

STATEMENT OF CORPORATE INTENT 2015 / 2016

Issued 29 May 2015

**FAR NORTH QUEENSLAND PORTS CORPORATION LIMITED
(TRADING AS PORTS NORTH)**

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1. SCOPE / POLICY POSITION

INTRODUCTION

This Statement of Corporate Intent (SCI) for Far North Queensland Ports Corporation Limited, trading as Ports North for the financial year ending 30 June 2016, has been prepared in accordance with the *Government Owned Corporations Act 1993* (GOC Act). This SCI is to be read in conjunction with the Ports North's 2015-20 Corporate Plan.

1.1 MAIN UNDERTAKINGS

Ports North's core business is the following:

- Manage the Port infrastructure and operations at the trading Ports of Cairns, Cape Flattery, Karumba, Mourilyan, Skardon River and Community Ports of Quintell Beach and Thursday Island and the Cityport precinct and oversee non-trading Ports of Cooktown and Burketown;
- Manage operations and develop opportunities for general cargo and other bulk products;
- Develop, manage and lease Strategic Port Land;
- Manage services and functions that support the core business; and
- Facilitate economic development in the region by facilitating trade.

1.2 CORPORATE AND OPERATIONAL PERFORMANCE OUTCOMES

Ports North key corporate objectives for 2015/16 are:

Objective 1 - Identify and develop new trade and business opportunities and grow existing business to provide value to Ports North and its shareholders			
Strategy	KPI	KPI Measure	Target
Strategy 1 Identify and develop trade and business opportunities	Develop and implement Business Development Strategy for individual Ports to increase throughput, better utilise existing assets and grow revenues Grow existing maritime and reef tourism business	Strategy developed and implemented	Strategy developed by November 2015 Milestones implemented in accordance with Strategy
		Maritime revenue growth excluding Karumba	8% by 30 June 2016
		Increased Marina occupancy	67% occupancy by 30 June 2016
		Reef Passenger numbers growth	6% by 30 June 2016
	Work with proponents and regional economic agencies to facilitate new trade and business opportunities	Promotion of Ports North's Ports to potential customers	3 potential customers provided with commercial offers with Port capacity and logistics information
	Target additional cruise shipping visits and home porting opportunities	Cruise Marketing Strategy developed and implemented	Strategy developed by November 2015 Strategy milestone achieved
	Cruise Ship numbers	24 ship visits	
Support the regional economy by facilitating growth in trade and business opportunities in the region	Work with proponents and regional economic agencies to facilitate growth	Ongoing	
	Increase in cargo throughput	4% growth by 30 June 2016 excluding zinc and lead trade at Karumba	
Support the regional economy by supporting the tourism industry through provision of facilities	Work with cruise, reef companies and the regional tourism body to facilitate tourism growth through the Port of Cairns	Ongoing	

Objective 2 - Manage and develop Port property to provide sustainable commercial return to Ports North and its shareholders			
Strategy	KPI	KPI Measure	Target
<i>Strategy 2</i> Develop property plans and delivery strategy to maximise property value and effectively manage property portfolio	Tingira Street and Liberty Street land commercially developed	Land released to market based on the Tingira Street Land Development Plan	2 development sites released to the market subject to market demand
	Statutory review of Regional Ports Land Use Plans	Mourilyan Land Use Plan updated	June 2016
		Karumba Land Use Plan updated	June 2016
	Cityport Masterplan review completed	Thursday Island Land Use Plan updated	June 2016
	Cityport Masterplan review completed	Plan reviewed and endorsement sought from Cairns Regional Council prior to shareholding Ministers approval	June 2016
	No material adverse audit reports on property matters without appropriate Management response	Number of reports	Nil
Objective 3 - Plan, develop and manage Port infrastructure and assets to improve Port efficiency, meet the needs of customers and contribute to sustainable regional development			
Strategy	KPI	KPI Measure	Target
<i>Strategy 3</i> Maintain and operate Port infrastructure considering safety, environment, efficiency and cost effectiveness	Assets maintained in accordance with Maintenance Program	Maintenance regimes in place	Ongoing
	Safety incidences on port facilities	Number of incidences	No incidents or injuries to members of the public due to Ports North's facilities or activities
	Effective operational cost management	Delivery of service levels within budget cost allowances e	Achieve budget
<i>Strategy 4</i> Identify and develop strategic plans and deliver infrastructure projects for future Port developments to meet trade growth in a sustainable manner	New Masterplan developed for Cairns and Mourilyan reflecting the Queensland Ports Strategy and the Queensland Port Masterplanning Guidelines	Masterplan scope defined and consultancy awarded	January 2016
	Capital projects delivered on time and within budget	On time and within budget	The time and budget to be in accordance with SCI and as approved by shareholding Ministers
Objective 4 – Maintain organisational capability and governance system to deliver the business requirements and maintain the organisation's reputation			
Strategy	KPI	KPI Measure	Target
<i>Strategy 5</i> Establish best practice Corporate Governance system including robust risk, business and financial management and reporting systems	Robust Corporate Governance arrangements are in place	No material adverse audit reports without appropriate Management response	Ongoing
	Finance reporting processes developed and implemented	Reporting processes in place	Ongoing
	Comply with Quarterly Report requirements, including key performance indicators	Quarterly Reports issued complete and on time	Quarterly
	Port Pricing Strategy in place	Port Pricing Strategy developed and an implementation program in place	January 2016
	Risk Management System in place with regular review	Risk Management outcomes to be in accordance with requirements of the Audit and Risk Committee and Board	No material adverse audit reports without appropriate management response
	Effective emergency management plans with regular exercise program	Exercise program implemented and undertaken	Annual exercise
	Effective security plans with audits and exercise program	Exercise and audit program implemented	No adverse findings without appropriate Management response
<i>Strategy 6</i> Identify and implement initiatives that promote excellence within environmental management	Minimise environmental impacts through effective environmental management of port operations	Environmental Management System in place and updated	Ongoing
		Environmental incidences	No environmental incidences related to Ports North's activities
	Karumba Lead Contamination Strategy implemented	Strategy implemented	Biannual meetings with MMG and DEHP Reporting regimes maintained

Objective 4 – Maintain organisational capability and governance system to deliver the business requirements and maintain the organisation’s reputation			
Strategy	KPI	KPI Measure	Target
<i>Strategy 7</i> Attract, develop and retain motivated employees	Percent of positions advertised and filled	Percentage	100%
	Employee turnover	Percentage	<15%
	Implementation of Performance and Development Review System	Staff participation in annual reviews	100% staff participation
	Training plans developed for all staff	Percentage training delivered	>80% planned training achieved
	A safe working environment	Level of Lost Time Injuries	Zero Lost Time Injuries
	Implementation of the Safety Management System	Extent of safety policy breaches	Progress is maintained with zero breaches of safety policy
<i>Strategy 8</i> Engage and support stakeholders and communities in which the Ports operate	Customer Engagement Strategy implemented	Strategy implemented	Ongoing
	Community information needs are met through provision of high quality website	High quality website in place with feedback opportunities	Ongoing
	Plans, developments and initiatives are effectively communicated to the Community	Regular events and news items are published	Quarterly
	Active engagement of customers, regional development bodies and potential mining companies	Engagement undertaken	Two major stakeholder engagement events with key industry stakeholders in significant Ports
	Be proactively involved in regional economic forums and Boards	Effective participation in economic forums and Boards	Represented on all key regional economic forums and Boards

