are proud of the role we play in supporting our regional and State economies. I am pleased to announce this year the organisation delivered a Net Profit After Tax of \$7.1 million, compared with \$15.8 million in 2018/19 and a dividend of \$13.9 million compared with \$9.9 million in 2018/19.

This result was delivered against a 6.6 per cent decrease in trade throughput (2019/20: 165.7 million tonnes. 2018/19: 177.5 million tonnes), which resulted in a 13.5 per cent decrease in revenue (2019/20: \$113.5 million. 2018/19: \$131.2 million). This was offset by a decrease in costs of 6.1 per cent (2019/20: \$95.4 million. 2018/19: \$101.6 million).

Strategic direction

During the year, we reviewed our business strategy to ensure it continues to reflect our ongoing commitment to supporting regional economic growth and positioning NQBP to take advantage of trade and business opportunities.

Our main trades (bauxite, metallurgical coal, thermal coal, fuel, sugar and grain) support three different industries (metallurgy, energy and food), which are transitioning at different paces.

To respond to these transitions, we set our Vision *"To be global leaders in sustainable facilitation of port trade."*

Aligned with the Queensland Government *Transport Infrastructure Act 1994* and our critical regional role, NQBP's Mission has also been updated: *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 formulated four Strategic Themes:

- Planning for transitioning trade
- Open for business
- Partnering to enhance reputation
- Improving employee engagement and efficiency

These themes provide a clear focus for NQBP's decision-making and the allocation of resources.

Climate change

As part of our strategic planning process, we considered the impacts of climate change on our business, and how those impacts can be mitigated or managed. We review climate change in accordance with the Taskforce on Climate Related Financial Disclosure (TCFD), an international framework used worldwide for climate change assessment and disclosure. In accordance with the framework, we consider the physical, market, policy, legal and reputational impacts the transition to a lower emissions economy has on our business.

Supporting our people

We recognise our employees are central to delivering on our strategic objectives and we continued to support initiatives focused on improving employee engagement. Directors joined employees in workshops to ensure we all had a shared understanding of what our values mean and what behaviours are expected.

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.

Acknowledgements

I would like to thank Chief Executive Officer Nicolas Fertin for his leadership and dedication throughout a period of challenging and unprecedented circumstances. Nicolas competently balanced the health and wellbeing of NQBP employees, with community and stakeholder expectations and operational commitments.

As always, our successes are a joint effort and I thank my fellow Directors and the NQBP Executive Leadership Team for their support, expertise and leadership, and each and every member of the NQBP team for their professionalism and commitment throughout the year.

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



Brad Fish
Chair

CEO'S REVIEW

In a year that was dominated by the global response to the COVID-19 pandemic, I am proud of the way we, at NQBP, continued to prioritise the health and safety of our people, our contractors and those who we impact.

During the first half of the year, we reformulated our strategy, refreshed our values and launched a program to improve safety.

NQBP started responding to the global pandemic from as early as January and our employees demonstrated a high level of professionalism and dedication to ensure the essential services delivered by our ports continued, while maintaining a strong commitment to health and safety. We introduced and implemented new health protections, policies and procedures to ensure our employees were supported, whether they were working from home or required on site.

Our efforts to introduce a program to improve safety, with a new Safety Policy launched during the year and the establishment of a Safety Consultative Committee, ensured employees were well-represented in safety decision-making. This program was under way and prepared us to respond to the COVID-19 pandemic across all locations and all teams ensuring that everyone focused on safety first.

Trade performance

Trade flowed safely and efficiently through all our ports until later in the year when the COVID-19 pandemic reduced demand for some of our trade.

The Port of Mackay recorded more than three million tonnes of trade throughput for only the second time. In recent years, we have dedicated significant focus to attracting trade to the Port of Mackay and it is pleasing to see the market recognising the value of the Port and its strategic location. It was another encouraging year for breakbulk cargo with more than 96,000 tonnes of breakbulk passing through the Port. This is 30,000 tonnes more than the previous year; a long way from just 877 tonnes four years ago.

Trade through the Port of Hay Point decreased by six per cent (2019/20: 110.9 million tonnes. 2018/19: 118.3 million tonnes) due to disruption in the land supply chain in summer and the COVID-19 impacts on demand in the latter part of the year. The Port of Abbot Point was less impacted by COVID-19 and its strong start to the year resulted in the Port setting a record for coal throughput of 31.9 million tonnes.

Throughput at the Port of Weipa was lower than the previous year as a result of supply chain issues and the ramp down in volume from the East Weipa bauxite mine.

Financial performance

As we witnessed lower trade through our Ports, we were conscious to reduce our expenditure. The COVID-19 confinement delayed several projects in the second half of the year contributing to our cost reduction. The main contributor to the lower costs was maintenance and repair, which was 51.3 per cent lower than the previous year (2019/20: \$18.8 million. 2018/19: \$38.7 million).

In 2018/19 we completed maintenance dredging in Weipa (1.3 million cubic metres) and Hay Point, whereas 2019/20 only involved maintenance dredging in Weipa (300,000 cubic metres).

Strategic process

In recognition of the different rates of transition affecting the industries that demand our trade (metallurgy, energy and food), we undertook a strategic review, which considered multiple elements:

- The United Nations Sustainable Development Goals (UNSDG)
- Policies in Australia, within our trading countries including China, Japan, Korea and India, and within our competitor countries including Russia, Indonesia, and South Africa
- Projections from industry analysts in relation to current and future trades
- Mine forecasts

These considerations combined with internal strengths and weaknesses, and external opportunities and threats led to the development of our Strategic Themes: Planning for transitioning trade; Open for business; Partnering to enhance reputation; and Improving employee engagement and efficiency.

PERFORMANCE AGAINST STRATEGIC THEMES

This annual report shows that during the year, NQBP focused project approvals, business decisions and communication to employees, port users, communities and stakeholders around our four Strategic Themes. Below are some examples of this new focus.

Planning for transitioning trade

In February 2020, we opened a second access way at the Port of Mackay. Gudyara Road opens up land in the northern area of the Port for future land development opportunities, which could facilitate new trade and industry in Central Queensland. Another example is the first export of mineral sands via Weipa.

Open for business

Annual maintenance dredging is essential to ensure safe sailing depths are maintained. This year, as a result of COVID-19, NQBP was required to create a special COVID-19 Health Management Plan to execute annual maintenance dredging in Weipa while minimising the risk to the remote community.

Partnering to enhance reputation

We were proud to win the Outstanding Collaboration for National Benefit category at the Business Higher Education Round Table Awards for our environmental partnership with James Cook University. Among 155 applicants, a panel of leaders from universities across Australia recognised the 25-year partnership for its unique contribution to major breakthroughs in understanding coastal marine systems in the Great Barrier Reef World Heritage Area.

This report also highlights the role our port partners and port communities play in supporting our operations. We are proud to be part of the North Queensland community and during the year, we continued to build strong partnerships and provide support to a variety of community and industry initiatives identified in this report.

Improving employee engagement and efficiency

Our people are central to delivering on our strategic themes. During the year, we worked on fostering a positive workplace culture by refreshing our values, now being Integrity, Respect, Unity and Excellence. Values guide our expected behaviours in situations where procedures and guidelines do not exist.

After implementing focused employee engagement action plans throughout the year, we were pleased an independent survey recorded a 32 per cent increase in the number of NQBP employees who were engaged, compared to last year.

Acknowledgements

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

Most importantly, I would like to commend the hardworking team at NQBP for their dedication and professionalism, particularly during the second half of the year when we were faced with unprecedented circumstances. NQBP demonstrated that safety was our first priority and that, using our refreshed values and the strong support of our stakeholders, customers and port users, our employees were able to keep the trade flowing through our ports and deliver the services expected of our ports for the benefit of regional Queensland.



Nicolas Fertin
Chief Executive Officer

COVID-19

NQBP mitigated the impacts of the COVID-19 pandemic on our business to maintain operations and keep our ports open for business.

For us, and many of our stakeholders, COVID-19 was a reminder that the health, wellbeing and safety of all our employees, contractors and those who we impact, is our priority.

From the beginning of 2020, we began incrementally introducing measures to respond to the impact of COVID-19 on our employees, communities, operations, ports users and customers.

Across all ports, essential service delivery, including pilotage, lines handling, security and critical maintenance and breakdown services continued.

From the onset of the COVID-19 pandemic, our prioritisation on health and safety allowed all our employees to ensure our ports remained open and operational with minimal disruption.

NQBP recognised that it delivers essential services across global supply chains which are critical to around 27,000 miners, farmers and transport providers and their communities.

In further recognition of the impact of COVID-19 on Queenslanders and the state economy, and consistent with the advice provided to other Government owned corporations, NQBP's senior executives will not receive performance incentive payments for 2019/20.

Emergency management

Our Emergency Management Team first convened in January 2020 to coordinate our response to the COVID-19 pandemic.

The 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.

We also worked closely with public safety stakeholders including Queensland Police, 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 in order to support continued safe and efficient operations. As a result, trade continued to flow safely and efficiently through all of our ports and we continued to be very much open for business despite the COVID-19 pandemic.

To ensure the health and safety of our employees, from March 2020 to June 2020 most employees worked from home.

For those employees whose physical presence was required on site and in contact with other people for the continuation of essential services, such as marine pilots, lines handlers and marine operations and security officers, additional personal protective equipment was provided and procedures were implemented to limit physical interactions.

Other measures such as intercoms and Perspex screens were introduced at the Port of Mackay security entrance and within work vehicles to provide our employees and port users with appropriate protection.

At the Port of Weipa, new control measures were implemented for the annual maintenance dredging program, including the development of a Health Management Plan to minimise risks associated with COVID-19.

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

Community and stakeholders

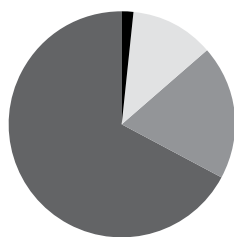
Given the impact of COVID-19 on our port communities and indeed the nation, we engaged with our community partners so they knew they had our support during these difficult times. We committed to honour sponsorship and donation funding we had pledged to our community partners and we will work with them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

Even before the pandemic, NQBP had always taken a proactive approach to working with customers and tenants who were facing financial difficulties. Since the beginning of the COVID-19 pandemic, we have continued to engage with our port tenants and respond to requests for rent relief in accordance with Federal Government Code of Conduct and Queensland Government guidelines. In addition, NQBP accelerated payment of supplier invoices to support Queensland businesses.

We also continued to engage with key stakeholders including our Community Reference Groups, Ports Advisory Groups and Technical Advisory and Consultative Committees in new ways using technology to adhere to physical distancing requirements.

