



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

STATEMENT OF CORPORATE INTENT

2019-20

Prepared by the Directors and management of Ports North for shareholding Ministers

The Honourable Cameron Dick MP
Treasurer, Minister for Infrastructure and Planning

The Honourable Mark Bailey MP
Minister for Main Roads, Road Safety and Ports

Commercial-in-Confidence

This document contains highly confidential material relating to the business affairs of Far North Queensland Ports Corporation Limited (trading as Ports North). Release of its contents is subject to the provisions of the Right to Information Act 2009. Any unauthorised disclosure of material contained in this statement may diminish the commercial value of that information and would have an adverse effect on the business, commercial and financial affairs of Ports North.

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1. PERFORMANCE AGREEMENT

This Statement of Corporate Intent and all attachments are presented in accordance with Chapter 3, Part 8 of the *Government Owned Corporations Act 1993* (GOC Act),

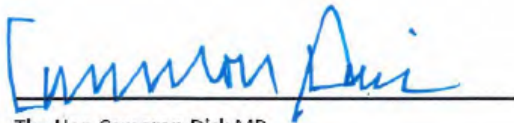
In accordance with Chapter 1, Part 3, Section 7 of the GOC Act, the Statement of Corporate Intent represents a formal performance agreement between the Board of Ports North and its shareholding Ministers with respect to the financial and non-financial performance targets specified for the financial year. The Statement of Corporate Intent represents agreement to the major activities, objectives, policies, investments and borrowings of Ports North for 2019-20.

This Statement of Corporate Intent is consistent with Ports North's 2019 – 2024 Corporate Plan, submitted to shareholding Ministers and agreed in accordance with Chapter 3, Part 7 of the GOC Act.

In signing this document, the Board of Ports North undertakes to achieve the targets proposed in the Statement of Corporate Intent for 2019-20.

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

This Statement of Corporate Intent is signed by the Chair on behalf of all the directors in accordance with a unanimous decision of the Board of Ports North.

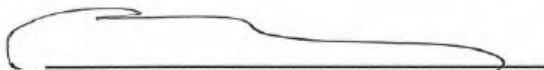


The Hon Cameron Dick MP

Treasurer and Minister for Infrastructure and Planning



Date

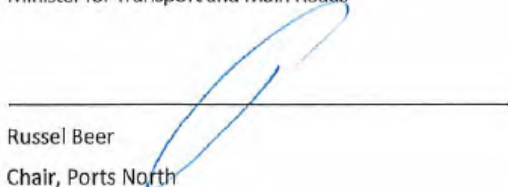


The Hon Mark Bailey MP

Minister for Transport and Main Roads



Date



Russel Beer
Chair, Ports North



Date

2. BOARD / CHAIRPERSON'S OUTLOOK

Ports North is focussing on delivering increased profitability and performance to Ports North's core business.

The significant projects that are being undertaken include:

- The Global Tourism Hub on Cityport lands;
- The completion of the Cairns Shipping Development Project;
- Masterplan for the Ports of Cairns and Mourilyan;
- Sustainability Strategy for Ports North;
- The development of the Tingira Street lands in Cairns;
- Development of commercial opportunities in Cairns and Regional Ports;
- Targeting to expand trade through Port of Cairns, Port of Mourilyan and Port of Karumba

3. PURPOSE

Vision

The Corporation's Vision is:

To be a successful, sustainable Port operator and a valued contributor to regional economic growth.

Mission

The Corporation's Mission is:

To enable business and trade growth by:

- Providing and facilitating infrastructure
- Growing opportunities through sustainable business and regional economic development
- Connect locally and globally

Values

Safe	We are committed to providing the highest standard of safety for our workplace.
Reliable	We will be professional and responsive in seeking to deliver excellent service to all of our internal and external customers.
	We will seek to build effective relationships with the community and our stakeholders by being a responsible corporate citizen fostering social value and economic benefit to the region.
	We are committed to compliance with governance structure and procedures, transparent and accountable reporting and management of risk.
Value Driven	We will promote co-operation and teamwork, ethical and honest behaviour, respect and integrity while providing opportunities for staff to develop and acquire skills needed to meet our objectives.
	We are committed to sustainable outcomes by acting in a commercially astute manner whilst considering risk and the environmental and social impacts of our activities to deliver sustainable commercial returns to shareholders.

Core Business Functions

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 non-trading Ports of Cooktown and Burketown and the Cityport precinct;
- 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;
- Facilitate economic development in the region by facilitating trade; and
- Undertake the Cairns Shipping Development Project and support the Global Tourism Hub.

4. KEY PERFORMANCE INDICATORS

4.1 Corporate Financial Measures

FY2020 BUDGET QUARTER					FY2018	FY2019	FY2019	FY2020
Sep	Dec	Mar	Jun		Actual	Budget	Estimate	Budget
\$'000	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000
223	3,350	3,490	4,480	Earnings Before Interest & Tax (EBIT) (\$'000)	25,211	13,809	13,963	11,543
1,723	4,850	4,958	5,965	Earnings Before Interest, Tax & Depreciation (EBITDA) (\$'000)	31,400	19,848	19,848	17,496
155	1,827	1,935	2,622	Net Profit After Tax (\$'000)	16,067	9,666	9,774	6,539
(8,515)	(6,306)	(6,208)	(5,545)	Economic Profit (\$'000)	(10,178)	(18,214)	(22,045)	(26,574)
0.05%	0.69%	0.72%	0.92%	Return on Assets	6.35%	3.41%	3.23%	2.37%
0.05%	0.75%	0.78%	1.00%	Return on Operating Assets	6.42%	3.06%	3.46%	2.57%
-	8.83%	8.83%	8.77%	Debt to Debt + Equity	-	-	-	8.77%
0.05%	0.56%	0.59%	0.80%	Return on Equity	4.27%	3.34%	3.27%	1.99%
-	6.45	6.87	8.72	Interest Cover	-	-	-	7.49
4.02	5.83	4.60	3.21	Current Ratio	4.37	2.33	3.92	3.21
36,193	15,660	11,205	21,968	Capital Expenditure (\$'000)	4,504	57,808	68,088	85,025
100%	100%	100%	100%	Budgeted Maintenance Performed (%)	62%	100%	100%	100%

The decrease in EBIT from the FY2019 estimate to the FY2020 budget relates mostly to the following:

- Maritime revenue is forecast to increase in FY2020 by \$0.6m due to a combination of additional cruise vessels after the completion of the Cairns Shipping Development Project (CSDP) (\$0.3m), increased exports of silica sand from Cape Flattery (\$0.2m) additional port dues from New Century at Karumba (\$0.5m) and general price increase of 5% (3% for Thursday Island), partially offset by lower project cargo with the completion of construction of the Amrun project (\$0.9m).
- Marina revenue is forecast to increase by \$0.2m principally due to increased Super Yacht activity with two new commercial/annual berth agreements and reef fleet price increases.
- Passenger numbers are forecast to remain static, with the increase in revenue a result of a price increase only.
- Recoverable dredging revenue is forecast to increase by \$0.9m principally due to the increase in recoverable dredging for New Century at Karumba (\$1.3m) partially offset by a decrease in Navy dredging in Cairns (\$0.4m). The budget allowance for Karumba dredging assumes typical dredge volume and does not allow for increased dredging associated with cyclone flood impact. Any increases will be offset and not impact profit.
- Pilotage revenue is forecast to decrease by \$0.8m principally due to reduced project cargo at Cairns and Weipa. Weipa movements have decreased due to downturn of exports from Weipa and the commencement of the Amrun mine (Ports North does not have the pilotage contract), lower pilotage exemption training and the completion of construction of the Amrun project.
- Labour costs are forecast to increase by \$0.8m due to additional positions including a marina supervisor, sustainability manager, undergraduate and administration trainee, and a 3% salary increase as per Enterprise Agreements.
- Maintenance expenses are forecast to decrease by \$0.6m in FY2020 principally due to lower maintenance dredging in Cairns (\$3.0m) due to the timing of dredge activity, offset by increased maintenance projects (\$1.4m Wharf 10 wharf repairs; \$1.0 Marina maintenance).
- Consultancy costs are forecast to increase by \$0.8m principally due to the commencement of the port master planning and sustainability project (\$0.4m), consulting around the Tropical North Global Tourism Hub/Cityport precinct (\$0.2m) and Cairns sea dumping permit renewal (\$0.1m).

- Other expenses are forecast to increase by \$1.5m principally due to the increase in recoverable dredging for New Century at Karumba (\$1.3m).

The decrease in EBIT from the FY2018 actual to the FY2020 budget relates mostly to the following:

- Budget FY2020 maritime revenue \$2.4m higher than FY2018 principally due to the commencement of the mineral projects by New Century at Karumba (\$2.1m) and Metro Mining at Skardon River (\$1.0m), increased export of silica sand from Cape Flattery (\$0.4m), increased imports of petroleum into Cairns (\$0.8m) and general price increases, offset partially by lower project cargo from the completion of the Mt Emerald windfarm and Amrun projects (\$2.1m).
- Budget FY2020 passenger numbers are forecast to be slightly higher by 0.8% from FY2018.
- Budget FY2020 property revenue is \$0.2m lower than FY2018 principally due to the completion of the Mt Emerald windfarm project in Cairns.
- Budget FY2020 pilotage transfer services revenue is \$0.8m lower than FY2018 principally due to reduced project cargo at Cairns and Weipa. Weipa movements have decreased due to downturn of exports from Weipa and the commencement of the Amrun mine (Ports North does not have the pilotage contract), lower pilotage exemption training and the completion of construction of the Amrun project.
- Budget FY2020 labour costs are \$1.6m higher than FY2018 principally due to additional positions including a marina supervisor, sustainability manager, undergraduate and administration trainee, and 3% salary increases as per Enterprise Agreements.
- Budget FY2020 maintenance expenses are \$6.6m higher than FY2018 due to delays in maintenance programs in FY2018 with the focus on the CSDP.
- Budget FY2020 consultancies are \$1.0m higher than FY2018 principally due to the commencement of the port master planning and sustainability project (\$0.4m), consulting around the Tropical North Global Tourism Hub/Cityport precinct (\$0.2m) and Cairns sea dumping permit renewal (\$0.1m).
- Budget FY2020 other expenses are \$2.5m lower than FY2018 principally due to the recoverable dredging for New Century at Karumba (\$2.5m).

4.2 Non-Financial Measures

FY2020 BUDGET QUARTER					FY2018	FY2019	FY2019	FY2020
Sep	Dec	Mar	Jun		Actual	Budget	Estimate	Budget
Operational								
2,516,683	1,918,008	1,494,162	2,378,808	Trade (Tonnes)	5,079,510	6,595,271	7,089,157	8,307,661
939	772	578	906	No. of Vessels to Port (including cruise)	2,238	2,772	2,781	3,195
5	17	29	10	No. of Cruise Vessels to Port - International	58	58	58	61
24	25	24	25	No. of Cruise Vessels to Port - Domestic	110	98	98	98
61%	55%	56%	60%	Marina Berth Occupancy (%)	62%	61%	60%	58%
Reputation								
-	-	-	-	No. of Environmental - reportable breaches	-	-	-	-
-	-	-	-	No. of Security Issues - reported	-	-	-	-
-	-	-	-	Lost Time Injury Frequency Rate (LTIFR)	8.3%	-	-	-
-	-	-	-	Lost Time Injury Duration Rate (LTIDR)	8	-	-	-
<15%	<15%	<15%	<15%	Staff Turnover (annualised %)	10%	<15%	<15%	<15%
77	77	77	77	No. of Net FTE Staff numbers	72	72	72	77
<10	<10	<10	<10	No. of Community Complaints	6	<10	<10	<10
100%	100%	100%	100%	Compliance with Reporting Requirements (%)	100%	100%	100%	100%

Further breakdown of trade volumes can be found in Section 4. Key Assumptions and Risks on page 12.

Revenue and Trade Volume Estimation Process

The process described below has been followed by Ports North in arriving at the Trade volumes shown in Section 4. Key Assumptions and Risks. These volumes are used in calculation of the revenue levels assumed in Ports North's FY2020 Forecast Statement of Comprehensive Income.

- Consult key customers about likely trade volumes. This includes mining, sugar, fuel, reef fleet and cruise shipping.
- Analyse historic trends for revenue and volumes of business.
- Analyse current business environment for relevant income streams.
- Consider advice from industry about likely volumes in the context of Ports North's trend analysis and relevant economic and other circumstances.
- Form a view about likely business volumes.
- Engage in further discussions with customers.
- Finalise volume projections.