PERFORMANCE DRIVERS

The key business drivers and issues that have the potential to impact on performance of the Corporation include:

- The key strategic risks as identified in the Corporate Plan.
- The strength of the Cairns regional economy and tourism market which has a flow on effect on the business performance of the Marina, Reef Fleet, property and petroleum imports. Changes to the regional economy are likely to impact future developments and outer year revenues with lower impact on the 2015/16 year revenues.
- The commodity prices and market conditions of sugar and magnetite which will drive cargo volumes. The price for sugar are likely to impact future volumes due to decisions by growers on planting of sugar. Short term volumes will not be impacted. The price for magnetite will impact decision of the miner to continue with this project in the short and long term.
- Any deterioration of the property market has the potential to impact rentals and future property developments. Changes to the property market are likely to impact future developments and outer year revenues with lower impacts on the 2015/16 year revenues.
- Cairns cruise shipping numbers to the Port of Cairns have declined in recent years with the vessels anchoring at Yorkeys Knob and Port Douglas increasing as vessel sizes are beyond the Cairns Port’s channel capacity and targeting mid-size ships home porting in Cairns.
- Increased environmental activism and its impact on Port dredging. This ongoing issue needs careful management by Ports North, Queensland Ports Association and the State and Federal Governments. Increased regulatory controls and conditions has the potential to delay and add costs.
- Delivering on efficiencies through management of operational expenses including recent restructure of senior Executives.
- Marine Pilots revenues and expenditure are based on projected Pilot numbers, Pilot movements and fee for service arrangements with Government. Any changes to the Government’s fee for service pricing arrangements will impact on the revenues of this business.

- The MMG Century Zinc mine will cease operations and the last exports of zinc and lead through Karumba will be early 2016. The Port Operating Agreement will be suspended until an alternative bulk export commodity is established. During this time the Karumba channel dredging will also be suspended which will progressively impact on cattle exports through Karumba.

External Influences

The key external influences that increase the risk to the organisation include the following:

Reef 2050 Long Term Sustainability Plan includes a number of actions that have the potential to significantly impact on Ports North's business. These actions are proposed to be incorporated into the Sustainable Ports Development Bill 2015. Without appropriate exemptions, the restriction on capital dredging in the Ports of Cairns and Mourilyan will significantly impact on the Ports development capacity and future potential growth. Other actions related to maintenance dredging could potentially have significant impacts on the business.

Risks

The following represents a summary of the Key Strategic Risks for the organisation. Ports North has a comprehensive Risk Management Framework that is overseen by the Board and Audit and Risk Committee which includes mitigation actions to address these risks.

- Staff, Contractor and Public Safety
- Loss of trade volume at any of the company's Ports or economic downturn affects revenue
- Major environmental incident or environmental issue impacts on the company
- Any extreme event that has significant effect on the business
- Inadequate Shareholder and Stakeholder Engagement
- Regulation and Compliance
- Government Review of Government Owned Ports
- Asset Failure
- Failure to Attract and Retain Essential Skills
- Loss of Sea Dumping Dredge Permit

2. MANDATORY MATTERS

In accordance with section 119(3) of the GOC Act, the Board of Ports North undertakes that the financial and non-financial targets in sections 2.1 and 2.2 and the financial statements in section 3.1 will form the basis for assessment of quarterly outcomes as reported to shareholding Ministers. Definitions for the financial and non-financial SCI targets are provided in Attachment 1 and are consistent with the Key Performance Indicator (KPI) definitions included in the Corporate Plan and quarterly reporting templates submitted by Ports North to shareholding Ministers.

2.1 FINANCIAL KEY PERFORMANCE INDICATORS (KPI'S)

In accordance with the above corporate and operational objectives, the Board of Ports North undertakes to achieve at least the following performance targets in 2015/16:

FY2016 Budget Quarter				Financial KPIs	FY2014 Actual	FY2015 Forecast	FY2015 Est. Act	FY2016 Forecast
Sep \$'000	Dec \$'000	Mar \$'000	Jun \$'000					
2,067	4,160	2,911	3,888	Earnings Before Interest and Tax (\$'000)	12,227	11,274	10,264	13,026
3,183	5,281	4,033	5,011	EBITDA (\$'000)	26,753	15,715	17,419	17,508
1,421	2,886	2,012	2,697	Net Profit After Tax (\$'000)	7,443	7,476	6,479	9,016
(2,259)	(797)	(1,686)	(1,030)	Economic Profit (\$'000)	(7,633)	(8,230)	(9,365)	(5,732)
0.68%	1.38%	0.96%	1.28%	Return on Assets	3.95%	3.86%	3.40%	4.28%
0.69%	1.39%	0.98%	1.29%	Return on Operating Assets	4.08%	4.06%	3.42%	4.33%
0.00%	0.00%	0.00%	0.00%	Debt to Debt + Equity	0.00%	0.00%	0.00%	0.00%
0.60%	1.22%	0.85%	1.14%	Return on Equity	3.15%	3.28%	2.75%	3.82%
0%	0%	0%	0%	Interest Cover	0%	0%	0%	0%
3.21	3.42	3.42	3.25	Current Ratio	2.50	2.75	3.22	3.25
539	1,248	1,208	2,024	Capital Expenditure (\$'000)	3,622	5,998	6,887	5,020
100%	100%	100%	100%	Planned Maintenance Performed (%)	95%	100%	100%	100%

EBIT for the years FY2016 and FY2015 has been significantly affected by the expected ending of Zinc export from the Port of Karumba. This is expected to occur in the second half of FY2016. The FY2015 result includes a \$2.596K impairment of Karumba assets (mostly the channel), in FY2016 Karumba maritime revenue drops by \$0.9M. These adjustments are a direct consequence of the ending of Zinc export without any immediate trade replacement.

After excluding the Port of Karumba, Ports North's EBIT in FY2016 is 8.1% up on FY2015 and FY2015 was 4.8% up on FY2014. The key factors behind this improvement in EBIT are price increases (mostly at 5%) slightly above inflation, some modest trade growth and continuing effective control of costs. Whilst there is some increase in maintenance and consultancy costs anticipated in FY2016 this is mostly due to completion of projects deferred in recent periods.