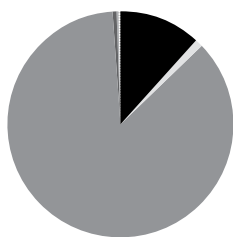
BUSINESS PERFORMANCE

Throughput by Port



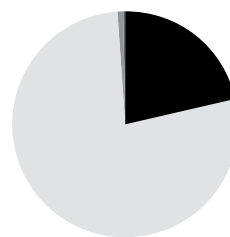
● Mackay	3.18MT
● Weipa	19.79MT
● Abbot Point	31.88MT
● Hay Point	110.86MT

Throughput by Commodity



● Bauxite (export)	19.67MT
● Fuel (import)	1.76MT
● Coal (export)	142.74MT
● Sugar (including molasses) (export)	1.05MT
● Magnetite (import)	0.14MT
● Other	0.13MT
● Breakbulk (import)	0.10MT
● Grain (export)	0.08MT
● Fertiliser (import)	0.05MT

Throughput by Industry



● Energy (thermal coal + fuel)	35.6MT
● Metallurgy (metallurgical coal + bauxite + magnetite)	128.6MT
● Food (sugar + grain)	1.2MT
● Other	0.3MT

Measure		2019/20	2018/19
Trade throughput	MTPa	165.7	177.5
Total income	\$m	113.5	131.2
Earnings before interest, taxes, depreciation and amortisation	\$m	47.8	44.3
Net profit/(loss) after tax	\$m	7.1	15.8
Underlying net profit after tax (unaudited)	\$m	12.9	11.6
Total comprehensive income	\$m	54.3	26.8
Total assets	\$m	838.5	772.2
Net assets	\$m	429.4	389.0
Current ratio (excluding provision for dividend)	-	2.33	1.89
Debt/debt plus equity ratio	-	0.32	0.32
Return on assets	%	2.25%	3.9%
Return on equity	%	3.15%	3.05%
Operating cash flows	\$m	40.7	25.6
Dividends provided	\$m	13.9	9.9
Lost time injury frequency rate LTIFR	Rate	-	11

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

HIGHLIGHTS

We are proud of what we have achieved in 2019/20

- Recognised at the internationally acclaimed Business Higher Education Round Table Awards for collaboration with James Cook University
- Opened the Port of Mackay's second access way, Gudyara Road, unlocking future land development opportunities and recognising the Yuwi language
- Awarded the Mackay Regional Council Heritage Media Gold Award in recognition of the community engagement in marking the Port of Mackay's 80th Anniversary
- Launched a new Vision, Mission and Strategy
- Maintained essential operations throughout the COVID-19 pandemic
- Strong financial performance despite challenges of COVID-19
- Recorded a significant improvement in the engagement levels of the workforce
- Developed a Reconciliation Action Plan
- Launched a new Safety Policy
- Received recertification of our Environmental Management System
- Completed vital marine pilot training through the use of a virtual ship simulator in Mackay
- Welcomed a monthly roll-on roll-off service in the Port of Mackay
- Successfully completed maintenance dredging at the Port of Weipa, adhering to additional COVID-Safe measures
- Committed to supporting our port communities throughout the COVID-19 pandemic

PORT OF MACKAY

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

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

Through the Port of Mackay, NQBP has facilitated the transport of diverse breakbulk oversize overmass (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 over short, medium and long term.

Trade

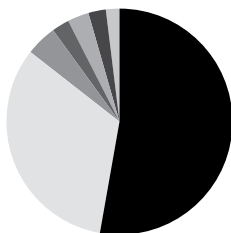
Despite the challenges of COVID-19, the Port of Mackay recorded its second highest trade volumes in 2019/20, with 3.18 million tonnes (2018/19: 2.91MT) of trade passing through the port.

It was another record year for petroleum throughput, hitting two billion litres for the first time, continuing the trend of year-on-year increase.

The Port of Mackay continued to build on its breakbulk cargo trade, with more than 96,000 freight tonnes of breakbulk passing through the port; more than 30,000 tonnes more than last year. In total, 11 roll-on roll-off (RORO) vessels and another 15 breakbulk vessels docked at the Port of Mackay.

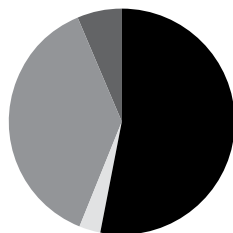
The drought continued to impact the grain trade but it is hoped recent rains in key growing areas will result in improved trade volumes in 2020/21. The sugar trade returned to normal volumes this year.

Trade by commodity (2019/20)



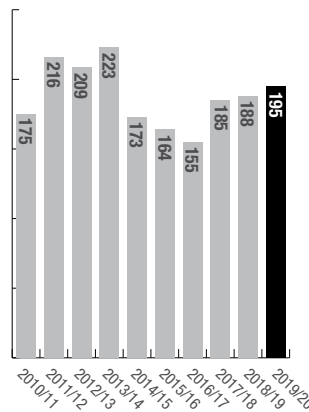
● Fuel (import)	1.68MT
● Sugar (export)	1.05MT
● Magnetite (import)	0.14MT
● Grain (export)	0.08MT
● Breakbulk (import)	0.10MT
● Other	0.08MT
● Fertiliser (import)	0.05MT

Trade by industry (2019/20)

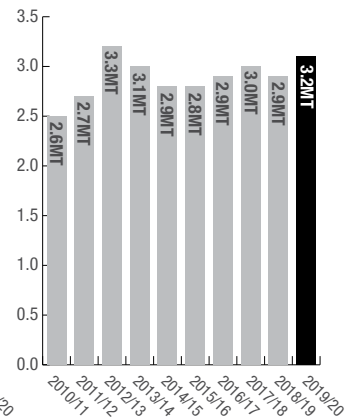


● Energy	1.68MT
● Metallurgical	0.14MT
● Food	1.18MT
● Other	0.18MT

Ship visits (2010/11 – 2019/20)



Trade volumes (2010/11 – 2019/20)



80TH ANNIVERSARY

The Port of Mackay celebrated its 80th Anniversary on Sunday 25 August 2019.

The Mackay Harbour was officially opened on 26 August 1939 by the Honourable W.Forgan Smith, the then Premier of Queensland and Member for Mackay.

The opening of the Port marked a new era for Mackay and, for 80 years, the Port of Mackay has played an essential role in the community and in servicing the region's commerce.

The Port has since grown into an essential multi-commodity port and hosts one of the world's largest bulk sugar terminals. The Port supports 3,100 trade jobs with goods to the value of \$1.5 billion passing through the port each year.

More than 3,000 people gathered at Old Mulherin Park for a Maritime Carnival as part of the anniversary celebrations. Around 300 community members learnt more about the Port of Mackay's history on special bus tours.

NQBP received the Heritage Media Gold Award at the Mackay Regional Council Heritage Awards in recognition of its community engagement in marking the Port of Mackay's 80th Anniversary.

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.

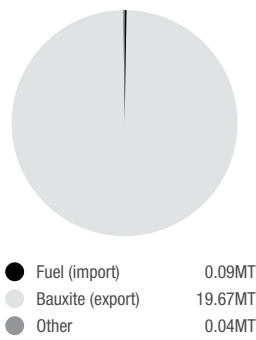
Trade

Trade throughput at the Port of Weipa declined from 27.34 million tonnes in 2018/19 to 19.79 million tonnes in 2019/20.

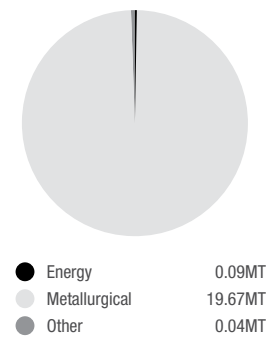
This reflects the ramp down in volume from the East Weipa Mine as it approaches end-of-life and, more broadly, the competitive nature of the bauxite market.

The trade of commodities other than bauxite, including logs (export), mineral sands (export) and fuel (import) continued to display the port's multi-cargo possibilities in 2019/20.

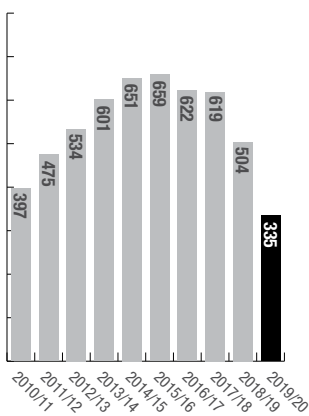
Trade by commodity (2019/20)



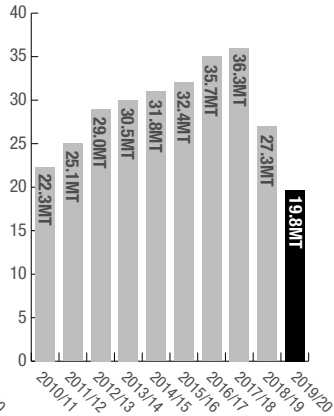
Trade by industry (2019/20)



Ship visits (2010/11 – 2019/20)



Trade volumes (2010/11 – 2019/20)



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.

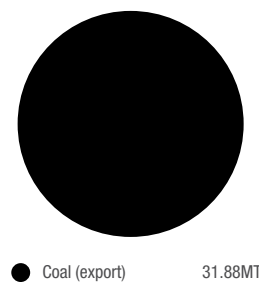
Trade

In 2019/20, the Port of Abbot Point set a record for coal throughput, with 31.88 million tonnes of coal from Central Queensland mines passing through the Port (2018/19: 28.94MT). This was also the first time the Port surpassed 30 million tonnes in throughput, with the Port continuing to see increasing trade volumes year-on-year.

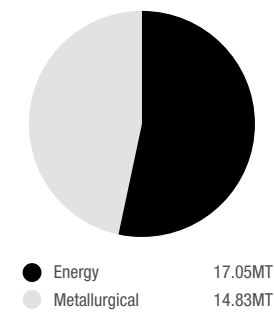
This was an outstanding achievement in a year when many industries were hit hard by the COVID-19 pandemic. The Port of Abbot Point and its supply chain performed strongly throughout the year, managing and minimising the impacts of COVID-19.

To support the increased throughput at the Port of Abbot Point, the towage service provider also performed strongly, servicing 395 ship visits throughout the year.

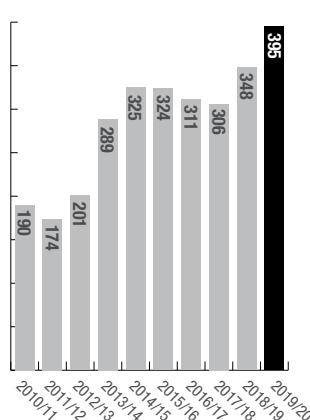
Trade by commodity (2019/20)



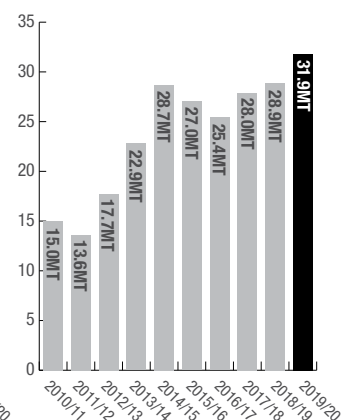
Trade by industry (2019/20)



Ship visits (2010/11 – 2019/20)



Trade volumes (2010/11 – 2019/20)



PORT OF HAY POINT

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

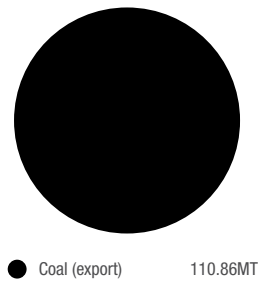
The Port's two coal terminals, Hay Point Coal Terminal and Dalrymple Bay Coal Terminal, service coal mines in Central Queensland's Bowen Basin.

Trade

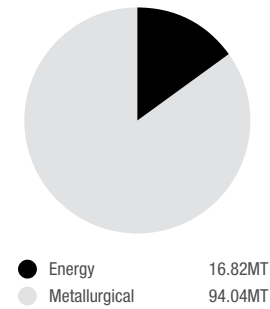
Trade throughput at both Hay Point Coal Terminal and Dalrymple Bay Coal Terminal decreased by 6.3 per cent from 118.32 million tonnes in 2018/19 to 110.86 million tonnes in 2019/20. This was a result of weather events during summer, operational issues at some Central Queensland mines and impacts across the entire supply chain in managing COVID-19.

Global demand for coal also decreased in response to the COVID-19 pandemic, contributing to the overall trade outcome at the Port of Hay Point in the latter months of 2019/20.