5. RESPONSES TO SHAREHOLDER MANDATE / STRATEGIC OBJECTIVES

1 Identify and develop new trade and business opportunities and grow existing business to provide value to Ports North and its shareholders

- 1.1 Identify and develop expanded trades through the Port of Cairns, the Port of Mourilyan and the Port of Karumba
- Target trade growth through new windfarm import project and project cargo in the Port of Cairns;
 - Finalise lease for new fuel importation facilities in Mourilyan;
 - Finalise new lease to enable expanded mineral trades through Mourilyan;
 - Promote cattle and new mineral exports through Karumba.
- 1.2 Grow cruise shipping and superyacht activity
- Target cruise shipping growth through promotion of the new Port capacity;
 - Establish a new charging mechanism for cruise shipping;
 - Promote Cairns and region as a superyacht destination and refit area;
 - Support legislative changes on superyacht chartering;
 - Establish superyacht facilities to meet demand.

2 Manage and develop Port property to provide sustainable commercial return to Ports North and its shareholders

- 2.1 Effectively manage property portfolio to deliver improved commercial returns
- Maintain property management system;
 - Maintain current Land Use Plans for all operational ports.
- 2.2 Develop new property and deliver strategies to maximise property value
- Work with Government to ensure Global Tourism Hub Development is consistent with Port requirements;
 - Examine property opportunities to leverage off the Global Tourism Hub;
 - Monitor market conditions and identify property opportunities;
 - Land acquisition strategies for the Port of Cairns and Mourilyan;
 - Develop Tingira Street lands suitable for property development;
 - Property release strategy to meet market needs.

3 Plan, develop and manage Port Infrastructure and assets to improve Port efficiency, meet the needs of customers and contribute to sustainable regional development

- 3.1 Maintain and operate Port infrastructure considering safety, environment, efficiency and cost effectiveness
- Asset management processes in place;
 - Safety management system in place;
 - Ports North's Sustainability Strategy established;
 - Long Term Maintenance Dredging Management Plan and new Sea Disposal Permit in place.
- 3.2 Identify and develop Strategic Plans and deliver infrastructure projects to meet trade growth in a sustainable way
- Port Masterplan completed for the Port of Cairns and the Port of Mourilyan;
 - Continue to work with Government to progress the Global Tourism Hub to manage project impacts on current and future Port operations and deliver commercial outcomes to the Port;
 - Actively participate in regional and State planning to ensure that Port requirements are considered;
 - Complete the Cairns Shipping Development Project construction;
 - Progress the Tingira Street land developments;
 - Complete Capital Projects in accordance with the Corporate Plan;
 - Seek to incorporate the Ports' Capital Dredging requirements in the update of the Sustainable Ports Act review.

4 Maintain organisational capability and governance system to deliver the business requirements and maintain the organisation's reputation

- 4.1 Establish best practice Corporate Governance systems, including robust risk, business and financial management and reporting systems
- Robust Corporate Governance arrangements are in place, including reporting and risk management;
 - Established effective Emergency and Security Plans;
 - Implement new ICT systems upgrade.
- 4.2 Identify and implement initiatives that promote excellence in environmental management
- Integrate Sustainability Strategy considerations into Management processes;
 - Minimise environmental impacts through effective environmental management;
 - Environmental promotion and monitoring internally and externally.

- 4.3 Attract, develop and retain motivated employees
- Attract and appoint appropriately skilled staff;
 - Positive workplace culture in place;
 - Support employee learning and improvement;
 - High standard health and safety culture in the workforce.
- 4.4 Engage and support Stakeholders and Communities in which Ports operate
- Regular stakeholder and community engagement events;
 - Proactive involvement in regional economic forums and boards;
 - Work constructively with local and regional entities;
 - Implement effective customer engagement.

5 Deliver on the Cairns Shipping Development Project (CSDP)

- 5.1 Deliver CSDP project works within budget, on time, and complying with environmental approval conditions
- Complete CSDP dredging and wharf construction contract works;
 - Comply with environmental conditions and undertake the necessary monitoring;
 - Return the disposal site at Northern Sands to site owner.
- 5.2 Effectively manage stakeholder and community during project delivery
- Implement community and stakeholder engagement strategy;
 - Manage media and public messaging on the Project;
 - Promote the benefits of the Project;
 - Maintain Project support by key business leaders and customers.
- 5.3 Promote the Port of Cairns to cruise companies and grow cruise visitation to increase returns
- Promote Port of Cairns to cruise ship companies at Australian and international cruise events;
 - Grow cruise shipping in accordance with the Business Case forecast;
 - Introduce new cruise ship pricing mechanism.

6. KEY ASSUMPTIONS AND RISKS

6.1 Assumptions

The **key assumptions** underpinning Ports North's strategic planning and financials for 2019-20 include:

Assumptions	FY2018 Actual	FY2019 Budget	FY2019 Estimate	FY2020 Budget
Economic Indices				
CPI	n/a	2.25%	n/a	2.25%
Wage Growth	n/a	3.0%	n/a	3.0%
Interest Rates	n/a	n/a	n/a	n/a
Price Increases				
Maritime Revenue (excl. Thursday Island)	n/a	5.0%	n/a	5.0%
Maritime Revenue (Thursday Island)	n/a	3.0%	n/a	3.0%
Marina Revenue	n/a	5.0%	n/a	5.0%
Passenger Levies	n/a	5.0%	n/a	5.0%
Electricity Revenue	n/a	5.0%	n/a	5.0%
Revenue (\$'000)	74,350	64,649	62,868	63,742
Operating Expenses (\$'000)	49,139	50,840	48,905	52,199
Trade Activity				
Cairns				
Sugar (Tonnes)	205,350	277,000	284,375	288,000
Molasses (Tonnes)	76,465	67,115	76,214	76,000
Petroleum (Tonnes)	474,722	543,964	546,960	534,423
LPG (Tonnes)	24,854	17,019	20,356	20,000
Fertiliser (Tonnes)	58,473	39,127	35,088	35,200
General Cargo (Tonnes)	620,247	329,299	383,601	251,965
Total Cargo Throughput (Tonnes)	1,460,111	1,273,524	1,346,594	1,205,588
Marlin Marina Passengers ('000)	981	1,030	990	990
Marina Agerage Occupancy (%)	62%	61%	60%	58%
Regional Ports				
Karumba				
Livestock (Tonnes)	1,842	3,500	6,944	2,625
General Cargo (Tonnes)	7,529	6,303	8,233	8,233
Minerals (Tonnes)	-	225,000	174,000	300,000
Thursday Island				
General Cargo (Tonnes)	77,680	75,825	74,699	75,127
Mourilyan				
Sugar (Tonnes)	609,806	600,000	650,000	630,000
Molasses (Tonnes)	88,691	81,119	80,503	85,500
Minerals (Tonnes)	130,947	230,000	-	-
Cape Flattery				
Silica Sand (Tonnes)	2,308,715	2,100,000	2,350,198	2,500,000
Quintell Beach				
General Cargo (Tonnes)	1,961	-	589	589
Skardon River				
Minerals (Tonnes)	392,228	2,000,000	2,397,397	3,500,000
Total Cargo Throughput (Tonnes)	3,619,399	5,321,747	5,742,563	7,102,074
Total Cargo Throughput (Tonnes) - All Ports	5,079,510	6,595,271	7,089,157	8,307,662