2.2 NON-FINANCIAL KPI'S

In accordance with the above Corporate and Operational Objectives, the Board of Ports North undertakes to achieve the following non-financial performance targets in 2015/16:

FY2016 Budget Quarter				Non Financial KPIs	FY2014 Actual	FY2015 Forecast	FY2015 Est. Act	FY2016 Forecast
Sep	Dec	Mar	Jun					
1,491,714	1,392,223	912,594	831,935	Operational				
493	506	456	482	Trade (tonnes)	4,850,990	4,970,838	5,059,361	4,628,466
24	44	51	28	No. of Vessels to Port (including cruise)	2,082	2,090	1,981	1,937
73%	71%	61%	63%	No. of Cruise Vessels to Port	135	148	134	147
				Marina Berth Occupancy (%)	68%	66%	66%	67%
0	0	0	0	Reputation				
0	0	0	0	No. of Environmental - reportable breaches	8	0	0	0
0	0	0	0	No. of Security issues reported	7	0	3	0
0	0	0	0	Lost Time Injury Frequency Rate (LTIFR)	-	0	10	0
0	0	0	0	Lost Time Injury Duration Rate (LTIDR)	-	0	20	0
15%	15%	15%	15%	Staff Turnover (annualised %)	5%	15%	4%	< 15%
66	66	66	66	No. of Net FTE Staff numbers	65	66	74	74
<10	<10	<10	<10	No. of Community Complaints	8	<10	12	<10
100%	100%	100%	100%	Compliance with Reporting Requirements (%)	100%	100%	100%	100%

The decline in trade volume in FY2016 is due to the expected ending of lead and zinc exports from Karumba in January 2016.

2.3 ASSUMPTIONS

Ports North's undertaking to achieve its performance outcomes is predicated upon the following assumptions:

Assumptions	FY2014 Actual	FY2015 Forecast	FY2015 Est. Act	FY2016 Forecast
Economic Indices				
CPI	3.0%	2.6%	2.6%	2.0%
Wages Growth	4.0%	3.0%	3.0%	3.0%
Interest Rates	n/a	n/a	n/a	n/a
Price Increases				
Maritime Revenue (exc Thursday Island)	5.0%	5.0%	5.0%	5.0%
Maritime Revenue (Thursday Island)	5.0%	5.0%	5.0%	5.0%
Marina Revenue	5.0%	3.0%	5.0%	5.0%
Passenger Levies	5.0%	5.0%	5.0%	5.0%
Electricity Revenue	10.0%	14.0%	14.0%	5.0%
Revenue (\$'000)	53,156	49,649	50,387	50,910
Operating Expenses (\$'000)	40,929	38,375	40,123	37,884
Cairns Activity				
Sugar (Tonnes)	170,717	278,292	300,000	320,000
Molasses (Tonnes)	57,331	49,770	80,000	80,000
Petroleum (Tonnes)	533,152	584,031	584,031	593,103
LPG (Tonnes)	15,912	16,133	16,133	16,455
Fertiliser (Tonnes)	32,746	41,816	41,816	44,748
General Cargo (Tonnes)	232,990	188,061	200,196	207,220
Total Cargo Throughput (Tonnes)	1,042,848	1,158,103	1,222,176	1,261,526
Marlin Marina Passengers (#)	771,438	815,151	815,151	873,657
Marina Average Occupancy (%)	68%	66%	66%	67%
Regional Ports				
Karumba Activity				
Livestock (Tonnes)	4,182	7,600	9,850	9,002
General Cargo (Tonnes)	4,646	2,280	3,780	5,160
Zinc and Lead (Tonnes)	935,293	1,067,355	971,855	382,966
Thursday Island Activity				
General Cargo (Tonnes)	76,962	69,000	81,000	79,812
Mourilyan Activity				
Sugar (Tonnes)	506,133	550,000	538,000	540,000
Molasses (Tonnes)	101,127	76,500	76,500	70,000
Livestock (Tonnes)	698	-	-	-
Woodchip/Timber (Tonnes)	82,956	-	-	-
Minerals (Tonnes)	-	240,000	120,000	300,000
Cape Flattery Activity				
Silica Sand (Tonnes)	2,094,700	1,800,000	2,036,200	1,980,000
Quintell Beach Activity				
General Cargo (Tonnes)	1,445	-	-	-
Total Cargo Throughput (Tonnes)	3,808,142	3,812,735	3,837,185	3,366,940
Total Cargo Throughput (Tonnes)- All Ports	4,850,990	4,970,838	5,059,361	4,628,466

The cargo volumes have been based on discussions with customers. Magnetite exports are forecast to commence in FY2015 through the Port of Mourilyan. Karumba general cargo and livestock are minor volumes that fluctuate from year to year and are difficult to predict.

Zinc and lead export from Karumba is expected to end in January 2016 based on advice from MMG the mine operator.

Mineral export from Mourilyan is anticipated to commence in the final quarter of FY2015 with the volume of magnetite increasing in FY2016 due to having a full year of continuing export but this will be subject to commodity price.

Property rental revenue is based on existing contractual arrangements is not dependent on additional economic growth. A gain of \$2M from increase in investment property values is assumed for FY2016 compared with \$1M assumed in the FY2015 forecast.

In relation to Port Pilotage the FY2015 estimated actual and FY2016 forecast are prepared on the basis that there is no change to the volume of business and the present network pricing arrangements are continued.

2.4 COMMUNITY SERVICE OBLIGATIONS (CSO)

No CSOs have been identified for Ports North in 2015/16.

2.5 EMPLOYMENT AND INDUSTRIAL RELATIONS (E&IR) PLAN

An E&IR Plan meeting the requirements of Section 149 of the GOC Act is provided to shareholding Ministers as Attachment 2 to this SCI.

3. ADDITIONAL MATTERS

3.1 FINANCIALS

3.1.1 Group

STATEMENT OF COMPREHENSIVE INCOME (CONSOLIDATED)

FY2016 Budget Quarter					FY2014	FY2015	FY2015	FY2016
Sep	Dec	Mar	Jun		Actual	Budget	Est. Act.	Forecast
\$'000	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000
5,030	4,795	3,300	3,084	Maritime ⁽¹⁾	14,212	15,356	15,730	16,209
1,021	971	763	889	Marina ⁽²⁾	3,091	3,134	3,262	3,644
362	358	337	304	Passenger Levies ⁽¹⁾	1,049	1,193	1,193	1,361
2,713	2,746	2,739	2,752	Property Rentals ⁽³⁾	9,721	10,307	10,379	10,950
1,158	1,158	1,158	1,158	Electricity Recoverable ⁽¹⁾	4,111	4,543	4,319	4,632
1,002	567	2	2	Dredging Recoverable ⁽⁴⁾	1,265	3,766	3,414	1,573
2,137	2,019	2,056	1,875	Pilotage ⁽¹⁾	5,369	7,623	7,932	8,087
-	-	-	2,000	Investment Property Revaluation ⁽⁵⁾	8,049	1,000	1,000	2,000
650	643	598	563	Other Revenue ⁽⁶⁾	6,289	2,727	3,158	2,454
14,072	13,257	10,953	12,628	Total Revenue	53,156	49,649	50,387	50,910
2,927	3,158	2,918	2,964	Labour ⁽⁷⁾	9,115	11,064	11,189	11,967
782	812	806	775	Energy & Land Rates	2,883	3,040	3,019	3,175
41	40	42	44	Marketing & Business Development	128	152	162	167
3,772	1,757	1,047	1,806	Maintenance, Stores & Materials ⁽¹¹⁾	6,079	7,556	7,211	8,382
1,316	1,194	1,002	1,007	Administration & Consultants ⁽¹¹⁾	3,149	4,177	4,040	4,519
1,116	1,121	1,122	1,123	Depreciation	4,598	4,441	4,559	4,482
-	-	-	-	Impairment ⁽⁸⁾	-	-	2,596	-
-	-	-	-	Write down of PPE ⁽⁹⁾	773	-	-	-
-	-	-	-	Write down of Investment Property ⁽⁹⁾	9,155	-	-	-
2,051	1,015	1,105	1,021	Recoverables / Other Expenses ⁽¹⁰⁾	5,049	7,945	7,347	5,192
12,005	9,097	8,042	8,740	Total Expenses	40,929	38,375	40,123	37,884
2,067	4,160	2,910	3,888	Earnings Before Interest & Tax	12,227	11,274	10,264	13,026
-	-	-	-	Interest	-	-	-	-
2,067	4,160	2,910	3,888	Net Profit Before Tax	12,227	11,274	10,264	13,026
646	1,274	899	1,191	Income Tax	4,784	3,798	3,785	4,010
1,421	2,886	2,012	2,697	Net Profit after Tax	7,443	7,476	6,479	9,016

