

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

STATEMENT OF CORPORATE INTENT

2024-25

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

The Honourable Cameron Dick MP
Deputy Premier, Treasurer and Minister for Trade and Investment

The Honourable Bart Mellish MP
Minister for Transport and Main Roads and Minister for Digital Services

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),

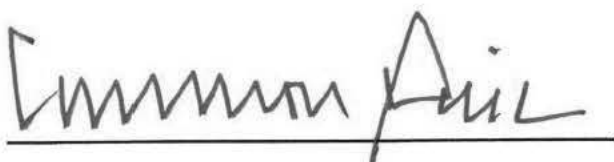
In accordance with Chapter 1, Part 3, Section 7 of the GOC Act, the Statement of Corporate Intent represents a formal performance agreement between the Board of Ports North and its shareholding Ministers with respect to the financial and non-financial performance targets specified for the financial year. The Statement of Corporate Intent represents agreement to the major activities, objectives, policies, investments and borrowings of Ports North for 2024-25.

This Statement of Corporate Intent is consistent with Ports North's 2024 – 2029 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 2024-25.

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

Deputy Premier, Treasurer and Minister for Trade and Investment

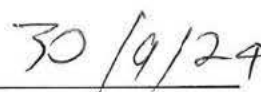


Date



The Hon Bart Mellish MP

Minister for Transport and Main Roads and Minister for Digital Services



Date



Russell Beer

Chair, Ports North



Date

2. BOARD / CHAIRPERSON'S OUTLOOK

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

The significant projects that are being undertaken include:

- Implementation of the outcomes of the masterplan for the Ports of Cairns and Mourilyan;
- Implementation of the Sustainability Strategy for Ports North*;
- The development of the Tingira Street lands in Cairns;
- Development of commercial opportunities in Cairns and Regional Ports;
- Development of the Cairns Marine Precinct;
- Targeting expansion of trade through Port of Cairns and Regional ports;
- Support the development of the proposed new port for the Aurukun Bauxite Project;
- Support trade expansion through the Port of Cape Flattery.

* As appropriate and consistent with the Queensland Government's Sustainability and Environmental, Social, Governance (ESG) reporting requirements.

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 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 Cairns Cityport precinct;
- Support the development of new ports in particular the proposed new port for the Aurukun Bauxite Project.
- Support the expansion of silica trade through the Port of Cape Flattery
- 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 expansion of the Cairns Marine Precinct Development and HMAS Cairns.

4. KEY PERFORMANCE INDICATORS

4.1 Corporate Financial Measures

FY2025 BUDGET QUARTER					FY2023	FY2024	FY2024	FY2025
Sep	Dec	Mar	Jun		Actual	Budget	Estimate	Budget
\$'000	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000
(1,717)	1,775	2,138	1,503	Earnings Before Interest & Tax (EBIT) (\$'000)	4,317	5,356	10,524	3,699
(226)	3,266	3,597	2,978	Earnings Before Interest, Tax & Depreciation (EBITDA) (\$'000)	9,731	10,819	15,993	9,615
(1,202)	1,214	1,418	973	Net Profit After Tax (\$'000)	2,738	3,567	7,342	2,403
(0.4%)	0.4%	0.5%	0.3%	Return on Assets	1.0%	1.3%	2.4%	0.8%
-	2.5%	2.5%	2.5%	Total Debt to Total Capital (Gearing Ratio)	-	2.6%	-	2.5%
-	3.1	2.8	3.4	Total Debt to Total EBITDA	-	0.9	-	1.0
(0.3%)	0.3%	0.4%	0.3%	Return on Equity	0.7%	1.0%	1.9%	0.6%
-	83.7	31.8	26.1	EBITDA Interest Coverage	270.3	41.6	444.3	36.1
2.5	3.1	2.8	2.7	Current Ratio	2.3	2.7	2.3	2.7
5,485	8,140	3,260	4,450	Capital Expenditure (\$'000)	10,660	15,430	14,909	21,335
100%	100%	100%	100%	Budgeted Maintenance Performed (%)	82%	100%	89%	100%

The decrease in EBIT from the FY2024 estimate to the FY2025 budget relates principally to the following.