Trade Volume

Major cargo revenue – sugar, petroleum, sand and general cargo. While trade volumes are largely beyond the company's influence and driven by market, weather and economic conditions, Ports North continues to explore opportunities to grow trading activity and drive increased throughput tonnes at all ports.

Cairns general cargo growth in FY2019 was due to the Amrun project and volume is expected to decline after the completion of this project.

Karumba general cargo and livestock are minor volumes that fluctuate from year to year and are difficult to predict.

Mineral exports from Karumba recommenced in October 2018.

Mineral exports from Mourilyan has temporarily ceased and is expected to recommence 2021/22 and planning and construction for fuel imports will commence.

Mineral exports from Skardon River commenced late April 2018.

Property

The property rental revenue is based on existing leases and the contractual terms of the lease and no new leases have been allowed for in 2019/20. A gain of \$3m from an increase in Investment Property values is assumed for FY2020.

Marina

Growth in passenger numbers reflect the anticipated trends in international and domestic tourism growth.

Port Pilotage

In relation to Port Pilotage the FY2020 forecast are prepared on the basis that the growth in FY20 associated with Amrun construction will cease and the numbers will return to normal baseline and the present network pricing arrangements are continued.

6.2 Risks

The following represents a summary of the Key Strategic Risks for the organisation.

Ports North retains 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.

The Key Risks facing Ports North for 2019-20 include:

Risk	Risk Description
Staff, Contractor and Public Safety	Death or serious injury of a Ports North employee, contractor or member of the public while on Ports North's land or as a result of the Corporation's operations.
Attraction, retention and development of essential skills	Failure to attract, retain and develop appropriately skilled staff restricts the company's ability to achieve its full potential.
Securing ongoing long term Permit for Sea Dumping of maintenance dredged material	Loss or delays in approval of Sea Dumping Dredge Permit. Restriction on dredging could result in reduced channel depth and restricted shipping or additional costs to develop and implement other disposal methods.
Changed economic circumstances affect the company's business volume and revenue	Changed economic circumstances affects demand for the company's facilities or property. This could affect the viability of existing customers and/or open up new business opportunities that were not previously viable.
Major environmental incident or environmental issue impacts on the company	Major environmental incident or environmental issue (eg oil spill, marine pests, contamination) has a significant effect on the natural environment or community surrounding a Port.
Any extreme event that has significant effect on the business	Ports North is unable to recommence business activities in a timely manner after the occurrence of any extreme natural event (eg cyclone, tsunami, earthquake, terrorism, fire/explosion at key asset, channel blockage).
Regulatory Compliance	Ports North fails to meet its legal, regulatory or Corporate Governance obligations resulting in exposure to civil or criminal proceedings, greater scrutiny and involvement of regulators and/or loss of licence to operate.
Delivery of the Cairns Shipping Development Project (CSD Project)	<p>The CSD Project does not achieve the required outcomes due to:</p> <ul style="list-style-type: none"> • Not being completed on budget. • Not being completed on time. • Project causes adverse environmental impacts. • Unfavourable media and public response to Project delivery. <p>Benefits not realised due to cruise liner visitation not achieving forecast numbers.</p>

Stakeholders take action that impacts on Ports North's business growth and ongoing operations	Ports North's ability to develop and grow its business or continue its normal operations is constrained due to stakeholder actions.
Asset failure	Assets fail earlier than expected due to ineffective asset maintenance or fail to meet the needs of customers or provide a return to the Port, ie not fit for purpose, lower demand than forecasted or assets fail due to insufficient or ineffective maintenance.
Delivery of the Global Tourism Hub	Development of the Tropical North Global Tourism Hub impacts on Port North operations and reputation without controls.

7. CAPITAL EXPENDITURE

Asset	Total Budget Cost \$'000	FY2020 Budget \$'000	Expected Completion
Assets Under Construction			
Shareholding Minister Approved			
Foreshore Development (C5)	20,204	200	FY2023
Site Decontaminations (C6)	2,256	-	FY2026
Marina Reconfiguration & Expansion (C20/C22)	6,075	500	FY2021
Cairns Shipping Development (S14)	127,600	70,094	FY2020
Subtotal	156,135	70,794	
Planned Capital Expenditure yet to be Approved by shareholding Ministers and/or Ports North Board*			
Tingira Street Land Development (S3)	18,663	2,000	FY2025
Tingira Street Warehouse (SP2)	-	-	FY2020
Tingira Street Warehouse (SP3)	4,000	-	FY2021
Tingira Street Warehouse (SP4)	3,000	-	FY2022
Tingira Street Warehouse (SP5)	1,000	-	FY2023
General Cargo Consolidation (S7)	19,000	1,500	FY2021
Lease Acquisitions (S12)	4,714	400	FY2020
Mourilyan Land Lease Acquisition (M2)	967	333	FY2021
Mourilyan Commercial Fishing Facility (M1)	480	-	FY2019
Mourilyan Land Development for Bulk Cargo (M3)	3,645	2,500	FY2023
Mourilyan Berthing Dolphin Upgrade (M3)	1,000	-	FY2022
Horn Island Cargo Wharf and Access Road (T5)	2,218	-	FY2024
Horn Island Passenger Jetty & Cargo Wharf (T6)	3,800	1,300	FY2023
Thursday Island Wharf Upgrades (T3)	3,500	3,500	FY2020
Subtotal	65,987	11,533	
Minor Capital Works	On going	2,698	On going
Subtotal	-	2,698	
TOTAL		85,025	

*Ports North's Investment Approval Policy states that any investment over the corporation's investment approval threshold of \$10 million require shareholding Minister approval, projects below this threshold but exceeding the notification threshold of \$3 million are subject to separate notification requirements through the Quarterly Report to the shareholding Ministers.