(1) Revenue growth is explained by a combination of price increases, tonnage growth and other comments contained in Section 2.3 Assumptions.

(2) Marina Revenue increase in FY2015 due to Super Yacht growth. In FY2016, increase mostly due to growth in usage by reef trip vessels.

(3) Property growth mostly due to rental of Mourilyan minerals site.

(4) Dredging recoverable reduces in FY2016 due to the reduced program in Karumba associated with the ending of Zinc export in FY2016.

(5) The \$8M income in FY2014 resulted from the independent revaluation of Investment Property that occurred that year.

(6) Other Revenue includes interest revenue, security charges, grant revenue and upward movement to FY2014 in relation to assets other than Investment Property.

(7) FY2015 increase due to full year effect of taking on Marine Pilotage in FY2014.

(8) Expected writedown of Karumba Channel due to the likely ending of Zinc exports in FY2016.

(9) These changes arose from the revaluation of assets as 30 June 2014.

(10) Recoverables and Other Expenses include electricity cost of sales, dredging recoverable and other expenses. Decrease in FY2016 Forecast is in relation to recoverable dredging in Karumba and contractor services for Pilotage business area.

(11) Maintenance and Consultancy costs increase in FY2016 due to a combination of the inclusion of activity deferred from previous years and long term maintenance strategy.

STATEMENT OF FINANCIAL POSITION (CONSOLIDATED)

FY2016 Budget YTD					FY2014	FY2015	FY2015	FY2016
Sep	Dec	Mar	Jun		Actual	Budget	Est. Act.	Forecast
\$'000	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000
				Current Assets				
36,955	37,280	38,273	40,113	Cash assets ⁽⁶⁾	36,940	32,080	36,790	40,113
6,836	6,562	6,248	6,199	Receivables	6,970	6,505	6,392	6,199
35	35	35	35	Inventories	34	24	34	35
1,388	1,009	1,138	345	Other Current Assets	310	277	302	345
45,214	44,886	45,694	46,692		44,254	38,886	43,518	46,692
				Non-Current Assets				
110,692	110,356	109,752	109,353	Property, Plant & Equipment ⁽²⁾	114,511	102,064	111,558	109,353
145,736	146,198	146,888	150,188	Investment Property ⁽³⁾	143,386	150,870	145,446	150,188
-	-	-	-	Receivables	-	-	-	-
967	983	978	1,014	Deferred Tax Assets ⁽¹⁾	998	876	988	1,014
-	-	-	-	Other Assets	-	-	-	-
257,395	257,537	257,618	260,555		258,894	253,810	257,992	260,555
302,609	302,423	303,312	307,247	Total Assets	303,148	292,696	301,510	307,247
				Current Liabilities				
2,264	2,750	1,853	2,279	Payables	2,735	2,485	2,160	2,279
-	-	-	-	Current Interest Bearing Liabilities	-	-	-	-
1,098	826	693	478	Current Tax Liabilities ⁽⁴⁾	2,123	671	1,334	478
8,629	7,277	8,734	9,225	Current Provisions ⁽⁵⁾	10,552	8,836	7,781	9,225
2,088	2,256	2,078	2,392	Other Current Liabilities	2,259	2,128	2,259	2,392
14,079	13,109	13,358	14,374		17,669	14,120	13,534	14,374
				Non-Current Liabilities				
-	-	-	-	Non-Current Interest Bearing Liabilities	-	-	-	-
27,955	27,950	27,947	28,540	Deferred Tax Liabilities ⁽¹⁾	28,455	24,982	27,952	28,540
779	779	779	802	Non Current Provisions	750	646	748	802
28,734	28,729	28,726	29,342		29,205	25,628	28,700	29,342
42,813	41,838	42,084	43,716	Total Liabilities	46,874	39,748	42,234	43,716
259,796	260,585	261,228	263,531	Net Assets	256,274	252,948	259,276	263,531
				Equity				
187,178	187,178	187,178	187,178	Contributed Equity	187,178	187,178	187,178	187,178
48,772	48,772	48,772	48,772	Reserves	48,772	40,701	48,772	48,772
23,326	23,326	23,326	23,326	Opening Retained Profits	19,291	22,152	20,324	23,326
520	1,309	1,952	4,255	Current Year Result	1,033	2,917	3,002	4,255
259,796	260,585	261,228	263,531	Shareholder's Equity	256,274	252,948	259,276	263,531

(1) In the FY2014 Annual Report Deferred Tax Assets of \$0.998M have been offset against Deferred Tax Liabilities of \$28.455M giving final balance of \$27.458M.

(2) Increase in FY2015 Est. Act. due to reversal of impairment and valuation movements at 30 June 2014. Other movements mostly due to capital works program.

(3) Increase in FY2016 includes \$2M gain with the remaining increase being due to capital works program.

(4) Increase in FY2015 Est. Act. To FY2015 Forecast is due to increased EIS funding and EBIT. Decrease to FY2016 due to increased quarterly instalments and no EIS funding in this year.

(5) Movements in Provisions relate primarily to movements in Dividends.

(6) Increase in cash balance is due to a combination of improved trading performance and lower capital activity in FY2015 and FY2016 relative to other years.