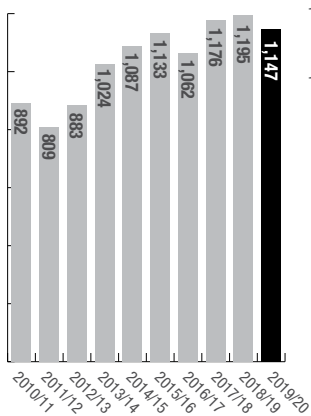
Trade by commodity (2019/20)



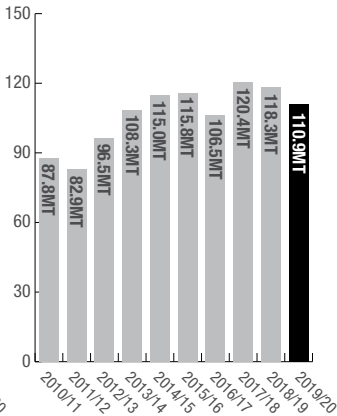
Trade by industry (2019/20)



Ship visits (2010/11 – 2019/20)



Trade volumes (2010/11 – 2019/20)



PERFORMANCE AGAINST STRATEGIC OBJECTIVES

Strategic Project	Objective	Result
Fuel trade and supply chain review	Develop a business strategy and medium to long-term plan for diesel trade through the Port of Mackay	Achieved (see page 12)
Weipa Futures Report	Develop a business plan for Port of Weipa through three distinctive time horizons (5, 10, 15 years) to identify key activities and options of the future of the Port in the longer term	Ongoing (see page 11)
Mackay tug berth relocation	Construction of a four-berth single pontoon in the Port of Mackay for the current tug and pilot fleet	Ongoing (see page 13)
United Nations Sustainable Development Goals Framework for NQBP and the Port Industry	Develop a framework for strategic and business application and reporting of the relevant UNSDGs for NQBP	Achieved (see page 2)
Reconciliation Action Plan	Develop a Reconciliation Action Plan that provides a consistent approach and positive actions to developing higher valued relationships with Indigenous groups within our Port communities	Achieved (see page 16)
ERP Business Transformation Project – Phase 1 implementation	Re-engineer NQBP's whole of business processes through the implementation of a new enterprise resource planning (ERP) system	Achieved (see page 18)

PLANNING FOR TRANSITIONING TRADE

We should develop business and infrastructure plans aligned with the fact that our trade is progressively transitioning due to forces external and independent to NQBP. Our business must adapt its infrastructure and practices if there is uncertainty regarding the current and future trade and aim to influence trade policies and government investment. Leaders of our business in 2040 will look back to 2020 and be grateful that plans were established to allow the transitioning trade 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.

Unlocking future land

In February 2020, the Port of Mackay's second access way, Gudyara Road, was opened to the public. The 500-metre road, extending from Edmund Casey Drive to Slade Point Road, will improve port operational efficiencies and provide secondary access and an alternative emergency evacuation route for the port.

Importantly, Gudyara Road will also enable land development opportunities in the northern area of the Port, which could facilitate new trade and industry in the region. Among the options considered during 2019/20 was the potential for a biofutures precinct at the Port of Mackay.

In recent years, global interest in reducing waste, creating circular economy opportunities and producing biofuels has been increasing. It has been identified that the Mackay-Isaac-Whitsunday region has the capability to competitively produce some of the world's most energy-dense and productive feedstocks, such as sugar cane, eucalypts and algae, which could fuel the emerging biofutures sector.

Diversifying trade in Weipa

In response to the forecast depletion of the Port of Weipa's primary bauxite trade in the next eight to 10 years, NQBP engaged with key community, industry and government stakeholders in 2019/20 to identify potential options for diversifying trade in Weipa.

Options identified included an industrial marine precinct, experiential tourism, food production, aqua culture and biofutures.

Towards the end of the year, NQBP assisted the export of up to 70,000 tonnes of mineral sands from the Port of Weipa to China. The mineral sands deposits were made up of elements, including ilmenite, rutile and zircon, which are used in the production of paint, ceramics, sunscreen and cosmetics.

Planning for the future of the Bowen Wharf

A preliminary condition assessment of the Bowen Wharf was conducted in mid-2019, and a further assessment took place in early 2020.

Planning has commenced 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.

OPEN FOR BUSINESS

Our current trade will transition at different paces based on the various signals that we receive from our customers, government and the community. These signals may require us to change our past approach in relation to existing trade. Despite the likelihood of transition, our insights gained from our forecasts suggest that our current trade will continue to grow and remain in place in the near term. Leveraging the funding and expertise developed from our current trade, NQBP should evolve and demonstrate that it is “open for business” and the port of choice for existing and new trade. This includes demonstrating our resilience to the increasing threat of natural disasters.

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 2019/20, the Port of Mackay cemented its reputation as a multi-cargo gateway to Central Queensland, with the introduction of a regular roll-on roll-off (RORO) monthly service. Eleven ROROs and another 15 breakbulk vessels visited the Port.

NQBP continued to invest in upgrading infrastructure at the Port of Mackay to enable greater land and sea access to the Port and facilitate a diversified cargo mix. Among the infrastructure projects was a hardstand and washdown facility for the washing down and storage of imported goods subject to biosecurity controls.

We also progressed a project to move 760 metres of overhead powerlines underground, further opening up the Port of Mackay by enabling large cargo to move easily throughout the Port.

The logical missing trade at the Port of Mackay, given its geographical proximity to the Bowen and Galilee basins, had been new mining machinery from Original Equipment Manufacturers (OEM). Following the infrastructure upgrades at the Port and the facilitation of changes to the heavy logistics supply chain, the Port of Mackay welcomed new OEM deliveries in 2019/20.

The upgrades to the Port, along with specific modifications to Wharf 1, resulted in the most significant breakbulk cargo lifts to be facilitated at the Port in recent history. In September 2019, a ship loader shuttle arrived by sea at the Port of Mackay from the Port of Hay Point. A new, replacement, ship loader shuttle, spanning 50 metres in length and weighing 230 metric tonnes, then departed the Port of Mackay for Hay Point in October 2019.

Further demonstrating Mackay's position as the port of choice for Central Queensland, a batch of chickpeas from as far as Julia Creek, almost 1,000km west of Mackay, left the Port of Mackay for Bangladesh in December 2019. In January 2020, the Port of Mackay received delivery of 66 rail wagons to join Aurizon's haulage fleet.

Fuel trade is responsible for more than half of the Port of Mackay's trade by tonnage, compared to about 20 per cent in the early 2000s. Due to the growing importance of this trade, it was considered essential for NQBP to gain a comprehensive understanding of the fuel demand and supply chains that service the Bowen and Galilee basins. Subsequently, we undertook a fuel trade and supply chain review in 2019/20.

The review highlighted the need for improved heavy vehicle access that would support a higher payload transport of fuel to regional coal mining areas, as well as the ability for night-time berthing of long-range fuel tankers. A detailed shipping simulation risk assessment, involving pilots and tug masters, was completed as part of considerations for night-time berthing.

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 access

NQBP undertakes maintenance dredging at the Port of Weipa annually. Maintenance dredging is required to ensure that safe sailing depths are maintained to ensure the movement of freight, goods and bulk product exports continues at all times. In June 2020, NQBP successfully completed its annual maintenance dredging program with a range of new COVID-19 control measures in place.

In addition to existing Workplace Health and Safety Procedures, NQBP developed a Health Management Plan, which outlined the health screening steps to be implemented for employees travelling to Weipa for the project and the steps that would be taken to manage transmission among project personnel and prevent transmission to the wider community.

NQBP engaged the Port of Brisbane Pty Ltd to undertake the maintenance dredging, utilising the Trailing Suction Hopper Dredge Brisbane, supported by a bed leveller and hydrographic survey vessel.

The dredging campaign was successfully completed with no environmental events.

At the Port of Weipa, we ensured the reliability of the essential dynamic under keel clearance by installing and commissioning a new power generator at the Evans Landing operations base during the year. A reliable and stable power supply is vital to ensuring our port operations can run safely and continuously. The new power generator at Evans Landing provided an uninterrupted power supply to keep the operation base moving in the event of power cuts and provided back-up power to our essential equipment.

Emergency Management

NQBP has an Emergency Management Plan in place for its operations. The Plan 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 Emergency Management Plan on an annual basis.

Emergency management reviews in previous years identified the need for additional evacuation routes at the Port of Mackay and the Mackay Marina.

The opening of Gudyara Road in February 2020 provided an alternative emergency evacuation route in case of an incident at the Port of Mackay (see page 11), while a second evacuation route from the Mackay Marina through the Port became operational in June 2020.

We also undertook annual cyclone preparedness activities, including the inspection of mooring systems at the Port of Mackay and at the Half Tide Tug Harbour at the Port of Hay Point.

To enable a more efficient and effective emergency response at the Port of Abbot Point, in late 2019, we relocated the oil spill shed to a more accessible location.

In February 2020, NQBP joined Queensland and Commonwealth government agencies and community members in a Maritime Safety Queensland-led exercise at the Port of Mackay. The exercise was designed to develop more robust pollution preparedness and response plans.

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 2019/20, NQBP's marine pilots were responsible for the safe passage of 1,147 ships at the Port of Hay Point and 195 ships at the Port of Mackay.

In response to COVID-19, our pilots undertook an innovative collaboration with the Queensland Government's Maritime Safety Queensland and Smartships Australia to set up a shipping simulator in Mackay using some of the best software in the world. With a direct feed into the Smartship simulator 1,000km away in Brisbane, several pilot licence assessments were conducted without the need for pilots to travel to Brisbane. This type of training is key to the safe movement of vessels in the Great Barrier Reef World Heritage Area.

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 restrictions.

Towage operations

Towage operations are a major element of port logistics. At the Port of Mackay, we continued to progress a project to relocate the tug berths from the Mackay Marina into the harbor to improve the safety and efficiency of the tug operations. After the preferred contractor ceased Australian operations, a decision was made to review the project scope.

Environment management

We have an Environmental Management System (EMS), which is certified under ISO14001:2015 (International Standard) to ensure continual improvement in environmental performance.

This is audited annually, with a more comprehensive recertification audit required every three years. Recent results from our recertification audit returned a great outcome for NQBP's international reputation and the environment work we do on the doorstep of the Great Barrier Reef World Heritage Area and Marine Park. Of note, were zero minor or major non-conformances to the standard and only two minor "Opportunities for Improvement" identified.

In Weipa, we removed approximately 24 cubic metres of material containing asbestos, mostly decommissioned asbestos piping, from the tidal area at Evans Landing as part of an organisation-wide rehabilitation project.

PARTNERING TO ENHANCE REPUTATION

Our environmental expertise is recognised with regulators and universities. There is an opportunity to extend this recognition so that it covers other operational functions of the business and goes beyond the footprint of our ports to include our supply chain partners. By building on our solid reputation in regional Queensland, and partnering with academic institutions, traditional owners and government to understand their drivers and deliver benefits, we could play a role in positively influencing policies related to our trade. These efforts could also provide a welcome antidote to other messages in the public arena relating to that trade or alternatively create a platform from which to invest in other trades such as biofutures, hydrogen and tourism.

ENVIRONMENTAL LEADERSHIP

Our eastern ports are within the Great Barrier Reef World Heritage Area, while on the west coast of Queensland, the Port of Weipa is the gateway to the Gulf of Carpentaria, which has many important natural and cultural values.

We understand the development and operation of our ports must be carried out responsibly and in consideration of our surrounding iconic environments. Our environmental expertise is recognised internationally, which demonstrates our commitment to environmental sustainability.