7.1 Major Initiatives being undertaken by Ports North

A summary of the Major Initiatives are:

- The Global Tourism Hub market process.
- Seeking expanded trade opportunities out of Cairns and Mourilyan. Examine infrastructure requirements to meet additional trade needs.
- Expansion of Cairns Marlin Marina to cater for future growth in Reef fleet.
- Commence the Cairns and Mourilyan Masterplans.
- The Cairns Shipping Development Project.

7.2 Investment Thresholds

Investment Thresholds	\$M
Shareholding Minister Notification	3,000,000
Shareholding Minister Approval	10,000,000

8. CAPITAL STRUCTURE

Ports North has developed an extensive set of Financial Risk Policies which have received Board endorsement and include, amongst other things, capital structure targets for the organisation.

The capital structure targets are in three areas:

Ratio	Target	Estimate of Maximum Borrowings	Estimated Ratio
		FY2020	FY2020
Debt to Equity ⁽¹⁾	< 33%	\$205m	8.8%
Interest Cover ⁽²⁾	> 2.0	\$97m	7.5
Debt Service Capability ⁽³⁾	> 1.0	\$175m	6.8

(1) Debt to Equity = Debt / (Debt + Equity)

(2) Interest Cover = EBIT / Interest Expense

(3) Debt Servicing Capability = (EBITDA - Tax - Dividends) / Debt Service Payments

With an estimated borrowing of \$40m in FY2020, the impact on the capital structure requirements above is minimal and all targets will be comfortably complied with.

9. COMMUNITY SERVICE OBLIGATIONS

Nil - No CSOs have been identified for Ports North in 2019/20.

10. STATEMENT OF COMPLIANCE

Ports North, including its subsidiaries, will comply with all relevant policies and guidelines as issued by the shareholders and Government, and formal directions as received from time to time.

11. FINANCIAL STATEMENTS

11.1 Statement of Comprehensive Income (Consolidated)

FY2020 BUDGET QUARTER					FY2018 Actual \$'000	FY2019 Budget \$'000	FY2019 Estimate \$'000	FY2020 Budget \$'000
Sep \$'000	Dec \$'000	Mar \$'000	Jun \$'000					
5,352	5,066	5,360	5,370	Maritime ⁽¹⁾	18,717	20,580	20,457	21,148
1,127	929	1,059	1,179	Marina ⁽²⁾	4,298	4,018	4,112	4,294
445	414	502	394	Passenger Levies ⁽¹⁾	1,623	1,745	1,732	1,755
3,088	3,088	3,171	3,087	Property Rentals	12,652	12,412	12,398	12,434
1,207	1,207	1,207	1,207	Electricity Recoverable ⁽¹⁾	4,646	4,991	4,743	4,828
750	1,240	750	750	Dredging Recoverable ⁽³⁾	6,036	4,464	2,611	3,490
2,839	2,492	2,421	2,412	Pilotage ⁽¹⁾	11,028	11,046	11,013	10,164
-	-	-	-	Fair Value Adjustment to PPE ⁽⁴⁾	3,435	-	-	-
-	-	-	3,000	Fair Value Adjustment to Investment Property ⁽⁴⁾	8,123	3,000	3,000	3,000
492	779	777	581	Other Revenue ⁽⁵⁾	3,792	2,393	2,802	2,629
15,300	15,215	15,247	17,980	Total Revenue	74,350	64,649	62,868	63,742
3,478	3,523	3,453	3,515	Labour ⁽⁶⁾	12,355	13,261	13,217	13,969
1,004	1,025	1,021	1,006	Energy & Land Rates	3,589	3,371	3,371	4,056
63	64	85	120	Marketing & Business Development	365	320	281	332
3,110	2,989	2,926	4,930	Maintenance, Stores & Materials ⁽⁸⁾	7,375	14,588	14,578	13,955
1,753	1,759	1,742	1,442	Administration & Consultants ⁽⁹⁾	5,730	5,590	5,926	6,696
1,500	1,500	1,468	1,485	Depreciation	6,189	6,039	5,885	5,953
-	-	-	-	Impairment	-	-	-	-
-	-	-	-	Asset Revaluation	-	-	-	-
-	-	-	-	WIP Written-off	3,783	-	-	-
4,169	1,005	1,062	1,002	Recoverables / Other Expenses ⁽⁷⁾	9,753	7,671	5,647	7,238
15,077	11,865	11,757	13,500	Total Expenses	49,139	50,840	48,905	52,199
223	3,350	3,490	4,480	Earnings Before Interest & Tax	25,211	13,809	13,963	11,543
-	519	508	514	Interest Paid on Borrowings	-	-	-	1,541
223	2,831	2,982	3,966	Net Profit before Tax	25,211	13,809	13,963	10,002
68	1,004	1,047	1,344	Income Tax	9,144	4,143	4,189	3,463
155	1,827	1,935	2,622	Net Profit after Tax	16,067	9,666	9,774	6,539

(1) Variations in revenue are due to a combination of price increases, volume changes and other comments contained in Section 2.3.

(2) Marina Revenue increases in FY2019 due to price increases, offset slightly by lower marina occupancy rates.

(3) Dredging Recoverable relates to Navy Dredging (on a two year cycle with FY2020 being a lower year and FY2019 a higher year) and Karumba Dredging (\$3m).

(4) These amounts result from the independent revaluations of Property, Plant and Equipment and Investment Property each year. An estimate is made for Investmentment, no estimate is made for PPE.

(5) Other Revenue includes interest revenue, security charges and grant revenue.

(6) Labour increase is mostly due to EBA impact.

(7) Recoverables and Other Expenses include electricity cost of sales, dredging recoverable and other expenses. The higher number in FY2020 relates to the dredging of the Karumba channel which is being recovered from New Century Resources (\$3m).

(8) Maintenance costs in FY2020 includes \$2m for Cairns Port Dredging and a combination of the inclusion of activity deferred from previous years and long term

(9) Consultant costs in FY2020 increased due to port masterplanning and sustainability consulting costs; Insurance costs increased by 18%.