STATEMENT OF CASH FLOWS (CONSOLIDATED)

FY2016 Budget YTD					FY2014	FY2015	FY2015	FY2016
Sep	Dec	Mar	Jun		Actual	Budget	Estd Act	Forecast
\$'000	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000
				Cash Flows From Operating Activities				
13,373	12,984	10,836	10,674	Receipts From Customers ⁽¹⁾	41,234	46,682	47,232	47,867
(11,947)	(7,093)	(7,985)	(6,264)	Payments to Suppliers and Employees ⁽¹⁾	(25,453)	(33,740)	(33,380)	(33,289)
297	468	291	300	Interest Received	1,528	1,150	1,533	1,356
-	-	-	-	Dividends Received	-	-	-	-
-	-	-	-	Interest and Other Finance Costs Paid	-	-	-	-
-	-	-	-	Grants Received	-	-	-	-
595	780	409	610	GST Received From ATO	1,824	2,574	2,536	2,394
(1,328)	(1,350)	(1,119)	(1,030)	GST Paid to ATO	(4,559)	(4,910)	(4,923)	(4,827)
1,357	1,295	1,066	1,033	GST Received From Customers	4,515	4,879	4,978	4,751
(788)	(533)	(447)	(594)	GST Paid to Suppliers	(1,818)	(2,606)	(2,612)	(2,362)
1,559	6,551	3,051	4,729	Net Cash Flows From Operating Activities	17,271	14,029	15,364	15,890
				Cash Flows From Investing Activities				
-	-	-	-	Proceeds From Sale of Shares	-	-	-	-
-	-	-	-	Proceeds From Sale of PPE and Investment Property ⁽²⁾	34	-	36	-
(535)	(1,185)	(1,028)	(2,037)	Payments for PPE and Investment Property ⁽⁴⁾	(3,608)	(5,879)	(6,917)	(4,785)
(535)	(1,185)	(1,028)	(2,037)	Net Cash Flows From Investing Activities	(3,574)	(5,879)	(6,881)	(4,785)
				Cash Flows From Financing Activities				
-	-	-	-	Repayment of Borrowings	-	-	-	-
-	-	-	-	Proceeds from Borrowings	-	-	-	-
-	-	-	-	Net Cash Flows From Financing Activities	-	-	-	-
				Cash Flows From Government				
-	-	-	-	Proceeds From Share Issue	-	-	-	-
-	-	-	-	Share Buyback ⁽³⁾	(31,000)	-	-	-
-	-	-	-	Government Grant - EIS	4,960	1,594	2,844	-
(859)	(3,477)	(1,029)	(850)	Dividend Paid	(5,154)	(4,261)	(6,410)	(3,477)
(859)	(1,567)	(1,029)	(850)	Income Tax (Equivalent) Paid	(3,937)	(5,365)	(5,067)	(4,305)
(859)	(5,044)	(1,029)	(850)	Net Cash Flows From Government	(35,131)	(8,032)	(8,633)	(7,782)
165	322	994	1,842	Net Increase/(Decrease) in Cash Held	(21,434)	118	(150)	3,323
36,790	36,955	37,277	38,271	Cash at the Beginning of the Year	58,374	31,962	36,940	36,790
36,955	37,277	38,271	40,113	Cash at the End of the Year	36,940	32,080	36,790	40,113

(1) Large increases in FY2015 due to the full year effect of taking on Marine Pilotage in FY2014.

(2) FY2014 and FY2015 Est. Act. includes sale of motor vehicles and minor computer equipment.

(3) Equity Withdrawal in relation to Cairns Entertainment Precinct.

(4) This line shows the actual cash payments made for capital projects in each year. The amounts vary from year to year in line with the volume of capital activity and the timing of milestone payments. The above figures differ from the amounts shown in 3.3 on page 12 because of the timing of accruals and the fact that the cash payments include payments relating to activity budgeted and carried out in FY2014 but paid for in FY2015. Other years similarly affected.

	FY2014	FY2015	FY2015	FY2016
	Actual	Budget	Est. Act.	Forecast
	\$'000	\$'000	\$'000	\$'000
Equity Injections/Withdrawals				
Equity Injections	2,105	-	-	-
Equity withdrawals	(31,000)	-	-	-
Net Equity	(28,895)	-	-	-

	FY2014	FY2015	FY2015	FY2016
	Actual	Budget	Est. Act.	Forecast
	\$'000	\$'000	\$'000	\$'000
Dividends, Tax Equivalent Payments (TEPs) and Community Service Obligation (CSOs)				
Dividends provided ⁽¹⁾	6,410	4,559	3,477	4,761
Income Tax Expense/(Benefit)	4,784	3,798	3,785	4,010
CSO Receipts	-	-	-	-

(1) Dividends provided are calculated in accordance with the Ports North Dividend Policy - refer Section 3.6

3.2 MAJOR UNDERTAKINGS AND BUSINESS

There are no plans for significant disposals or acquisitions of assets during 2015/16.

3.3 CAPITAL EXPENDITURE PROGRAM

Asset	Budgeted Total Cost \$'000	FY2015 Est. Act \$'000	2016 Forecast \$'000	Expected Completion Date
Assets Under Construction				
Shareholding Minister approved				
C5 - Foreshore Development	22,092	-	1,640	FY2016
C14 - Cityport Commercial allowance	3,870	300	200	FY2020
SM1 - Cairns Shipping Development Project EIS Approvals	5,350	1,626	-	FY2015
Subtotal		1,926	1,840	
Capital expenditure yet to be approved				
S3 - Tingira Street Development	32,521	280	703	FY2021
SP3 - Tingira Street Warehouse	2,370	120	250	FY2017
S7 - General Cargo Consolidation	12,800		450	FY2018
C6 - Site Decontamination	1,600	400	-	FY2017
S12/M2 - Lease Acquisitions ⁽¹⁾	625	375	250	FY2016
T5/T6 - Horn Island Cargo Wharf & Access Road	1,700		-	FY2019
M3 - Mourilyan Land Development	5,215	2,381	1,100	FY2017
Minor Capital Works	Ongoing	1,405	427	FY2016
Subtotal		4,961	3,180	
TOTAL		6,887	5,020	

(1) This funding enables acquisition of leases to occur when an opportunity arises and the acquisition adds value to the company's existing assets.

3.4 MAJOR INITIATIVES BEING UNDERTAKEN BY PORTS NORTH

A summary of the Major Initiatives are:

- The Cityport Masterplan Review.
- Seeking expanded trade opportunities out of Cairns and Mourilyan. Examine infrastructure requirements to meet additional trade needs.
- Explore long term development options for the Port of Karumba and close down of the Port considering the closure of the MMG Century export facility.
- Commence the Cairns and Mourilyan Masterplans.

3.5 SPONSORSHIP, ADVERTISING, CORPORATE ENTERTAINMENT, DONATIONS AND OTHER ARRANGEMENTS

Consistent with Government issued *Corporate Entertainment and Hospitality Guidelines 2008* and Ports North's Corporate Entertainment and Hospitality Policy, Ports North has budgeted the following total amounts for Sponsorship, Advertising, Corporate Entertainment, Donations and Other Arrangements for 2015/16. Full details of the budgeted expenditure are provided in Attachment 3 to the SCI.

Total for ALL Expenditure Items (over and under \$5,000)

Activity	2014/15 Budget \$'000	2014/15 Est Actuals \$'000	2015/16 Budget \$'000
Sponsorship	40.8	40.8	42.5
Advertising	5.4	5.4	6.0
Corporate Entertainment	17.1	17.1	15.2
Donations	0.0	0.0	0.0
Strategic Community and Stakeholder Engagement Activities ⁽¹⁾	106.9	106.9	138.4
Total	170.2	170.2	202.1

(1) Increase in 2015/16 budget is due to a \$25,000 increase in Advance Cairns estimate and \$9,500 increase in items below \$5,000.