Partnership with James Cook University

NQBP has a long-running relationship with James Cook University (JCU) that has spanned 25 years. The current 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.

In 2019, this integrated marine monitoring program developed with JCU's Centre for Tropical Water and Aquatic Ecosystem Research (TropWATER) won the Outstanding Collaboration for National Benefit category at the Business Higher Education Round Table Awards. This internationally-recognised award celebrates university and business collaborations throughout Australia.

Our partnership with JCU also includes internship opportunities within the NQBP environment team for JCU students and a guest lecture program, where NQBP team members provide valuable industry insight to marine science students. Additionally, data collected through this partnership is used by the Mackay Whitsunday Healthy Rivers to Reef Partnership in their annual waterway health report card.

Supporting the sustainability of the Great Barrier Reef

NQBP was proud to support a range of environmental events and initiatives.

In November 2019, NQBP sponsored the fourth Reef Water Quality Synthesis Workshop in Mackay, which brought together more than 100 scientists, practitioners, policy makers and Traditional Owners to ensure reef policies and programs remain relevant and based on the best available science.

In February 2020, NQBP sponsored the Project Catalyst Annual Forum in Mackay. Project Catalyst, which is overseen by Catchment Solutions, is a collective of sugar 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 advance water management practices that will help safeguard the future of the Great Barrier Reef.

We also supported the Whitsunday Water Quality Monitoring Blueprint for Tourism Operators, which was established to increase understanding of the water quality in the areas that tourism operators visit. As part of the citizen science program, JCU scientists trained tourism operators to deploy and collect water loggers and undertake water testing, complementing our extensive network of water quality monitoring in the Great Barrier Reef.

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 2019/20, NQBP continued its engagement with PIANC on key environmental aspects of port management and NQBP team members were accepted as Australian expert representatives on multiple PIANC working groups.

In September 2019, NQBP sponsored the 'Crisis Management and Natural Disaster Response' seminar at the PIANC Coasts and Ports Conference. This gave NQBP an international platform to share how we do business and get the balance right; demonstrating that we take our environmental and social responsibilities as seriously as our commercial acumen.

In February 2020, NQBP was represented among the best international environmental scientists in the world at the opening session of the PIANC EnviCom Working Group on the implications of invasive marine species for waterborne transport infrastructure. The working group will generate an international guideline on managing the business, liability, health and safety and other risks associated with invasive marine species.

In partnership with PIANC, NQBP co-authored a best practice guideline on Environmental Risk Management for Navigation Infrastructure Projects, which was released in October 2019. The guideline highlights the importance of early and ongoing stakeholder engagement and uses Australian and NQBP case studies to demonstrate best practice. NQBP's Director of Environment was co-chair of the working group.

NQBP was also involved in the PIANC Working Group on Beneficial Re-use.

Coral dashboard

An environmental dashboard that allows the public to monitor the health of coral communities across NQBP's three east coast ports was developed during 2019/20.

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. This dashboard compliments our seagrass and air quality data dashboards, which went live in 2018 and 2019 respectively.

Coupled with our seagrass program covering 30,000 hectares of sea floor, 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.

SUPPORTING OUR COMMUNITIES

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

In 2019/20, we continued to proactively build strong partnerships for the betterment of our organisation, our stakeholders and our communities.

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.

Port Communities Program

Through our Port Communities Program in 2019/20, we contributed more than \$110,000 in community investment expenditure to more than 40 initiatives.

The COVID-19 pandemic had a significant impact on our port communities, including many charities, community groups and organisations. We have committed to honouring the sponsorship and donation funding that we had pledged to our community partners and to working with them to support changes to their programs, projects and events.

Again this year, our flagship partnership was with the North Queensland Toyota Cowboys. This partnership was launched in 2016 to connect with school children through an iconic North Queensland sporting brand, while delivering important messages on making positive life choices.

During the year, we were proud to support organisations that shared our commitment to sustainable operations and best practice environmental management, such as Project Catalyst and PIANC (see page 14).

We were also proud to support initiatives that shared our commitment to our regions' economic wellbeing, growth and development. We engaged with industry stakeholders across the Mackay and Hay Point region through our partnership with the Resource Industry Network and we partnered with Central Highlands Development Corporation for a Paddock to Port Tour that provided exporters an insight into supply chain opportunities.

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. In December 2019, we supported the Stella Maris Christmas shoebox appeal, delivering almost 600 shoeboxes filled with necessities and gifts aimed at making each seafarer's life easier on the vessel. In March 2020, we funded more than 100 care packages for crew members who were unable to come ashore to purchase basic items due to the COVID-19 pandemic.

Our ports span the generations in our North Queensland communities, so we were proud to sponsor initiatives that support the education and wellbeing of children, such as the Dymocks Children's Charities, which provided new books to four primary schools within our port communities, the Summer Holiday Art Program at Artspace Mackay, the learn-to-swim program at Alligator Creek State School and the Mackay Holy Spirit College's participation in a statewide STEM (Science, Technology, Engineering and Mathematics) competition in Brisbane.

In each of our port communities, we supported events that brought the community together, such as the NQBP Family Fun Day at the Bowen Superboats. We have also pledged our support to the Weipa Fishing Classic, the Weipa Running Festival and the Crusin' the Coast Beach Fun Run in Sarina.

Cowboys Community Partnership

Each year, hundreds of local kids and community members look forward to our two-day Bulk Port Blitzes in Sarina, Mackay, Bowen and Weipa through NQBP's community partnership with the North Queensland Cowboys.

As well as skills on the field, students hear first-hand from some of their sporting heroes how to make smart choices off the field.

In August 2019, a Bulk Port Blitz was held in Bowen, comprising a junior rugby league training session, five school visits and a function for business and community members. At the function NQBP presented a signed 2019 Cowboys jersey to Bowen Volunteer Marine Rescue to assist with their fundraising efforts for a new vessel. The remaining Bulk Port Blitzes, due to be held in Mackay, Hay Point and Weipa during 2020, were postponed due to COVID-19.

Formalised community engagements

In our port communities, we have a range of well-established forums that allow us and port and community representatives to discuss issues of mutual interest relating to port operations, development and more.

In Mackay and Hay Point, we have Community Reference Groups (CRGs) which provide an invaluable link with our port communities. In May 2020, we held our CRGs' quarterly meetings virtually, through an online platform, due to COVID-19 social distancing restrictions.

Each year, we provide our CRGs with an opportunity to nominate initiatives that will benefit their communities environmentally, culturally or socially. The successful initiative is provided a \$5,000 sponsorship. The Mackay CRG voted to support a public health and wellbeing project where the community could track their exercise along the length of the Southern Breakwater at the Port of Mackay. The Hay Point CRG supported the nomination to sponsor the Half Tide Radio Base, with the funds enabling the purchase of plaques to complete the Memorial Wall at the Half Tide Cenotaph at Hay Point.

We regularly meet with our customers at Port Advisory Group meetings to discuss port issues and infrastructure improvements, while Technical Advisory Consultative Committees ensure NQBP's management of maintenance dredging activities is well-understood and stakeholders' interests are identified and considered in decision-making.

WORKING WITH ABORIGINAL AND TORRES STRAIT ISLANDER PEOPLE

We have been actively engaging and building relationships with the Traditional Owners of our ports over several decades.

We have always been committed to building stronger, more meaningful relationships with Aboriginal and Torres Strait Islander people and organisations through the principles of understanding, respect and acceptance.

Reconciliation Action Plan

We are demonstrating our commitment to reconciliation within Australia through the development of a Reconciliation Action Plan (RAP).

The RAP program provides a framework for organisations to support the national reconciliation movement, led by Reconciliation Australia.

In 2018/19, we established an internal working group to contribute to the development of the RAP. This included representatives from all levels of the business. Importantly, representation was also sought from our Aboriginal and Torres Strait Islander employees.

In 2019/20, we engaged with Traditional Owners in our port communities to seek their feedback on the elements to be included in the RAP, such as building strong relationships, respect and opportunities.

Our RAP was approved by the NQBP Board in May 2020 and submitted to Reconciliation Australia in June 2020.

Building on initiatives that have been part of NQBP's previous commitments, our RAP will stretch us to deliver practical actions that will drive our contribution to reconciliation both internally and in the communities in which we operate.

Commitment to Aboriginal and Torres Strait Islander businesses

NQBP supports Aboriginal and Torres Strait Islander businesses through economic participation strategies.

NQBP has worked closely with Traditional Owner business Juru Enterprise Limited (JEL) over the past 10 years to build a strong working relationship, business capability and sustainable performance.

In 2018, NQBP engaged JEL to conduct vegetation management at the Port of Abbot Point on a two-year contract. In 2019/20, we extended our commitment for the contract to the end of 2025.

In 2019, additional support for training of the Land Management Crew was provided to enable the completion of turtle monitoring and tagging operations. This included formal training provided to Traditional Owners by the Queensland Government to conduct monitoring during turtle nesting and hatching season. Active protection of nests from predators was also included in the scope of the training and these skills will provide positive cultural and ecological outcomes.

Another positive business arrangement between NQBP and an Aboriginal and Torres Strait Islander business is the security services provided at the Port of Abbot Point by Bowen-based Australian Indigenous Security Services (AISS), which employs Aboriginal and Torres Strait Islander personnel. AISS continued to provide security services to NQBP in 2019/20.

Support for Aboriginal and Torres Strait Islander events and sporting teams

In July 2019, we sponsored NAIDOC celebrations in Mackay and Bowen, including a community day organised by the Mackay NAIDOC Committee and attendance at NAIDOC events at the primary and secondary state schools at Bowen.

We also proudly supported the Napranum AFL Cluster Carnival, the Mapoon 8HB Brothers Rugby League Team, the Magpies United Mackay Indigenous Rugby League Carnival and the Bowen Indigenous Rugby League Team.

Recognition of Language

As part of strengthening our relationship with the Yuwi People of the Mackay and Hay Point region, we named a new road at the Port of Mackay in Yuwi language in January 2020.

The new road, which provides direct access to North Wall Beach, is known as Gudyara Road, meaning "sea" in Yuwi language. The naming of the road recognises the special connection of the Yuwi People to the port land and sea country. It will also help to revive knowledge and understanding of the Yuwi language.

IMPROVING EMPLOYEE ENGAGEMENT AND EFFICIENCY

Having consistent application of our processes, strengthened culture and leadership, and a focus on efficiency will help address various identified weaknesses. This requires a greater emphasis on setting clearly defined goals and refining how we prioritise the urgent versus the important. Further, it will only occur through careful allocation of our financial, physical and human resources and a commitment to our shared values of integrity, respect, excellence and unity.

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.

In 2019, NQBP committed to a review of our safety culture. The findings prompted NQBP to develop a “values-into-action” based approach that will facilitate continued improvements of our safety performance.

Policy

NQBP's commitment to safety culture and system improvements has been captured in a new Safety Policy, released in 2019/20.

The Policy details NQBP's commitment to health and safety and the expectations of all employees and contractors. In particular, the Policy supports a fair and just safety culture, closely aligned to NQBP's values, where everyone is encouraged to report all hazards and incidents with honesty and integrity.

One of the keys to reducing risk, and therefore the likelihood of injury and illness, is consistent event reporting. This year, there was an 8.6 per cent increase in proactive safety event reporting, with an average of 38 safety events reported per month (2018/19: 35 per month).

Safety Management System

In conjunction with the review of our safety culture, we engaged an independent professional services company to conduct an audit of the NQBP Work Health and Safety System against AS/NZS 4801:2001 *Occupational health and safety management systems – Specification with guidance for use*.