11.2 Statement of Financial Position (Consolidated)

FY2020 BUDGET QUARTER YTD					FY2018 Actual \$'000	FY2019 Budget \$'000	FY2019 Estimate \$'000	FY2020 Budget \$'000
Sep \$'000	Dec \$'000	Mar \$'000	Jun \$'000					
				Current Assets				
1,000	1,000	1,000	1,000	Cash Assets ⁽¹⁾	2,385	47,954	1,000	1,000
31,143	58,807	50,809	29,908	Advances ⁽²⁾	64,636	-	36,187	29,908
7,414	7,372	7,462	7,445	Receivables ⁽³⁾	10,692	5,697	9,075	7,445
1,464	1,464	1,464	1,464	Current Tax Asset	-	-	-	1,464
56	56	56	56	Inventories	18	57	54	56
1,461	1,047	633	219	Other Current Assets	204	608	223	219
42,538	69,746	61,424	40,092		77,935	54,316	46,539	40,092
				Non-Current Assets				
261,453	274,754	283,633	301,259	Property, Plant & Equipment ⁽⁴⁾	170,601	155,334	227,619	301,259
176,492	177,351	178,209	184,067	Investment Property ⁽⁵⁾	167,434	160,883	175,634	184,067
437,945	452,105	461,842	485,326		338,035	316,217	403,253	485,326
480,483	521,851	523,266	525,418	Total Assets	415,970	370,533	449,792	525,418
				Current Liabilities				
3,801	3,806	3,814	3,804	Payables	8,136	4,736	5,167	3,804
-	-	-	-	Current Interest Bearing Liabilities	-	-	-	-
-	-	-	-	Current Tax Liabilities	1,912	407	172	-
4,293	5,649	7,053	6,181	Current Provisions ⁽⁶⁾	5,319	10,345	4,078	6,181
2,500	2,500	2,500	2,500	Other Current Liabilities	2,468	2,711	2,468	2,500
10,594	11,955	13,367	12,485		17,835	18,199	11,885	12,485
				Non-Current Liabilities				
-	40,000	40,000	40,000	Borrowings	-	-	-	40,000
56,463	56,463	56,463	56,463	Deferred Tax Liabilities	54,233	44,334	54,232	56,464
458	458	458	458	Non-Current Provisions	682	787	682	458
56,921	96,921	96,921	96,921		54,915	45,121	54,914	96,922
67,515	108,876	110,288	109,406	Total Liabilities	72,750	63,320	66,799	109,407
412,968	412,975	412,978	416,012	Net Assets	343,220	307,213	382,993	416,011
				Equity				
247,178	247,178	247,178	247,178	Contributed Equity	187,178	187,178	217,178	247,178
96,819	96,819	96,819	96,819	Reserves	96,819	80,965	96,819	96,819
68,997	68,997	68,997	68,997	Opening Retained Profits	43,156	35,816	59,223	68,996
(26)	(19)	(16)	3,018	Current Year Result	16,067	3,254	9,773	3,018
412,968	412,975	412,978	416,012	Shareholder's Equity	343,220	307,213	382,993	416,011

(1) Decrease in cash balance from FY2019 budget to FY2019 estimate is due to the transition to the new QTC cash advance facility, it is assumed that the operating cash will remain around \$1m.

(2) Advances includes the new QTC cash facility. Decrease in Advances from FY2018 actual to FY2019 estimate is due to cash payments for capital works program in FY2020 (including the CSDP), partially offset by the retention of the FY2018 dividend (would have been payable in FY2019)

(3) Decrease in FY2020 is due to no accrual of Karumba dredging recoverable in June 2020, assumed all will be collected inf FY2020

(4) Increase from FY2018 actual to FY2019 estimate is due to impacts of revaluation at June 2018 and capital works program for FY2019 (mainly CSDP); FY2020 budget also includes the balance of the CSDP

(5) Increase in FY2020 from FY2019 forecast due to capital works program for FY2020

(6) Movements mostly due to provision for dividend. Shareholders approved 100% dividend retention for FY2018. Due to uncertainty with final CSDP revaluation estimates, the Board will recommend a 100% dividend retention for FY2019. FY2020 dividend is expected to be at 100% of consolidated adjusted profit (as per policy).

11.3 Statement of Cash Flows (Consolidated)

FY2020 BUDGET QUARTER YTD					FY2018 Actual \$'000	FY2019 Budget \$'000	FY2019 Estimate \$'000	FY2020 Budget \$'000
Sep \$'000	Dec \$'000	Mar \$'000	Jun \$'000					
				Cash Flows from Operating Activities				
16,583	14,861	14,831	14,867	Receipts from Customers ⁽¹⁾	57,382	58,132	60,523	61,142
(16,192)	(10,415)	(10,403)	(12,062)	Payments to Suppliers and Employees ⁽²⁾	(36,949)	(46,308)	(47,477)	(49,072)
138	384	329	221	Interest Received	1,409	861	1,075	1,072
1,374	686	668	748	GST Received from ATO	2,126	3,180	4,300	3,476
(1,506)	(1,479)	(1,483)	(1,486)	GST Paid to ATO	(5,865)	(5,866)	(6,239)	(5,954)
1,479	1,483	1,492	1,476	GST Received from Customers	6,041	5,865	6,223	5,930
(1,255)	(674)	(671)	(839)	GST Paid to Suppliers ⁽²⁾	(2,426)	(3,306)	(4,208)	(3,439)
621	4,846	4,763	2,925	Net Cash Flows from Operating Activities	21,718	12,558	14,197	13,155
				Cash Flows from Investing Activities				
-	-	-	-	Proceeds from Sale of PPE and Investment Property	283	-	-	-
(36,193)	(15,660)	(11,205)	(21,968)	Payments for PPE and Investment Property ⁽³⁾	(1,900)	(57,808)	(68,102)	(85,026)
5,044	(27,663)	7,997	20,901	Advances to Queensland Treasury ⁽⁴⁾	(64,636)	29,199	28,449	6,279
(31,149)	(43,323)	(3,208)	(1,067)	Net Cash Flows from Investing Activities	(66,253)	(28,609)	(39,653)	(78,747)
				Cash Flows from Financing Activities				
-	-	-	-	Repayment of Borrowings	-	-	-	-
-	40,000	-	-	Proceeds from Borrowings	-	-	-	40,000
-	(519)	(508)	(514)	Finance Costs	-	-	-	(1,541)
-	39,481	(508)	(514)	Net Cash Flows from Financing Activities	-	-	-	38,459
				Cash Flows from Government				
30,000	-	-	-	Proceeds from Equity Contribution ⁽⁵⁾	-	30,000	30,000	30,000
-	-	-	-	Dividend Paid ⁽⁶⁾	-	(10,142)	-	-
528	(1,004)	(1,047)	(1,344)	Income Tax (Equivalent) Paid	(4,033)	(3,807)	(5,929)	(2,867)
30,528	(1,004)	(1,047)	(1,344)	Net Cash Flows from Government	(4,033)	16,051	24,071	27,133
-	-	-	-	Net Increase/(Decrease) in Cash Held	(48,568)	-	(1,385)	-
1,000	1,000	1,000	1,000	Cash at the Beginning of the Year	50,953	1,000	2,385	1,000
1,000	1,000	1,000	1,000	Cash at the End of the Year	2,385	1,000	1,000	1,000