3.6 OTHER

3.6.1 Prudential Financial Information

The Board will ensure Ports North takes full responsibility to ensure that prudent financial practices will be applied both within the corporation and within its subsidiaries (whether fully controlled or otherwise). Without limiting the obligations imposed on the Board and the Chief Executive Officer by the GOC Act and, where applicable, the *Corporations Act 2001* (Cth), this includes a commitment to:

- abide by the *Code of Practice for Government Owned Corporations' Financial Arrangements* (Code of Practice), as issued by the Queensland Government; and
- establish, maintain and implement appropriate financial risk management practices and policies required and as specified in the Code of Practice.

The Board of Ports North and its subsidiaries will comply with all relevant Government Policies and Guidelines as advised by shareholding Ministers from time to time. In particular, Ports North and its subsidiaries will comply with the approval, notification, reporting and other requirements of those Policies and guidelines. The thresholds for Corporations to notify and seek approvals of investments is set at \$1M and \$3M respectively for the 2015/16 year.

Ports North will retain a Risk Management Framework which is designed to ensure that all potential financial, operational and other risks are regularly identified, assessed, monitored and reported to the Audit and Risk Committee and the Ports North Board.

3.6.2 Dividend Policy and Payment

Ports North's Policy is to recommend and pay a dividend amount equivalent to 80% (or the percentage approved by shareholding Ministers, if different) of Ports North's adjusted consolidated profit for 2015/16. The adjusted profit is defined as the total of the income less expenses (including income tax equivalent expense), excluding the components of other comprehensive income, adjusted for material non-cash items including any associated tax credit or expense and excluding the profits from Community Ports.

	Plan FY2016 \$'000
Net Profit after Tax	9,016
Less: Increase in the Value of Investment Property	(2,000)
Add: Write down of Investment Property	-
Less: Community Ports Net Profit after Tax	(1,065)
Adjusted Net Profit for Dividend Calculations	<u>5,951</u>
Dividend Payable at 80%	<u>4,761</u>

3.6.3 Government Policies

Ports North will comply with all relevant Government Policies and Guidelines as advised by shareholding Ministers from time to time.

Performance Agreement

DIRECTORS' STATEMENT AND AGREEMENT OF SHAREHOLDING MINISTERS

This SCI and all attachments, for the financial year 2015/16, are presented in accordance with Chapter 3, Part 8 of the *Government Owned Corporations Act 1993* (GOC Act).

In accordance with Chapter 1, Part 3, Section 7 of the GOC Act, the SCI represents a formal performance agreement between the Board of Ports North and its shareholding Ministers, with respect to the financial and non-financial performance targets specified for the financial year. The SCI also represents an acknowledgement of an agreement to major activities, objectives, undertakings, policies, investments and borrowings of Ports North for 2015/16.

This SCI is consistent with Ports North's 2015 to 2020 Corporate Plan submitted to, and agreed to by, shareholding Ministers in accordance with Chapter 3, Part 7 of the GOC Act.

In signing the document the Board of Ports North undertakes to ensure that the document, and all reports to shareholding Ministers, are prepared with accuracy and timeliness.

In signing this document Ports North's Board undertakes to achieve the targets proposed in the SCI for 2015/16.

Major changes to key assumptions and outcomes detailed in this SCI, and which come to the Board's attention during the year, will be brought to the attention of shareholding Ministers. Any modifications to this SCI will be dealt with in accordance with the GOC Act.

This SCI is signed by the Chairman on behalf of all the Directors in accordance with a unanimous decision of the Board of Ports North:

Brett Moller (Chairman)

/ /2015

/ /2015

/ /2015

The Hon Curtis Pitt MP
Treasurer, Minister for Employment and Industrial
Relations and Minister for Aboriginal and Torres Strait
Islander Partnerships

The Hon Mark Bailey MP
Minister for Main Roads, Road Safety and Ports
and Minister for Energy and Water Supply

Attachment 1

List of financial and non-financial target definitions



DEFINITIONS

KPI	Use	Definition
Capital Expenditure	Measures spending on capital projects	Amount incurred by Ports North on capital projects to the end of the reporting period.
Compliance with Reporting Deadlines	Indicates performance of Ports North regarding reporting requirements	Compliance with Statutory Reporting Timeframes and Data Submission and Reporting Requirements in Treasury Financial Circulars (%). For clarity, Number of deadlines complied with / Total number of deadlines.
Current Ratio	Indicates ability of Ports North to meet debts as they fall due.	Current assets / current liabilities.
Customer Satisfaction Index (%)	Indicates level of customer satisfaction with Ports North	Overall percentage satisfaction with port services based on an annual survey of key customers and stakeholders. <i>Note: to be reported annually.</i> [OGOC / QT to confirm requirement on ports to complete these surveys.]
Debt to Debt + Equity Ratio	Measures financial leverage	Debt divided by the total of debt and equity (using balances current as at the end of the reporting period).
EBIT		Group Earnings Before Interest and Tax
EBITDA		Group Earnings Before Interest, Tax, Depreciation and Amortisation. Measures the group earnings in terms of cash-related items only.
Economic Profit	Measures financial performance based on residual value created after deducting cost of capital (i.e. minimum expected rate of return)	Financial performance of the company based on residual wealth calculated by deducting the cost of capital from its operating profit. Measured by EBIT- Notional tax expense - (Capital Invested*Cost of Capital) where Capital Invested = Total Assets - non interest bearing liabilities and Notional tax expense = EBIT * 30%. Note the cost of capital is a post tax WACC.
Environmental – Reportable Environmental Protection Act (EPA) breaches (#)	Measures environmental performance of Port. Qualitative information on response to breaches to be included in quarterly report	Number of reportable breaches of the <i>Environmental Protection Act (1994)</i> .
Interest Cover	Measures ability to service debt	Earnings before Interest and Tax (<i>but after any abnormal or extraordinary items</i>) divided by interest cost (for clarity - includes capitalised interest, but excludes finance charges)
Lost Time Injury Duration Rate (LTIDR)	Indicates average duration of injuries	Total days of lost time for injury and disease for every million hours worked. Calculated as number of working days lost to injuries X 1,000,000/ number of injury occurrences. Calculated for employees and contractors directly employed by the Port (ie this excludes services sub-contracted to external service providers eg. port security)
Lost Time Injury Frequency Rate (LTIFR)	Indicates average frequency of injuries	The number of lost time occurrences of injury or disease for every million hours worked. Calculated as number of lost time injury occurrences X 1,000,000/ employee hours. Calculated for employees and contractors directly employed by the Port (ie this excludes services sub-contracted to external service providers eg. port security)