Drawing on the recommendations from the audit, we have committed to reviewing and redesigning our Work Health and Safety Management System.

A significant focus has been on ensuring that our safety systems, processes and practices are reflective of our business and our operational activities. NQBP is committed to ensuring the system is not only compliant with legislation, but is also reflective of a safety culture that strives for continual improvement and is regarded as leading safety for our employees, contractors, port users and community.

Safety Consultative Committee

To assist in validating the improvements and recommended changes to our Work Health and Safety Management System, processes and practices, a Safety Consultative Committee was established in 2019/20 with delegates elected on behalf of the broader workforce.

NQBP values the importance of consultation before new safety processes are introduced and implemented.

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

In September and October 2019, the Executive Leadership Team and senior managers participated in engagement workshops to review the results from a 2019 employee engagement survey, relative to their teams. Focused employee engagement action plans were then developed and implemented.

In May 2020, NQBP commissioned global analytics company Gallup to undertake an independent employee engagement survey for the second year in a row.

We recorded a 32 per cent increase in the number of employees who are engaged, compared to last year's results. According to Gallup, these employees are highly involved in and enthusiastic about their workplace, drive performance and innovation, and move the organisation forward.

Values

After refreshing our corporate values in 2018/19, we worked to embed them within the organisation this year. Our four values – Integrity, Respect, Excellence and Unity – guide our behaviours. To ensure our workforce had a shared understanding of what our values mean and what behaviours are expected, all employees joined members of the Executive Leadership Team and Directors in values' workshops in November 2019. A survey at the end of 2019/20, showed that 91 per cent of our people understood how the corporate values impacted how they did their job.

Diversity and inclusion

At NQBP, we recognise that workplace diversity and inclusion is 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.

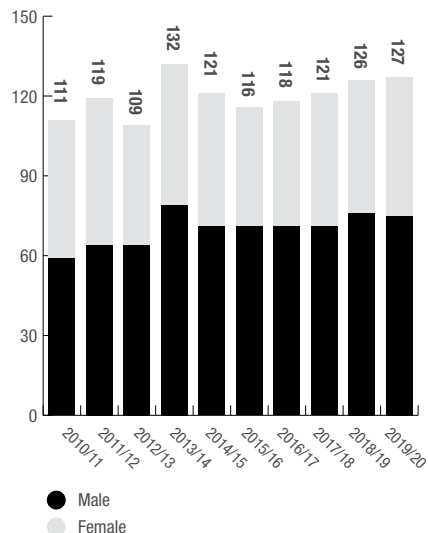
Throughout the year, we took some practical steps to support diversity and inclusion.

We have always encouraged candidates from diverse backgrounds to apply when recruiting new roles and sought to get 50 per cent candidate shortlist pool from diverse categories. In 2019/20, we reviewed the language and style of our recruitment advertising to ensure diversity was supported; that is, the advert does not exclude a diversity group.

We understand that flexible working arrangements are key enablers for a more diverse and inclusive organisation. Prior to the working arrangements we implemented in response to the COVID-19 pandemic, 79 per cent of our workforce had flexible start and finish times, 42 per cent worked a 9-day fortnight, 8 per cent worked part time and 2.5 per cent had a working from home arrangement.

As at 30 June 2020, NQBP had approximately 40 per cent representation of female employees in various positions across the organisation.

Total employees



Employee participation

A key component of the Port Communities Program (page 15) 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.

In 2019/20, NQBP supported teams of employees to participate in Relay for Life, in support of the Cancer Council, and in the Push Up Challenge in support of headspace Mackay.

Employees were also offered the opportunity to participate in or support community events such as the Weipa Running Festival, International Women’s Day and Bowen Superboats.

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 2019/20, we welcomed two interns into our business; one in pilotage and one in environment.

Office relocation

In June 2020, we relocated to a new office building in Brisbane, which resulted in a reduction in lease costs. The office fitout was designed to reflect our values and encourage employee engagement and collaboration. The office space also included new measures to meet health and safety advice in regards to COVID-19.

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

During the year, we invested significant time and resources into a business transformation project underpinned by selection of a new Enterprise Resource Planning (ERP) system.

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

Early in 2019/20, we signed a contract with an Australian-based ERP supplier. Throughout the year, our transformation project team worked with our chosen supplier to confirm how our business requirements would be translated into the new ERP system. A major component of this activity was the completion of a detailed design phase that generated several configuration design documents, covering a range of key business functions that included Asset Management, Finance, Human Resources, Payroll and Property Management.

Delivering better value for money

In October 2019, we commenced a review of procurement activities to improve efficiencies, streamline processes and deliver better value in the way NQBP buys goods and services.

A revised procurement model was adopted for the business, aligned with NQBP’s policies and procedures, and the Queensland Government’s Procurement Policy and related practices.

The revised 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.

To ensure the integrity of our Travel Policy, we completed a review of our current and future travel requirements. After considering our current providers and the broader travel landscape, we decided to join the Queensland Government’s QTravel program for better value for money, greater flexibility, and technology, benefitting our business and our travelling employees.

CORPORATE GOVERNANCE

Organisational structure

Shareholding Ministers

Treasurer and Minister for Infrastructure and Planning, 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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Current Members

Brad Fish (Chair) Andrea Ranson Peter Tait Sally Frazer Stephen Golding	Peter Tait (Chair) Brad Fish Sally Frazer Andrea Ranson	Sally Frazer (Chair) Brad Fish Stephen Golding	Stephen Golding (Chair) Peter Tait Andrea Ranson
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Non Current Members

Jane McTaggart (Director to 30 September 2019)		Jane McTaggart (Member to 30 September 2019)	Jane McTaggart (Member to 30 September 2019)
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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	Peter Sinnott Human Resources Legal Records Management Company Secretariat	Brendan Webb Port Operations Pilotage Services Commerce and Trade	Brett Spink (Acting) 20/12/2019 - current Information and Communication Technology 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 specialises in supply chain and logistics roles and has worked in the ports, property and rail industries. He has led teams throughout Europe, Asia and the Middle East.

GARY CAMPBELL

*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 daily newspaper editor and has also previously worked on major government infrastructure projects and in government policy areas.

He is a graduate of the Australian Institute of Company Directors and has formal business studies.

Responsibilities:

Gary has executive responsibility for health and safety, sustainability, environment, indigenous relations, communications and stakeholder management. The variety of responsibilities requires leadership inputs both within the business and externally, including with government stakeholders.

TIM LEWIS

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

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

PETER SINNOTT

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

Skills and experience:

Before coming on board at NQBP in 2012, Peter was legal director at Rio Tinto Alcan and 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 in the newly-created role of 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.

BRETT SPINK

*Acting Chief Financial Officer
B Bus (Fin), Dip Financial Services, GAICD*

Skills and experience:

Brett joined NQBP in July 2011. Brett has held a number of corporate roles within Accounting, Structured Products/Trading, Risk Management, Insurance and Internal Audit with organisations such as Commonwealth Bank, Bankers Trust, Macquarie Bank, Ergon Energy and SEQ Water Grid.

He is a graduate of the Australian Institute of Company Directors and also a member of the Risk Management Institute of Australasia and the Institute of Internal Auditors.

Responsibilities:

As Acting CFO, Brett is responsible for finance, information and communications technology, risk management, insurance, assurance and procurement.

BOARD OF DIRECTORS

BRAD FISH

Chair

BBus(Acct), CertCivEng, GAICD

First appointed: 1 October 2015

Term of office: to 30 September 2021

Special responsibilities:

Member of the Audit and Financial Risk Management Committee

Member of the Culture People and Safety Committee

Skills and experience:

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

ANDREA RANSON

Director

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

First appointed: 1 October 2018

Term of office: to 30 September 2021

Special responsibilities:

Member of the Audit and Financial Risk Management Committee

Member of the Corporate Governance and Planning 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. Andrea also has executive experience in business, manufacturing, and logistics. Andrea 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.

STEPHEN GOLDING

Director

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

First appointed: 19 June 2009;

PCQ on 7 August 2009; MPL on 1 July 2005

Term of office: to 30 September 2020

Special responsibilities:

Chair of the Corporate Governance and Planning Committee

Member of the Culture People and Safety Committee

Skills and experience:

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

External appointments:

Project Steering Group Chair Sustainable Built Environment National Research Centre.

PETER TAIT

Director

B Com, M Info Systems, FCA, FAICD

First appointed: NQBP on 19 June 2009;

PCQ on 7 August 2009; MPL on 1 October 2007

Term of office: to 30 September 2020

Special responsibilities:

Chair of the Audit and Financial Risk Management Committee

Member of the Corporate Governance and Planning Committee

Skills and experience:

Peter has more than 35 years' experience as a Chartered Accountant providing accounting, taxation, audit and strategic business advice to clients in diverse industries. He is a former registered company auditor, registered tax agent and registered self-managed superannuation fund auditor.

External appointments:

Company Secretary of Queensland Mines Rescue Service Limited, Chairperson of Mackay Regional Council Audit Committee, Chairperson of Mackay Hospital Foundation and governance roles in other Mackay non-for-profit community organisations.

SALLY FRAZER

Director

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

First appointed: 12 October 2017

Term of office: to 30 September 2020

Special responsibilities:

Member of the Audit and Financial Risk Management Committee
Previous Member of the Corporate Governance and Planning Committee (to 30 October 2019)
Chair of the Culture People and Safety Committee

Skills and experience:

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

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

External appointments:

State Councillor, Governance Institute of Australia.

JANE MCTAGGART

(Director for part of year)

Director

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

First appointed: 15 December 2016

Term of office: to 30 September 2019

Special responsibilities:

Previous member of the Audit and Financial Risk Management Committee (to 23 October 2017)
Member of the Culture People and Safety Committee (to 30 September 2019)
Member of the Corporate Governance and Planning Committee (to 30 September 2019)

Skills and experience:

Jane has more than 28 years' experience delivering major projects for local, state and federal government and authorities. She specialises in transport and infrastructure planning and has advised on projects including Toowoomba Second Range Crossing, Gold Coast Light Rail, Cross River Rail, Brisbane Metro and regional transport plans for Queensland. Prior to entering the private sector in 2008, Jane led major projects and teams for Brisbane City Council, the Queensland Government and UK government authorities, managing projects funded by Home Office and the European Commission.

CORPORATE STRUCTURE

NQBP is a Government Owned Corporation (GOC) incorporated under the *Corporations Act 2001* (Corporations Act) and subject to the requirements of the *Government Owned Corporations Act 1993* (GOC Act).

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

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

- the Treasurer and Minister for Infrastructure and Planning; and
- the Minister for Transport and Main Roads.

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

CORPORATE GOVERNANCE PRACTICES

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

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

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

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

BOARD OF DIRECTORS

Details of members of the Board, including their terms of office and their skills, experience and expertise, are outlined on pages 21 to 22 of this report.

Appointment

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

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

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

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

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

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

Role of the Board

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

The collective role of the Board is to:

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

The Board's functions include:

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

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

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

Board meetings

The Board generally meets nine times a year. In addition to this, it meets up to three times a year to discuss strategy and schedules additional meetings as required. During 2019/20, the Board met nine times. Directors also met for Committee meetings. The Chair usually meets the Chief Executive Officer prior to each Board meeting to discuss current issues as well as the agenda, which includes the following:

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

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

Director induction and education

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

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

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

The Board supports the ongoing development of individual Directors as appropriate, so that the Board has the skills and knowledge to effectively perform its role in relation to NQBP. Training is provided to the directors on key areas such as competition law, environmental and safety laws and conflicts of interest. In addition, training on directors 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 2019/20, 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 2020.