- Maritime revenue is forecast to increase in FY2025 by \$1.9m, principally due to increased bauxite exports at Skardon River (\$0.634m) and the anticipated commencement of silica sand exports at Mourilyan (\$0.293m), partially offset by reductions in sugar and molasses at Cairns (\$0.298m). The balance of the increase is attributable to price growth based on forecast Consumer Price Index (CPI) + 2%.
- Cruise revenue is forecast to increase in FY2025 by \$0.3m, principally due to the transition to GRT pricing (\$1.077m), partially offset by increased cruise visitation incentives (\$0.793m).
- Marina revenue is forecast to increase in FY2025 by \$0.2m, principally due to price growth based on forecast CPI + 2%.
- Marina rebates are forecast to decrease in FY2025 by \$0.3m, due to the finalisation of qualifying operators for the Marina Relief Package Rebate. Rebates have been budgeted until December 2024.
- Passenger levies are forecast to increase in FY2025 by \$0.1m, principally due to price growth based on forecast CPI + 2%.
- Passenger levy rebates are forecast to increase in FY2025 by \$0.2m, due to an anticipated increase in passenger numbers from FY2024 of 1.5%. Rebates have been budgeted until December 2024.
- Property rentals are forecast to increase in FY2025 by \$1.2m, principally due to increased lease income from market and CPI rent reviews (\$0.8m), increased lease income at Dutton Street (\$0.243m) and increased lease income in Mourilyan associated with silica sand exports (\$0.181m).
- Recoverable electricity revenue is forecast to increase by \$0.2m principally due to price growth, which is also reflected in a higher recoverable electricity cost.

- Recoverable dredging revenue is forecast to increase by \$0.7m principally due to the timing of Karumba dredging (100% recoverable), which is dependent on the Port of Brisbane east coast dredging program. At time of forecast Karumba dredging was anticipated to be completed across June/July, splitting costs across financial years, however the confirmed program has works completed by June-24. Works for FY2025 are budgeted to be completed in June-25.
- Pilotage revenue is forecast to increase by \$0.5m principally due to an increase in forecast pilotage movements at Cairns as an additional pilot is required to be charged for passenger ships with a length greater than 280m LOA operating in Cairns from January 2025.
- Other revenue is forecast to decrease by \$1.5m principally due to no Navy dredging required in Cairns due to redevelopment works at the Navy wharf (\$0.8m), lower interest revenue (\$0.5m) due to forecast lower cash balances, lower casual storage revenue (\$0.1m) and higher export rebates (\$0.1m).
- Labour expenditure is forecast to increase by \$1.7m principally due to a 4.5% wage increase per the enterprise agreements (\$0.684m), four additional graduate/trainee positions, three new roles across finance, ICT and business development (\$0.579m) and an increase in training and development (\$0.139m).
- Maintenance expenses are forecast to increase by \$1.6m principally due to Tingira Street Ring Main Unit (RMU) works (\$0.600m), Mourilyan dolphin asset maintenance (\$0.400m), additional dredging at Cairns resulting from TC Jasper & related major flooding (\$0.375m) and Thursday Island accommodation refurbishment (\$0.150m), partially offset by the completion of maintenance works at Thursday Island (\$0.829m) which is forecast to be completed in the first quarter of FY2025.
- Consultancy expenditure is forecast to increase by \$0.6m principally due to increased engineering consultancies (project management framework, procurement support, project management officer) (\$0.600m), increased sustainability consultancies (\$0.315m), land use plan consultancies (\$0.296m), dredging procurement (\$0.250m) and strategic dredging review (\$0.150m), partially offset by a reduction in ICT consultancies (SPUR project \$0.771m) and commercial consultancies (\$0.183m).
- Energy and Land Rates expenditure are forecast to remain stable with increased electricity expenditure offset by lower land tax expenditure due to higher recoverable amounts from Ports North tenants.
- Administration expenditure is forecast to increase by \$0.7m principally due to increased insurance expenditure (\$0.310m), transport (\$0.100m) and audit fees (\$0.092m).
- Electricity (Cost of Sales) expense is forecast to increase by \$0.1m principally due to price growth (see electricity recoverable revenue above).
- Dredging recoverable expense is forecast to increase by \$0.7m principally due to the timing of the Karumba dredging (see dredging recoverable revenue above).
- Information, Communication & Technology (ICT) expenditure is forecast to increase by \$0.4m principally due to higher Software as a Service (SaaS) subscription fees & related support costs.
- Other expenditure is forecast to increase by \$0.6m principally due to oil spill equipment replacement works (\$0.200m), increased business development & sponsorship expenditure \$0.144m and higher pilot transfer expenditure (\$0.123m).