KPI	Use	Definition
Marina Berth Occupancy Rate	Indicates the level of occupancy of marina berths	Measures Ports North's marina occupancy. Measured as $\frac{\sum \text{number berth occupied or leased days in the period}}{\text{number of available berths} * \text{days in the period}}$
Net FTE staff numbers	Measures number of FTEs employed by Ports North	Measures Ports North's efforts at hiring and maintaining the budgeted staff numbers as set in the Establishment Plan. Reported as net number of staff full time equivalents employed by Ports North at the end of the period.
Number of Security Issues Reported	Measures security issues. Qualitative report on serious security threats or breaches to be incorporated into quarterly report	Number of security events as defined in the <i>Maritime Transport and Offshore Facilities Security Act 2003 (Cth)</i> reported during the period.
NPAT	Measures profitability	Group Net Profit After Tax.
Planned Maintenance Performed (%)	Measures the performance of maintenance tasks planned. To be considered with qualitative reporting in the quarterly report	Total number of planned maintenance activities weighted by cost completed / scheduled maintenance activities for the period weighted by cost. Expressed as a percentage. Calculated as: $\left[\frac{\sum \text{maintenance completed} * \text{budgeted cost of maintenance activities completed}}{\sum \text{maintenance planned} * \text{budgeted cost of maintenance planned}} \right]$
Return on Equity		Group Operating Profit after tax (<i>but before any abnormal or extraordinary items</i>) divided by the average contributed equity plus asset revaluation reserve.
Return on Assets	Measures return generated on asset base. Measures affected by asset revaluations, asset age, legacy agreements	Group Operating Profit before Interest and tax (<i>but after any abnormal or extraordinary items</i>), divided by the total average assets.
Return on Operating Assets	Measures return on operating assets of the entity	Group Earnings before Interest and Tax (<i>but after any abnormal or extraordinary items</i>), less income from investments, divided average of group operating assets (for clarity this excludes legacy assets and less assets under construction but includes strategic port land)
Staff Turnover	Indicator of loss of human capital to the entity	The annualised number of staff leaving the GOC in the period divided by the total number of full time equivalent staff at the end of the period.
Trade	Measures the volumes that are moving through the port	Total trade of both inbound and outbound during the period. To be presented separately for bulk: tonnes, Container: Tonne Equivalent Units (TEUs), Cars: units.
Vessels to Port	Measures vessel traffic through the port	Number of commercial vessels that berth at the port for the purpose of loading or unloading during the period.

Attachment 2

Employment and Industrial Relations Plan



SHAREHOLDER INFORMATION

1. Employment and Industrial Relations Direction

Ports North is committed to being an employer of choice with a work environment that attracts, develops and retains motivated, capable people who can deliver on the business objectives.

Ports North recognises the need to have plans and systems in place that support this commitment and minimise risks associated with employment related issues in the workplace. To assist in this area a Human Resources Management Plan is developed annually based on the model below, with strategies and key performance indicators aimed at achieving positive outcomes for the business and its employees.

Ports North's Board of Directors have a Human Resources Committee which monitors the implementation of the Human Resources Management Plan and discusses the development of policies, procedures and systems consistent with this Plan.



2. Significant and Emerging Issues

Retaining and developing the necessary skills required in the organisation continues to be a key focus for Ports North. While the organisation's activities are diverse and span a large geographic area, the workforce is small. As a result, there is a need for many of the positions, in particular Management roles, to be multi-skilled. This requirement can prove difficult in recruiting suitable candidates, therefore, it will be necessary for the organisation to continue with its succession planning and training and development programs to up-skill and develop existing employees.

A further challenge for the organisation is retaining appropriately qualified Marine Pilots. The labour market for Marine Pilots is unique and global with suitably qualified Pilots commanding high levels of remuneration. Retention is a challenge for the organisation with the risk of Pilots moving to higher paying private Ports and the significant cost and time involved in training Pilots before they are fully skilled and approved for all vessel sizes and individual Ports. A further complexity in recruiting Marine Pilots is that they may be approved for the Port/country they are coming from but they still require training approval for any new Port.

3. Senior Executive Remuneration (1 January 2015)

<i>CEO / Senior Executives</i>	<i>Base Salary</i> ¹	<i>Employer Superannuation Contribution</i> ²	<i>Total Fixed Remuneration</i> ³	<i>Performance Payment Made</i> ⁴
Mr Chris Boland Chief Executive Officer	275,440	34,463	309,903	35,781
Mr Michael Colleton General Manager Commercial	203,576	25,955	229,531	26,269
Mr Alan Vico General Manager Planning and Projects	184,257	23,492	207,749	23,439
Ms Kerry Egerton General Manager Corporate Services	177,639	22,649	200,288	22,593
Mr Nick Good Chief Financial Officer	170,053	16,581	186,634	20,888

- Notes:
1. Includes salary sacrifice items plus cash salary.
 2. Employer contributions to superannuation (other than by salary sacrifice).
 3. Sum of Columns 1 and 2.
 4. This is the actual payment made in the year immediately preceding the Plan year relating to performance in the financial year two years prior to the Plan period.

4. Employment Conditions

Ports North's main industrial instruments are its Enterprise Agreements (Ports North Administrative and Technical Enterprise Agreement 2014, Ports North Operations and Maintenance Enterprise Agreement 2014 and Ports North Marine Pilots Enterprise Agreement 2014). Employment conditions included in the Agreements are summarised in the table below.

Award/Agreement	Conditions	Employees	Expiry Date
Ports North Administrative and Technical Enterprise Agreement 2014	<ul style="list-style-type: none"> • 36.25 hrs/week • 5 weeks annual leave • 15 days sick leave • 13 wks after 10 yrs long service leave • Overtime / Time off in Lieu • Aggregated salary arrangement 	29 Employees <ul style="list-style-type: none"> • Administration • Clerical 	30 June 2017
Ports North Operations and Maintenance Enterprise Agreement 2014	<ul style="list-style-type: none"> • 38 hrs/week • 5 weeks annual leave/6 weeks for shift worker • 15 days sick leave • 13 wks after 10 yrs long service leave • Overtime / Time of in Lieu • Aggregated salary arrangement 	23 Employees <ul style="list-style-type: none"> • Tradesperson • Seaport Officers • Labourers • Plant Operators 	30 June 2017
Ports North Marine Pilots Enterprise Agreement 2014	<ul style="list-style-type: none"> • 24 hr x 7 day/week roster • 5 weeks annual leave • 10 days sick leave • 13 wks after 10 yrs long service leave • Medical Reimbursement Scheme • Gym membership reimbursement • Paid public holidays (11 pa) • Paid days off in lieu 	12 Employees <ul style="list-style-type: none"> • Marine Pilots 	31 October 2017

In respect of the Ports North Administrative and Technical Enterprise Agreement and Ports North Operations and Maintenance Enterprise Agreement, the Port Authority Award 2010 would have application but for the operation of the organisation's Agreements, and is utilised for the "better off overall test" for the Agreements under the *Fair Work Act 2009*.

In addition to the employees covered by the Enterprise Agreements, Ports North has six employees engaged on Employment Contracts and, at the time of developing this Plan, are planning to employ a further four employees in April 2015 directly under the Port Authority Award 2010.

This is a result of Ports North moving the Port of Weipa Pilot Transfer Service from an external third party to an internal arrangement. This will involve Ports North employing four staff directly. The organisation does not currently employ people in similar positions, therefore, the existing Enterprise Agreement does not provide for the type of work arrangement and hours required to undertake the work in Weipa.