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 58. This amount excludes travel and associated expenses incurred in the course of undertaking their duties. Directors do not receive performance-related payments. Directors do not receive retirement benefits other than the compulsory superannuation required under the *Superannuation Guarantee (Administration) Act 1992*.

APPOINTMENT OF CHIEF EXECUTIVE OFFICER AND SENIOR EXECUTIVES

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

Remuneration arrangements for management and employees

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

NQBP is committed to the Queensland Government policy associated with the response to COVID-19 in relation to salary increases.

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 2019/20 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 COVID-19, the NQBP Board took the decision that no performance payments would be issued for the accrued period of 2019/20.

BOARD COMMITTEES

During the 2019/20 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 32 of this report.

Audit and Financial Risk Management Committee

Chair: Peter Tait

Current Members: Brad Fish, Sally Frazer, Andrea Ranson

Secretary: Brett Spink (Acting Chief Financial Officer)

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

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

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

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

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

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

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

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

Audit and Financial Risk Management Committee achievements

In the 2019/20 financial year, the Committee met on 20 August 2019, 19 November 2019, 25 February 2020 and 19 May 2020. The Committee followed a key list of standing items to ensure coverage of:

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

In addition, during the 2019/20 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; and
- Annual Review of Committee Charter and Performance.

Culture, People and Safety Committee

Chair: Sally Frazer

Members: Brad Fish, Stephen Golding,

Non-current Members: Jane McTaggart (to 30 September 2019)

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; and
- 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 2019/20 financial year, the Committee met on 13 August 2019, 12 November 2019, 11 February 2020 and 12 May 2020. The Committee followed a key list of standing items to ensure coverage of:

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

In addition, during 2019/20 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 provided recommendations to the Board about special reports around implications and impacts of COVID-19 (including new Procedures and Guidelines to address this issue);
- Reviewed and made recommendations to the Board in relation to remuneration and performance payments and processes;
- Reviewed and made recommendations to the Board on CEO performance and remuneration;
- Reviewed sustainability, culture and leadership issues;
- Reviewed and provided input into the draft NQBP E&IR Plan 2019/20;
- Reviewed and provided recommendations in relation to the internal audit on recruitment;
- Considered Quarterly People and Culture Reports;
- Reviewed and provided feedback into the Board induction process;
- Reviewed Committee Performance and the Charter; and
- Monitored the key risks for NQBP in relation to People and Culture matters (including deep dives into certain risks).

Corporate Governance and Planning Committee

Chair: Stephen Golding

Members: Peter Tait, Andrea Ranson

Non-current members: Jane McTaggart (to 30 September 2019),

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; and
- requests the Chief Executive Officer to consider or further consider any strategic issue relevant to NQBP.

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

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

Corporate Governance and Planning Committee achievements

In the 2019/20 financial year, the Committee met on 13 August 2019, 12 November 2019, 11 February 2020 and 12 May 2020.

During the 2019/20 financial year, the key matters considered by the Committee included reviews of:

- Continual development of IT functions and technology systems;
- Risk Management Reporting Framework;
- Risk and strategic issues associated with NQBP's projects;
- Risk Deep Dives into selected major risks (including climate change);
- The Annual Report;
- Legal developments that impact NQBP;
- Continual review of the development of Risk Management systems and reports;
- The Committee Charter;
- Strengthening sustainability governance;
- Reviewing and recommending amendments to Policies and Procedures to the Board;
- Updates on strategic projects;
- Updates on the Transformer Project;
- Processes to improve cyber security;
- Improvements to Governance and Board processes;
- Processes for Board evaluation;
- Board performance and Director's training;
- NQBP's Complaints Report and Lobbyists Register; and
- Issues for Strategic Planning and progressing strategic initiatives

MANAGING RISK

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

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

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

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

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

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

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

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

The framework enables NQBP to:

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

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

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

There were no material breaches of risk management policies during 2019/20.

INTERNAL AUDIT

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

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

These include:

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

The 2019/20 audit program included reviews of:

- Fraud risk review;
- WHS harmonization health check; and
- Environmental approvals.

ADDITIONAL INFORMATION

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

Capital structure and risk adjusted return for capital

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

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

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

Dividend policy

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

Funds Management

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

Financial Risk Management

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

Government policies applicable to NQBP

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

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

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

Pursuant to section 114 of the GOC Act, NQBP was notified during the reporting period that the public sector policy entitled *Public Interest Disclosure Standard No. 1* was revoked and that public sector policies entitled *Public Interest Disclosure Standards No. 1/2019, No.2/2019 and No. 3/2019*, as amended from time to time are to apply to NQBP as far as practicable and to all of its subsidiaries. NQBP's Policies and Procedures have been updated to reflect the requirements of these new standards.

Community service obligations

There were no community service obligations identified during 2019/20.

Employment and Industrial Relations Plan

NQBP's Employment and Industrial Relations Plan 2019/20 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 held one event throughout 2019/20 which cost more than \$5,000. The corporate entertainment and hospitality expenditure for the Port of Mackay 80th Anniversary event exceeded \$5,000 due to higher than expected attendance rate. Ultimately about 250 customers, employees and community stakeholders including Mackay Regional Council and Yuwibara Aboriginal Corporation attended the event at a total cost of \$12,500.

Right to Information

NQBP received no access applications or consultation requests from Queensland Government departments for information under the *Right to Information Act 2009 (Qld)* during 2019/20.

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

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

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

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

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

Level 1, Waterfront Place
Mulherin Drive
Mackay Harbour Qld 4740

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

The financial statements were authorised for issue by the directors on 25 August 2020. 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 2020.

Review of operations

As at 30 June 2020, both MPL and PCQ remain as non-operating companies of NQBP with nil assets and liabilities.

NQBP delivered a strong performance in 2019/20, achieving increased returns to Shareholders despite reduced trade volumes relating to COVID-19. This was achieved in the context of our commitment to sustainability, with a focus on safety, the environment and the prosperity of our port communities.

The overall volume of trade passing through NQBP's ports was 165.7MT. This is a reduction of 6.6% on volumes achieved in 2018/19 (177.5MT).

While Abbot Point coal tonnage was as expected, coal throughput at Hay Point was affected by extreme weather, maintenance shutdowns and COVID-19, which resulted in a decrease of 6.3% on last year's throughput.

Bauxite through Weipa was lower than the previous year, reflecting supply chain issues and the ramp down in volume from the Rio Tinto Aluminium East Weipa Mine.

The Port of Mackay recorded its second best results for trade throughput with 3.18 million tonnes.

NQBP's strategy to open up breakbulk trade at the Port of Mackay has continued to pay dividends in this reporting period, through a continued growth in roll-on roll-off (RORO) trade. Petroleum also continued its strong performance.

COVID-19 has impacted NQBP operations and financial result by:

- Reduced tonnages, thus reduced port revenues in the last quarter of 2019/20;
- Decrease in the discount rate input, used in discounted cash flow model, resulting in an increase in fair values for land, channels, infrastructure (including buildings) and major plant and equipment;
- Volatility in managed fund returns, with a loss recorded in 2019/20;
- Accelerated payment of supplier invoices, to support Queensland businesses; and
- 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 \$7.1 million dollars, compared with \$15.8 million in 2018/19. The result was primarily due to operational savings.

NQBP will pay a dividend of \$13.9 million, compared with \$9.9 million in 2018/19.

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 2019/20 year.

Principal activities

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

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

Significant changes in the nature of principle activities

There were no significant changes in the nature of principle activities during 2019/20.

Likely developments and expected results of operations

Trade results for 2020/21 anticipate flat (if not a small decrease) tonnage growth in line with 2019/20. 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 managed maintenance dredging at the Port of Weipa during 2019/20.

To support our growth strategies, NQBP is investing in improving our operating systems and processes. In 2020/21, there will be a continued focus in this area including the 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 \$13.9 million be paid to shareholders for 2019/20. This recommended dividend represents 100% of net profit after tax for 2019/20 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 2019/20, the recertification audit found zero minor or major non-conformances to the standard.

NQBP completed annual maintenance dredging at the Port of Weipa in June 2020.

Company secretaries

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

Meetings of Directors in 2019/20

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 2019 – 30 June 2020)

Director	NQBP		PCQ		MPL	
	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended
Brad Fish (Chair)	9	9	9	9	9	9
Sally Frazer	9	9	9	9	9	9
Stephen Golding	9	9	9	9	9	9
Jane McTaggart	2	2	2	2	2	2
Andrea Ranson	9	9	9	9	9	9
Peter Tait	9	9	9	9	9	9

Committee Meeting Attendance

(1 July 2019 – 30 June 2020)

Director	Audit and Financial Risk Management Committee		Corporate Governance and Planning Committee		Culture, People and Safety Committee	
	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended
Brad Fish	4	4	4 ¹	3	4	4
Sally Frazer	4	4	0	0	4 (Chair)	4
Stephen Golding	0	0	4 (Chair)	4	4	4
Jane McTaggart	0	0	1	1	1	1
Andrea Ranson	4	4	4	4	0	0
Peter Tait	4 (Chair)	4	4	4	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; and
- each such company may pay a premium to insure a Director or Secretary against certain liability incurred by the Director or Secretary acting in that capacity.

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

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

The Indemnity operates until revoked by the relevant Board.

The Indemnity does not apply in respect of:

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

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

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

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

Officer's insurance

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

Proceedings on behalf of the Group

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

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

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

Non-audit services

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

Rounding of Amounts

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

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act* 2001 (Cth) is set out on page 34.

Significant Events After the Reporting Date

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

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

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



Brad Fish

Chair, North Queensland Bulk Ports Corporation Limited

25 August 2020

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of North Queensland Bulk Ports Corporation Limited

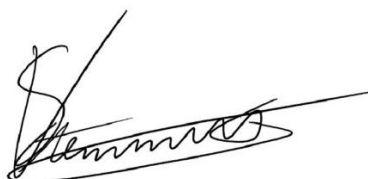
This auditor's independence declaration has been provided pursuant to s.307C of the *Corporations Act 2001*.