(1) Increase in FY2020 is in line with the assumptions explained in Section 2.2 and 4.1

(2) Increase in FY2020 principally due to dredging costs at both Cairns Port and Karumba

(3) Includes actual cash payments made for capital projects in each year, with payments in FY2020 include capital works relating to the CSD project

(4) Inflows relating to the Advances to QTC represents a drawdown on this cash facility to fund capital works relating to the CSD project

(5) Includes \$30m equity contribution in FY2019 and another \$30m in FY2020 in relation to the CSD project

(6) Shareholders approved 100% dividend retention for FY2018 (would have been payable in FY2019). Due to uncertainty with final CSDP revaluation estimates, the Board will recommend a 100% dividend retention for FY2019 (would have been payable in FY2020).

Equity Injections/Withdrawals	FY2018 Actual \$'000	FY2019 Budget \$'000	FY2019 Estimate \$'000	FY2020 Budget \$'000
Equity Injections	-	-	30,000	30,000
Equity Withdrawals	-	-	-	-
Net Equity	-	-	30,000	30,000

Dividends, Tax Equivalent Payments (TEPs) & Community Service Obligations (CSOs)	FY2018 Actual \$'000	FY2019 Budget \$'000	FY2019 Estimate \$'000	FY2020 Budget \$'000
Dividend Provided ⁽¹⁾	-	6,517	-	3,521
Income Tax Expense/(Benefit)	9,144	4,143	4,189	3,463
CSO Receipts	-	-	-	-

(1) Dividends provided are calculated in accordance with the Ports North Dividend Policy - refer Section 12.3

12. ATTACHMENTS

12.1 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 2019/20.

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

Activity	FY2018 Actual \$'000	FY2019 Budget \$'000	FY2019 Estimate \$'000	FY2020 Budget \$'000
Sponsorship *	146	120	97	120
Advertising	1	8	6	6
Corporate Entertainment	14	15	12	16
Donations	-	-	-	-
Strategic Community and Stakeholder Engagement Activities	152	151	98	152
TOTAL	313	294	213	294

* FY2018 Actual Includes a one off \$100k sponsorship in relation to Ports North sponsorship for Citizens of the Great Barrier Reef sculpture.

Activity	FY 2019 Budget \$'000	FY 2019 Estimate \$'000	FY 2020 Budget \$'000	Quarter 2019/20 \$'000			
				Sept	Dec	Mar	Jun
SPONSORSHIP							
Cairns Indigenous Art Fair	45	20	20	-	-	-	20.0
Total over \$5,000	45	20	20	-	-	-	20.0
Other (total) below \$5,000	75	77	100	32.0	21.0	7.0	40.0
TOTAL (1)	120	97	120	32.0	21.0	7.0	60.0
ADVERTISING							
Total over \$5,000	-	-	-	-	-	-	-
Other (total) below \$5,000	8	6	6	2.0	1.0	2.0	1.0
TOTAL (2)	8	6	6	2.0	1.0	2.0	1.0
CORPORATE ENTERTAINMENT							
Total over \$5,000	-	-	-	-	-	-	-
Other (total) below \$5,000	15	12	16	2.5	8.5	2.5	2.5
TOTAL (3)	15	12	16	2.5	8.5	2.5	2.5
DONATIONS							
Total over \$5,000	-	-	-	-	-	-	-
Other (total) below \$5,000	-	-	-	-	-	-	-
TOTAL (4)	-	-	-	-	-	-	-
STRATEGIC COMMUNITY & STAKEHOLDER ENGAGEMENT ACTIVITIES							
Total over \$5,000	-	-	-	-	-	-	-
Advance Cairns	46	42	46	-	46.0	-	-
TTNQ	17	8	17	-	-	-	17.0
Ports Australia	35	32	35	35.0	-	-	-
Queensland Ports Association	10	3	10	-	-	-	10.0
Australian Cruise	7	4	7	-	-	-	7.0
Gulf Savannah	15	9	15	15.0	-	-	-
Total over \$5,000	130	98	130	50.0	46.0	-	34.0
Other (total) below \$5,000	21	0	22	3.0	3.0	14.0	2.0
TOTAL (5)	151	98	152	53.0	49.0	14.0	36.0
TOTAL (1) + (2) + (3) + (4) + (5)	294	213	294	89.5	79.5	25.5	99.5

Corporate Entertainment

Activity	FY 2019 Budget \$'000	FY 2019 Est.Act. \$'000	FY 2020 No. of Activities	FY 2020 Budget \$'000	Quarter 2019/20			
					\$'000			
					Sept	Dec	Mar	Jun
Corporate Entertainment Total								
* Staff Functions	8	8	4	8	0.5	6.5	0.5	0.5
* Business Development	3	2	14	4	1.0	1.0	1.0	1.0
* Stakeholder and Community Engagement	4	2	32	4	1.0	1.0	1.0	1.0
TOTAL UNDER \$5,000	15	12	50	16	2.5	8.5	2.5	2.5

12.2 Employment and Industrial Relations Plan 2019-20

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

Attracting and retaining the necessary skills required in the organisation continues to be a major 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 and will prove challenging for the organisation over the next few years as employees in management positions reach retirement age and appropriately skilled and experienced replacements will need to be sourced.

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 while keeping abreast of the external market in order to identify suitable candidates for future employment.

A further challenge for the organisation is retaining appropriately qualified marine pilots and sourcing replacement pilots in a timely manner. 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 is an issue that needs to be carefully managed. To assist in this area Ports North has introduced an Expression of Interest recruitment process for marine pilots in an effort to identify suitable candidates for future employment in the Cairns Region. This has been a very effective approach to date and will continue throughout the plan period.