On that basis, the organisation will employ the four staff under the Port Authority Award 2010 which does provide for flexibility in relation to arrangements for when work is performed.

Ports North will look to include this classification of employee when the Enterprise Agreement is next negotiated in 2017.

4. Enterprise Bargaining

Ports North's Enterprise Agreements were successfully negotiated in 2014 and are due to expire in 2017.

Implementation of the Agreements and achieving the identified productivity savings will be a key focus for the organisation over the next two to three years. Ports North has had productivity initiatives in place for a number of years and the organisation continually reviews business efficiencies and makes appropriate adjustments accordingly.

This has already led to a significant reduction in employee numbers and costs and Ports North will implement further productivity initiatives, organisational improvements and changes to business practices and operations during the life of the new Agreements that deliver benefits to the organisation.

5. Workforce Planning

Ports North's has a workforce of approximately 70 positions. Employment policies are underpinned by a clear recognition of the need for a skilled and viable workforce which takes into account the need for ongoing renewal and appropriate training to ensure there is sufficient capacity within the organisation to replace retiring or departing employees. Ports North has limited opportunities for apprentices and trainees due to the size and composition of the workforce. Below is a summary of the workforce by employment category.

<i>Employment Category</i>	<i>30 January 2015</i>
Permanent Full Time	59
Permanent Part-time	4
Temporary Part-time	1
Other Contract	1
Senior Executive Contract	5
Total Directly Employed Workforce	70

6. Workplace Health & Safety

All employees are responsible for safety in the workplace, however, the Board and Management are ultimately accountable for ensuring that risk of injury in Ports North workplaces is controlled. The effectiveness of Ports North's Safety Management Framework and associated systems are under continuous review by Management and the Safety Committee. The Framework is reviewed and approved by the Board annually.

7. Equal Employment Opportunity and Anti-Discrimination

Under section 148 of the GOC Act, Ports North is a relevant Equal Employment Opportunity (EEO) agency for the *Public Service Act 2008*, Chapter 2. In accordance with section 31 of the *Public Service Act 2008*, Ports North provides the Public Service Commissioner with a report about the outcome of actions required under section 30 of the *Public Service Act 2008* during the financial year.

8. Job Security

Ports North's direct employed workforce is small and relatively static. This is not expected to change significantly over the next few years as business growth remains steady.

Should business requirements change and the organisation requires greater flexibility in order to achieve its goals and objectives, Ports North does provide the following redundancy provisions:

- Notice period for ordinary termination as outlined in the Enterprise Agreement.
- 4 weeks' severance pay for more than one year of continuous service (but less than two).
- 3 weeks' pay pro-rata for every additional year of continuous service cumulative to a maximum of 52 weeks.
- Pro-rata long service leave.
- Outplacement and financial advice support.

9. Superannuation

Ports North is prescribed by regulation to remit employer superannuation contributions to QSuper Limited. The terms of the Ports North Enterprise Agreements confirm that QSuper arrangement. Accordingly, Ports North does not offer further Choice of Fund to employees.

10. Consultation and Reporting

Ports North has undertaken consultation on this Plan with Queensland Treasury and with the Office of Industrial Relations and has consulted with relevant industrial organisations as part of the Enterprise Bargaining process.

Attachment 3

Sponsorship, Advertising, Corporate Entertainment, Donations and Other Arrangements

The following Tables provide a breakdown on planned expenditure FY2016 and comparison with budget and estimated actual expenditure FY2015, including details of specific activities above \$5K and a summary of Corporate Entertainment activities below \$5K.

TABLE 1: Sponsorship, Advertising, Corporate Entertainment, Donations and Other Activities
Details of Individual Expenditure Items

Activity	Description / Benefit	2015 Forecast \$'000	2015 Estimated Actual \$'000	2016 Forecast \$'000	Quarter 2015/16 \$'000				2015/16 Per Head Budget \$'000
					Sept	Dec	Mar	Jun	
SPONSORSHIP									
Individual entity over \$5,000	Cairns Indigenous Art Fair	10	10	10	0	0	0	10	
Total over \$5,000		10	10	10	0	0	0	10	
Other (total) below \$5,000		30.8	30.8	32.5	14.5	6.0	6.0	6.0	
TOTAL (1)		40.8	40.8	42.5	14.5	6.0	6.0	16.0	
ADVERTISING									
Total over \$5,000		0	0	0	0	0	0	0	
Other (total) below \$5,000		5.4	5.4	6.0	1.5	1.5	1.5	1.5	
TOTAL (2)		5.4	5.4	6.0	1.5	1.5	1.5	1.5	
CORPORATE ENTERTAINMENT									
Total over \$5,000		0	0	0	0	0	0	0	
Other (total) below \$5,000		17.1	17.1	15.2	3.3	6.8	2.55	2.55	
TOTAL (3)		17.1	17.1	15.2	3.3	6.8	2.55	2.55	
DONATIONS									
Total over \$5,000		0	0	0	0	0	0	0	
Other (total) below \$5,000		0	0	0	0	0	0	0	
TOTAL (4)		0	0	0	0	0	0	0	

.....continued

Activity	Description / Benefit	2015 Forecast \$'000	2015 Estimated Actual \$'000	2016 Forecast \$'000	Quarter 2015/16 \$'000				2015/16 Per Head Budget \$'000
					Sept	Dec	Mar	Jun	
STRATEGIC COMMUNITY AND STAKEHOLDER ENGAGEMENT ACTIVITIES									
Membership over \$5,000	Advance Cairns	20	20	45	11.25	11.25	11.25	11.25	
Membership over \$5,000	TTNQ	17	17	18	18	0	0	0	
Membership over \$5,000	Ports Australia	27	27	23	23	0	0	0	
Membership over \$5,000	Queensland Ports Association	9	9	9	0	9	0	0	
Membership over \$5,000	Cruise Downunder	6.5	6.5	6.5	0	0	0	6.5	
Membership over \$5,000	Gulf Savannah	15	15	15	15	0	0	0	
Total over \$5,000		94.5	94.5	116.5	67.25	20.25	11.25	17.75	
Other (total) below \$5,000		12.4	12.4	21.9	1.65	10.6	8.75	0.90	
TOTAL (5)		106.9	106.9	138.4	68.90	30.85	20.0	18.65	
TOTAL (1) + (2) + (3) + (4) + (5)		170.2	170.2	202.1	88.2	45.15	30.05	38.7	

TABLE 2: Corporate Entertainment

Details of Total Forecast Expenditure under \$5,000

Activity	2015 Forecast \$'000	2015 Actuals \$'000	2015/16 No. of Activities	2015/16 Forecast \$'000	Quarter 2015/16 \$'000			
					Sept	Dec	Mar	Jun
Corporate Entertainment Total								
• Staff Functions	7.5	7.5	5	7.5	1.7	5.2	0.9	0.9
• Business Development	3	3	10	3.2	0.65	0.65	0.7	0.7
• Stakeholder and Community Engagement	6.6	6.6	20	4.5	0.95	0.95	0.95	0.95
TOTAL UNDER \$5,000	17.1	17.1	35	15.2	3.3	6.8	2.55	2.55