Independence declaration

As lead auditor for the audit of North Queensland Bulk Ports Corporation Limited for the financial year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

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



Vaughan Stemmett
as delegate of the Auditor-General

25 August 2020
Queensland Audit Office
Brisbane

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$'000	2019 \$'000
Income from operations			
Revenue	1	113,670	131,163
Other income	1	(199)	46
Income from operations		113,471	131,209
Expenses from operations			
Consultancies		1,312	2,183
Depreciation and amortisation expense	10 a), c)	18,901	14,687
Dynamic under keel clearance expenses		1,630	1,362
Employee benefits expense	2	21,805	21,789
Impairment losses	3	10,744	(230)
Insurance		3,013	3,122
Legal expenses		793	561
Other expenses		3,361	4,011
Pilot transfers		4,456	4,381
Promotional expenses		476	559
Property expenses	5	6,457	8,313
Quarantine waste expenses		1,223	1,361
Repairs and maintenance		18,809	38,661
Loss on managed funds	6	1,753	-
Travelling expenses		622	805
Expenses from operations		95,355	101,565
Operating profit		18,116	29,644
Finance income		575	1,121
Finance expenses		(8,185)	(8,415)
Interest expense on lease liabilities	10 b)	(340)	-
Net finance costs		(7,950)	(7,294)
Profit before income tax equivalent		10,166	22,350
Income tax equivalent expense	7	(3,038)	(6,553)
Profit after income tax equivalent		7,128	15,797
Other comprehensive income			
Adjustment to asset revaluation surplus on revaluation of property, plant and equipment	10 c)	67,226	15,649
Income tax equivalent expense applicable		(20,101)	(4,695)
Other comprehensive income net of income tax equivalent		47,125	10,954
Total comprehensive income for the year		54,253	26,751

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

ASSETS			2020	2019
Current assets	Note		\$'000	\$'000
Cash and cash equivalents	8		23,704	2,725
Trade and other receivables	8		54,260	74,060
Current income tax equivalent refund			-	2,329
Inventory			452	452
Prepayments			1,886	1,404
Total current assets			80,302	80,970
Non-current assets				
Investment in managed fund	8		60,528	53,946
Investment properties	9		12,883	15,336
Right-of-use assets	10 a)		13,289	-
Property, plant and equipment	10 c)		671,460	621,970
Total non-current assets			758,160	691,252
Total assets			838,462	772,222
LIABILITIES				
Current liabilities				
Trade and other payables	11		25,143	39,191
Current income tax equivalent liability			3,161	-
Provisions	13		18,148	13,659
Lease liabilities	10 b)		1,174	-
Total current liabilities			47,626	52,850
Non-current liabilities				
Trade and other payables	11		40,417	34,541
Lease liabilities	10 b)		12,197	-
Interest-bearing liabilities	14		186,559	186,559
Deferred income tax equivalent liabilities	12		121,953	108,882
Provisions	13		288	412
Total non-current liabilities			361,414	330,394
Total liabilities			409,040	383,244
Net assets			429,422	388,978
EQUITY				
Issued capital	15		14,409	14,409
Asset revaluation surplus			374,878	327,977
Retained earnings			40,135	46,592
Capital and reserves attributable to owners of NQBP			429,422	388,978
Total equity			429,422	388,978

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	Note	Issued capital \$'000	Asset revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
Balance as at 1 July 2018		14,409	318,079	39,639	372,127
Net profit for the year after income tax equivalent		-	-	15,797	15,797
Transactions with owners in their capacity as owners					
Distribution to owners	13	-	-	(9,900)	(9,900)
Other comprehensive income					
Fair value adjustments on property, plant and equipment	10 c)	-	15,649	-	15,649
Transfer of revaluation increment in respect of revalued assets disposed					
– current year		-	(723)	723	-
– prior year		-	(550)	550	-
Income tax equivalent applicable		-	(4,478)	(217)	(4,695)
		-	9,898	(8,844)	1,054
Balance at 30 June 2019		14,409	327,977	46,592	388,978
Net profit for the year after income tax equivalent		-	-	7,128	7,128
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)	-	67,226	-	67,226
Transfer of revaluation increment in respect of revalued assets disposed					
- current year		-	(463)	463	-
- prior year		-	100	41	141
Income tax equivalent applicable		-	(19,962)	(139)	(20,101)
		-	46,901	(13,585)	33,316
Balance at 30 June 2020		14,409	374,878	40,135	429,422

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
Note	\$'000	\$'000
Cash flows from operating activities		
Cash receipts from customers	149,757	126,101
Cash paid to suppliers and employees	(89,715)	(79,800)
GST remitted to Australian Taxation Office	(6,716)	(6,153)
Interest paid	(8,017)	(6,898)
Income tax equivalents paid	(4,578)	(7,640)
Net cash inflow from operating activities	40,731	25,610
	16	
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,920)	(8,970)
Purchase of investments	(6,582)	(3,284)
Proceeds from sale - property, plant and equipment	37	354
Payment to GOC Advances Facility	6,161	(7,992)
Net cash outflow from investing activities	(8,304)	(19,892)
Cash flows from financing activities		
Dividend paid	(9,900)	(6,000)
Payment of lease liability	(1,548)	-
Net cash outflow from financing activities	(11,448)	(6,000)
	10 b)	
Net increase (decrease) in cash and cash equivalents	20,979	(282)
Cash and cash equivalents at beginning of the financial year	2,725	3,007
Cash and cash equivalents at end of the financial year	23,704	2,725
	8	

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 2020

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

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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 2020

1. Revenue and other income

	2020	2019
	\$'000	\$'000
Vessel income	76,996	79,789
Port usage income	15,167	15,027
Rental income from investment properties	9,857	9,989
Other rental income	5,767	5,934
Insurance recoveries	1,833	6,640
Expense recoveries	3,381	9,860
Managed fund income	-	3,283
Other revenue	669	641
Revenue	113,670	131,163
Other income		
Net (loss)/gain on disposal of property, plant and equipment	(190)	46
Net (loss)/gain on disposal of right to use asset	(9)	-
	(199)	46

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

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

2. Employee benefits expense

	2020	2019
	\$'000	\$'000
Salary and wages	19,758	19,571
Employee related costs	2,047	2,218
	21,805	21,789

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 2020

3. Impairment losses / fair value adjustments

		2020	2019
		\$'000	\$'000
Impairment losses on plant and equipment	10 c)	7,991	(119)
Fair value adjustment for investment properties	9	2,611	(111)
Fair value adjustment for investment properties – prior year adjustment		142	-
		10,744	(230)

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 2020, no impairments were identified.

4. Auditor's remuneration

Included in other expenses are audit costs of:

	2020	2019
	\$'000	\$'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.)	84	82
Amounts paid, or due and payable, to third parties for providing internal audit services.	124	224

5. Property expenses

	2020	2019
	\$'000	\$'000
Land tax	2,277	2,280
Rates and utilities	2,349	2,681
Other property expenses	1,831	3,352
	6,457	8,313

Investment property expenses of \$2.1 million (2019: \$2.2 million) are included in property expenses.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

6. Loss on managed funds

	2020	2019
	\$'000	\$'000
Loss on managed funds	1,753	-

7. Income tax equivalent expense

	2020	2019
	\$'000	\$'000
(i) Income tax equivalent expense		
Current tax equivalent expense	10,068	7,709
Under/(over) provisions prior year	22	(3)
Deferred income tax equivalent asset	(4,817)	388
Deferred income tax equivalent liability	(2,235)	(1,541)
Total current income tax equivalent expense	3,038	6,553
(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	3,050	6,705
Increase in income tax equivalent expense due to:		
Non-deductible expenses	6	4
Asset revaluation reserve prior year	110	-
Decrease in income tax expense due to:		
Prior year adjustments	22	(3)
Net investment fund distributions	(150)	(153)
Income tax equivalent expense on pre-tax net profit	3,038	6,553

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

		2020	2019
	Note	\$'000	\$'000
Current assets			
Cash and cash equivalents	(a)	23,704	2,725
Trade and other receivables	(b)	54,260	74,060
		77,964	76,785
Non-current asset			
Investment in managed fund	(c)	60,528	53,946

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

8. Financial assets (continued)

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 2020, 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 \$0.7 million (2019: \$0.5 million) as a result of higher/lower interest income.

(b) Trade and other receivables

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

Included in trade and other receivables are debtors with a carrying amount of \$407,088 (2019: \$546,329) 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 \$40,091,506 (2019: \$46,253,115) is included in trade and other receivables and is held by Queensland Treasury as part of the Queensland Government's cash management regime. Government Owned Entities (GOC's) advance surplus cash to Queensland Treasury Corporation (QTC) at the cash fund rate, and access to funds is generally subject to notification periods of 24 to 48 hours. Because of the short-term nature of the advances, their carrying amount is assumed to represent fair value.

(c) Investment in managed fund

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

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

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

9. Investment properties

		2020	2019
At fair value	Note	\$'000	\$'000
Balance at beginning of year		15,336	15,199
Additions		158	-
Transfers from other asset classes		-	26
Fair value adjustments	3	(2,611)	111
Balance at end of year		12,883	15,336

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

9. Investment properties (continued)

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

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

At 30 June 2020, Knight Frank completed an independent and comprehensive land valuation by assessing the appropriate movement in market values of the various regions. Due regard to highest and best use of each parcel of land was taken into consideration. The valuation approach has been categorised within level 2 of the fair value hierarchy.

In between comprehensive valuations, investment properties are adjusted by indexation where material, using appropriate indices.

10. a) Right of use assets

NQBP adopted *AASB16 Leases* using the modified retrospective approach from the 1st July 2019. The adoption of this new Standard has resulted in the NQBP recognising 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.

On implementation of the standard, NQBP reviewed all contracts to ascertain if they met the definition of a lease; determined if any options could be exercised; separated lease and non-lease components of the contract; and identified appropriate rates to discount the lease payments.

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. On transition the weighted average incremental borrowing rate applied to lease liabilities recognised under *AASB16* was 4.51%.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

10. a) Right of use assets (continued)

2020 Right-of-use assets	Property, plant and equipment				Total \$'000
	Office	Photocopiers	Motor Vehicles	Channels	
	\$'000	\$'000	\$'000	\$'000	
Balance on adoption of AASB 16	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

10. b) Lease liabilities

NQBP adopted AASB16 Leases using the modified retrospective approach from the 1st July 2019. As at 30 June 2019, leases were classified as operating leases in accordance with AASB117 and were disclosed in Note 17 (ii).

2020 Lease liabilities	Property, plant and equipment				Total \$'000
	Office	Photocopiers	Motor Vehicles	Channels	
	\$'000	\$'000	\$'000	\$'000	
Balance on adoption of AASB 16	(3,594)	(117)	(244)	(4,124)	(8,079)
Additions	(6,679)	-	(178)	-	(6,857)
Disposals	-	-	17	-	17
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 2020

10. b) Lease liabilities (continued)

The following is a reconciliation of total operating lease commitments at 30 June 2019 as disclosed in the financial statement to the lease liabilities recognised at 1 July 2019:

		\$'000
Total operating lease expenditure contracted for at 30 June 2019	17 (ii)	12,682
Less leases excluded from the definition of AASB16		(8,754)
		<hr/> 3,928
Operating leases discounted using incremental borrowing rate		2,687
Add operating leases captured from AASB16		5,392
Total lease liabilities recognised under AASB16 at 1 July 2019		<hr/> 8,079

10. c) Property, plant and equipment

	2020	2019
	\$'000	\$'000
<i>Land</i>		
At fair value	179,267	168,287
	179,267	168,287
<i>Channels</i>		
At fair value	368,553	341,319
	368,553	341,319
<i>Infrastructure and major plant and equipment</i>		
At fair value	118,715	107,352
	118,715	107,352
<i>Plant and equipment</i>		
At cost	6,412	6,199
Accumulated depreciation	(5,549)	(4,747)
	863	1,452
Capital work in progress – at cost	4,062	3,560
	4,062	3,560
Property, plant and equipment	671,460	621,970

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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.

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	341,319	107,352	1,452	3,560	621,970
Additions	872	-	5,965	423	502	7,762
Disposals	(5)	-	(213)	(9)	-	(227)
Depreciation expense	-	(5,833)	(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	42,398	15,234	-	-	67,226
Carrying amount at balance date	179,267	368,553	118,715	863	4,062	671,460

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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.

As at 30 June 2020, Frank Knight completed an independent and comprehensive land valuation by assessing the appropriate movement in market values of the various regions. Due regard to highest and best use of each land parcel was taken into consideration. The valuation approach has been categorised within level 2 of the fair value hierarchy.