3. Senior Executive Remuneration (As at 31 January 2019)

<i>CEO / Senior Executives</i>	<i>Base Salary</i> ¹	<i>Employer Superannuation Contribution</i>	<i>Total Fixed Remuneration</i> ²	<i>Performance Payment Made</i> ³
Mr Chris Boland Chief Executive Officer	314,534	39,354	353,888	41,694
Mr Kevin Moore General Manager Commercial	221,571	21,049	242,620	6,656
Mr Alan Vico General Manager Planning and Projects	227,210	28,969	256,179	28,739
Ms Kerry Egerton General Manager Corporate Services	217,931	27,786	245,717	27,999
Mr Chris Tabe General Manager Finance	172,263	16,796	189,059	21,032

- Notes:
1. Includes salary sacrifice items plus cash salary
 2. Sum of columns 1 and 2
 3. 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 2017, Ports North Operations and Maintenance Enterprise Agreement 2017 and Ports North Marine Pilots Enterprise Agreement 2017) and Individual Flexibility Agreements in accordance with the Port Authorities Award 2010. Agreement employment conditions are summarised in the table below.

Award/Agreement	Conditions	Employees	Expiry Date
Ports North Administrative and Technical Enterprise Agreement 2017	<ul style="list-style-type: none"> • 36.25 hrs/week • 5 weeks AL • 15 days sick leave • 13 wks after 10 yrs LSL • Overtime / Time off in Lieu • Aggregated salary arrangement 	29 Employees <ul style="list-style-type: none"> • Administration • Clerical 	30 June 2020
Ports North Operations and Maintenance Enterprise Agreement 2017	<ul style="list-style-type: none"> • 38 hrs/week • 5 weeks AL/6 weeks for shift worker • 15 days sick leave • 13 wks after 10 yrs LSL • Overtime / Time of in Lieu • Aggregated salary arrangement 	22 Employees <ul style="list-style-type: none"> • Tradesperson • Seaport Officers • Labourers • Plant Operators 	30 June 2020
Port Authorities Award 2010 and an Individual Flexibility Agreement (IFA)	<ul style="list-style-type: none"> • 24 hr 8/6 roster • 5 weeks AL • 10 days sick leave • 13 wks after 10 yrs LSL 	6 Employees <ul style="list-style-type: none"> • Master and Deckhands 	IFA can be terminated by either party at any time by providing 13 weeks’ notice in writing, or at any time as agreed between the parties.
Ports North Marine Pilots Enterprise Agreement 2017	<ul style="list-style-type: none"> • 24 hr x 7 day/week roster • 5 weeks AL • 10 days sick leave • 13 wks after 10 yrs LSL • Medical and Health & Wellness reimbursement • Paid public holidays (11 pa) • Paid days off in lieu 	12 Employees <ul style="list-style-type: none"> • Marine Pilots 	31 October 2020

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 corporation’s agreements, and is utilised for the “better off overall test” for the agreements under the *Fair Work Act 2009*.

In the case of the Pilot Transfer Service operating in the Port of Weipa, Ports North has 6 employees employed on Individual Flexibility Arrangements in accordance with the Port Authority Award 2010. This was necessary to provide the flexibility required to perform the transfer operation in the Port. Ports North also has 6 employees engaged on Executive Employment Contracts.

5. Enterprise Bargaining

Ports North Enterprise Agreements are all due to expire in 2020. Planning for negotiations will commence in late 2019 with a view to engaging unions early in 2020.

The Enterprise Bargaining process will be undertaken in accordance with Government GOC Bargaining Guidelines and Wages Policy. The focus of this negotiation will be identification and implementation of productivity initiatives, organisational improvements and changes to business practices that deliver benefits to the organisation. 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.

The workplace does not have any industrial issues or claims and no matters have been raised by employees at this stage for inclusion in the next round of negotiations.

6. Workforce Planning

Ports North has a workforce plan of 72 FTEs as at 31 January 2019. In order to meet increased operational and project activities over the next 1-2 year period it is forecast that an additional 5 FTEs will be required. These positions will be a mixture of trainee, contract specific and permanent full-time roles.

Employment policies are underpinned by a clear recognition of the need for skilled and viable workforce which takes into account the need for on-going renewal and appropriate training to ensure there is sufficient capacity within the organisation to replace retiring or departing employees.

Ports North support the development of employment opportunities in the region and actively explore opportunities to engage and develop trainee and under-graduate university students in the organisation where possible.

Below is a summary of the workforce plan by employment category as at 31 January 2019 together with a forecast for FY2020.

<i>Employment Category</i>	<i>31 January 2019</i>	<i>2019-20 SCI Budget</i>
Chief + Senior Executives	4	4
Permanent FTE (non-contract)	66	68
Other Contract FTE	1	2
Apprentices	-	-
Trainees/Under-graduates	-	2
Section 457 Temporary Visa	-	-
Other (casuals, short-term temporary etc.)	1	1
Total Directly Employed FTE	72	77

7. 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 System is under continuous review by Management and the Safety Committee. The System Framework is reviewed and approved by the Board every two years and an external audit undertaken every three years. The last external audit was undertaken in 2018.

8. 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.

9. Employment 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.

Ports North is committed to employment security with no forced redundancies, however should business requirements change and the organisation require 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

10. Superannuation

In accordance with the terms of the Enterprise Agreements and the Port Authorities Award, Ports North offers a choice of fund and remits employer superannuation contributions accordingly.

11. Consultation and Reporting

Ports North has undertaken consultation on this plan with Shareholder & Structural Policy Division - Queensland Treasury and; Public Sector Industrial Relations - Office of Industrial Relations. Consultation with relevant industrial organisations occurs as part of the enterprise bargaining process.

12.3 Dividend Policy and Payment

Port's North's policy is to recommend and pay a Dividend equivalent to 100% (or the percentage approved by shareholding Ministers if different) of Ports North's adjusted consolidated profit. 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 and non-cash profits from asset revaluation associated with the Cairns Shipping Development Project (CSDP) including any associated tax credit or expense and excluding the profits from Community Ports.

Dividends payable have been calculated as follows:

	FY2020 Budget \$'000
Net Profit after Tax *	6,539
Less: Increase in the Value of Investment Property	3,000
Less: Community Ports Net Profit after Tax	<u>18</u>
Adjusted Net Profit for Dividend Calculations	3,521
Dividend Payable at 100%	<u><u>3,521</u></u>

** Non-cash items in relation to asset revaluation associated with the Cairns Shipping Development Project (CSDP) to be excluded, subject to shareholders' approval.*

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 in Section 5.2 of this document.