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

Cost approach

At 30 June 2020, AECOM Australia Pty Ltd provided a full independent valuation on the depreciated replacement cost of each of the major assets. 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 thirty years,
- Forecast income tax equivalent cash flows, and
- A port by port assessment of terminal value.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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

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

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

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% (2019: 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 2020, CPI indexation of 2.50% (2019: 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% (2019: 7.64%)	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 2020

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	21 – 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 hold approximately thirty separate perpetual leases over sea beds and under roads. These leases are with the Queensland State 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

11. Trade and other payables

	2020 \$'000	2019 \$'000
Current		
Trade payables	4,236	3,404
Contract creditors	43	-
Lease rentals received in advance	5,648	5,703
Revenue received in advance	8,347	9,823
Interest payable – Queensland Treasury Corporation	2,030	2,097
Accrued expenses	3,446	16,519
Other payables	1,393	1,645
	25,143	39,191
	2020 \$'000	2019 \$'000
Non-current		
Lease rentals received in advance	40,417	34,541
	40,417	34,541

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 2020

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.

	2020	2019
	\$'000	\$'000
Deferred income tax equivalent assets		
Property, plant and equipment	66	132
Accounts payable and other liabilities	20,102	15,314
Provisions	1,346	1,251
	21,514	16,697
Opening balance	16,697	17,085
Credit/(charge) to Statement of Comprehensive Income	4,817	(388)
Closing balance	21,514	16,697
Deferred income tax equivalent liabilities		
Property, plant and equipment	139,391	124,608
Accounts receivable and other assets	4,076	971
	143,467	125,579
Opening balance	125,579	122,424
Prior year adjustments	22	-
Credit to Statement of Comprehensive Income	(2,235)	(1,540)
Charge to asset revaluation surplus	20,101	4,695
Closing balance	143,467	125,579
Deferred income tax equivalent balances are presented in the Statement of Financial Position as follows:		
Deferred income tax equivalent (assets)	(21,514)	(16,697)
Deferred income tax equivalent liabilities	143,467	125,579
Deferred income tax equivalent liabilities	121,953	108,882

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

13. Provisions

	2020 \$'000	2019 \$'000
Current		
Employee benefits	4,198	3,759
Dividend	13,950	9,900
	18,148	13,659
Non-current		
Long-term employee benefits	288	412
	288	412

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

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

Employee benefits

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

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

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

Long-term employee benefits

A provision has been recognised for employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date 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 2020

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 Queensland Treasury Corporation (QTC):

	2020		2019	
	Weighted Interest Rate	Balance \$'000	Weighted Interest Rate	Balance \$'000
Book value	3.40%	186,559	4.51%	186,559
Market value		210,669		204,154

At 30 June 2020, 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 \$2.4 million (2019: \$1.9 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 (2019: \$15 million), however this facility has not been used. An analysis of financial liabilities by remaining contractual maturity is as follows:

	0 to 1 year	1 to 5 years	Over 5 years	Total
	\$'000	\$'000	\$'000	\$'000
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
2019				
Trade and other payables	39,191	40	34,501	73,732
Lease liabilities	-	-	-	-
Queensland Treasury Corporation borrowings	6,544	26,230	186,559	219,333
	45,735	26,270	221,060	293,065

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 2019.

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 2020

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:

	2020	2019
	\$'000	\$'000
Total borrowings	186,559	186,559
Total capital	429,422	388,978
	615,981	575,537
Gearing ratio	30.29%	32.41%

15. Issued capital

	2020	2020	2019	2019
	No. of shares	\$'000	No. of shares	\$'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

	Note	2020	2019
		\$'000	\$'000
Net profit for the year		7,128	15,797
Depreciation and amortisation	10 a), c)	18,901	14,687
Loss/(gain) on sale of fixed assets		199	(46)
Impairment loss/(gain)	3	7,991	(119)
Fair value adjustment to investment property, plant and equipment	3	2,753	(111)
Change in operating assets/liabilities			
- Decrease (increase) in trade and other receivables		13,639	(15,201)
- (Increase) decrease in other current assets		(482)	439
- (Decrease) increase in trade and other payables		(8,173)	10,961
- Increase in other provisions		315	291
- Increase in current tax equivalent liabilities		5,490	65
- Decrease in net deferred tax equivalent liabilities	7	(7,030)	(1,153)
Net cash flow from operating activities		40,731	25,610

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 2020

16(i) Reconciliation of liabilities arising from financing activities

	2019 \$'000	Cash flow \$'000	Non-cash changes \$'000	2020 \$'000
Long-term borrowings	186,559	-	-	186,559
Long-term debt	186,559	-	-	186,559

17. Commitments

	2020 \$'000	2019 \$'000
(i) Capital expenditure contracted for at balance date is payable as follows:		
- not later than one year	572	413
- later than one year and not later than five years	-	-
- greater than five years	-	-
	572	413
(ii) Operating expenditure contracted for at balance date and payable as follows:		
- not later than one year	3,406	4,839
- later than one year and not later than five years	3,956	7,843
- greater than five years	934	-
	8,296	12,682

NQBP adopted AASB16 Leases using the modified retrospective approach from the 1st July 2019. Details of balances are provided in Note 10 a), b).

	2020 \$'000	2019 \$'000
(iii) Operating lease revenue not recognised in the financial statements as follows:		
- not later than one year	13,215	13,103
- later than one year and not later than five years	41,683	41,878
- greater than five years	403,798	405,931
	458,696	460,912

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 2020

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.

Planning has commenced 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

The native title claim determination that was progressing in 2018/19 was completed in this financial year with no financial implication being incurred by North Queensland Bulk Ports Corporation.

20. Key management personnel disclosures

	2020 \$'000	2019 \$'000
Short-term benefits	2,007	1,937
Post-employment benefits	210	203
Other long-term benefits	11	7
	2,228	2,147

(i) Key management personnel – Board members

2020 Name	Position	Short-term employee benefits (a) \$'000	Post- employment benefits (b) \$'000	Total (c) \$'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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

20. Key management personnel disclosures (continued)

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

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

* A Dolphin ceased tenure on 30 September 2018

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

- (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 2020

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	
Bernard Wilson	Chief Financial Officer	7 February 2011	9 January 2020
Brett Spink	Acting Chief Financial Officer	20 December 2019	
Tim Lewis	General Manager Infrastructure and Land Operations	8 September 2018	
Gary Campbell	General Manager Safety, Environment and Communications	1 July 2015	

2020	Position	Short-term Benefits			Unused Annual Leave for the year only	Bonus (c)	Total Short-term Employee Benefits	Post-Employment Benefits Superannuation (b)	Other Long-term Benefits Unused LSL for the year only	Retirement Termination Benefits	Total (d)
		Cash Salary	Non-Monetary Benefits (a)	Non-Monetary Benefits (a)							
	Chief Executive Officer	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Chief Executive Officer	400	3	16	30	449	41	-	490	-	490
	General Manager Trade and Marine Operations	251	-	1	25	277	33	-	310	-	310
	General Manager Legal, People and Governance	221	3	-	24	248	33	7	288	-	288
	Chief Financial Officer*	149	2	-	29	180	19	-	199	-	199
	Acting Chief Financial Officer**	111	1	3	-	115	11	3	129	-	129
	General Manager Infrastructure and Land Operations	242	-	6	21	269	25	-	294	-	294
	General Manager Safety, Environment and Communications	233	3	2	21	259	29	1	289	-	289
		1,607	12	28	150	1,797	191	11	1,999	-	1,999

* Resigned effective 9 January 2020

** Acting CFO for the period 20 December 2019 – 30 June 2020

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

* Acting CEO for the period 1 July 2018 – 16 September 2018

** Acting GMED for the period 8 September 2018 – 7 April 2019. Appointed GMED on 8 April 2019

*** Resigned effective 7 September 2018

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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. Bonuses represented in the table refer to prior year.
- (d) Executives received no additional remuneration for their role as executives in relation to subsidiary companies.

(iii) Compensation principles – Executive management

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

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

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

(iv) Key management personnel – Shareholding Ministers

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

- the Honourable Jackie Trad MP, Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships (to 11 May 2020);
- the Honourable Cameron Dick MP, Treasurer and Minister for Infrastructure and Planning (from 11 May 2020); and
- the Honourable Mark Bailey MP, Minister for Transport and Main Roads.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

20. Key management personnel disclosures (continued)

(v) Aggregate performance payments

	2020	2019
	\$'000	\$'000
Aggregate performance bonuses paid	711	703
Total salaries paid (employees receiving a performance payment)	13,321	11,820
Number of employees who received a performance payment	99	99

(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 for the 2019/20 year.

Other employees

Other employees are either covered by a common law contract or covered by an enterprise agreement. Eligible employees' performance pay for the 2019/20 year were based on individual performance.

The Board determined that no performance payments will be paid for the 2019/20 year.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

21. Related party transactions (continued)

Transactions with shareholding Ministers

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

Transactions with entities controlled by other key management personnel

During 2019/20, there were no material transactions between NQBP and entities controlled by either:

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

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

Controlled entities

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

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

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

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

Entities under common control

NQBP has dealt with various other Queensland Government entities in arm's length transactions under normal commercial terms and conditions for various purposes in the ordinary course of business.

Details of balances with QTC and QIC are provided in Notes 8 and 14. QTC borrowings are unsecured.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

21. Related party transactions (continued)

Nature	2020 \$'000	2019 \$'000
Operating Receipts		
Pilotage services fees and premises rent	15,649	15,094
Interest received	548	1,085
Earnings received	-	3,283
Rental Income	130	163
	16,327	19,625
Payments		
Operating Expenses		
Land tax	2,526	2,280
Superannuation contributions	2,555	2,483
Income tax equivalent payments, competitive neutrality fee and rates, research and development concession	12,583	14,879
Consultancy services and interest	6,441	6,120
Surveys, simulator training, contributions to boat launch Weipa	1,149	1,265
Audit fees, environmental permits, utilities, vehicle registrations, WorkCover and sundry items	1,565	1,224
Investment earnings	1,753	-
Capital Expenditure		
Dividend declared	13,950	9,900
	42,522	38,151
Expenses invoiced not yet paid	9	918

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*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report also complies with applicable provisions of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*.

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

22. Summary of significant accounting policies (continued)

i) Basis of preparation (continued)

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.

iv) Critical accounting estimates and judgements

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

22. Summary of significant accounting policies (continued)

iv) Critical accounting estimates and judgements (continued)

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

- Valuation of investment properties and property, plant and equipment - Note 9 and 10 c);
- Provisions - Note 13;
- Depreciation and amortisation - Note 10 a), c);
- Deferred tax assets and liabilities – Note 7 and 12; and
- Impacts of COVID-19 have been considered and contributed to the reduction in our discount rate which increased the fair value, offset by expected flat tonnage growth.

v) New and amended standards adopted

NQBP adopted AASB16 *Leases* using the modified retrospective approach from the 1st July 2019. Details are included in Note 10 a), b).

vi) New and amended standards and interpretations not yet adopted

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

vii) Comparative figures

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

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 2020

In the directors' opinion:

- (a) The financial statements and notes set out on pages 30 to 65 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 2020 and of their performance for the financial year ended on that date; and
 - (iii) complying with International Financial Reporting Standards as issued by the International Accounting Standards Board.
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, including any obligations or liabilities to which the Company and the controlled entities may become subject to by virtue of the Deed of Cross Guarantee, pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*.

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



Brad Fish
Chair
North Queensland Bulk Ports Corporation Limited

25 August 2020

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 2020, 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 2020, 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 Group, 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 2020.</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

Key audit matter	How my audit addressed the key audit matter
	<ul style="list-style-type: none"> Assessing the appropriateness of presentation in the Group's financial statements. <p>My procedures in relation to management's valuation of land and investment properties included:</p> <ul style="list-style-type: none"> Evaluating the independent external valuer's competence, capabilities and objectivity; and Assessing the reasonableness of 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).

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

28 August 2020

Queensland Audit Office
Brisbane