The decrease in EBIT from the FY2023 actual to the FY2025 budget relates principally to the following:

- Budget FY2025 maritime revenue is \$3.6m higher than FY2023 principally due to increased exports of bauxite at Skardon River (\$1.027m), increased export of silica sand from Cape Flattery (\$0.523m) and price increases across the ports.
- Budget FY2025 cruise revenue is \$0.9m higher than FY2023 principally due to the transition to GRT pricing, partially offset by reduced large cruise ship visits.
- Budget FY2025 marina revenue is \$0.5m higher than FY2023 principally due to price growth, partially offset by slightly lower occupancy.

- Budget FY2025 marina rebates are \$1.0m higher than FY2023 principally due to the Marina Relief Package Rebate introduced from January 2024 to December 2024.
- Budget FY2025 passenger levy revenue is \$0.2m higher than FY2023 principally due to passenger numbers forecast to be 6% higher than FY2023.
- Budget FY2025 passenger levy rebates are \$0.9m higher than FY2023 principally due to the Marina Relief Package Rebate introduced from January 2024 to December 2024.
- Budget FY2025 property revenue is \$1.0m higher than FY2023 principally due to market rent review and CPI increases.
- Budget FY2025 recoverable electricity revenue is \$0.1m higher than FY2023 principally due to price growth, partially offset by a change in demand, this increase is also reflected in a higher recoverable electricity cost.
- Budget FY2025 recoverable dredging revenue is \$0.5m lower than FY2023 principally due to a decrease in Karumba dredging (100% recoverable).
- Budget FY2025 pilotage revenue is \$1.6m higher than FY2023 principally due to an increase in forecast pilotage movements at Cairns as an additional pilot onboard is required, and will be charged, for large passenger ships (greater than 280m LOA) operating in Cairns from January 2025 and an increased pilotage transfer rate.
- Budget FY2025 other revenue is \$2.8m lower than FY2023 principally due to no Navy dredging in Cairns due to Wharf 11 redevelopment (\$1.5m), decreased interest revenue due to forecast lower cash balances (\$0.788m) and FY2023 including a reversal of bad debt recognition (\$0.333m).
- Budget FY2025 labour expenditure is \$4.1m higher than FY2023 principally due to a 4.5% salary increase in FY2024, a 4.5% salary increase in FY2025 and new positions across operations, infrastructure and corporate services.
- Budget FY2025 maintenance expenses are \$4.1m higher than FY2023 principally due to floating plant certification and related slipping works (\$1.435m), the timing of maintenance works at Thursday Island (\$0.977m), Tingira Street Ring Main Unit (RMU) works (\$0.600m), Mourilyan dolphin asset maintenance (\$0.400m) and Thursday Island accommodation refurbishment (\$0.150m), partially offset by a decrease in Cairns dredging (\$0.347m).
- Budget FY2025 consultancy expenses are \$1.0m higher than FY2023 principally due to higher sustainability consultancies (\$0.690m), higher engineering consultancies (project management framework, procurement support, project management officer) (\$0.600m), land use plan consultancies (\$0.296m), dredging procurement (\$0.250m) and strategic dredging review (\$0.150m), partially offset by lower ICT consultancy expenditure (SPUR project - \$1.0m)
- Budget FY2025 energy & land rates expenses are \$0.5m higher than FY2023 principally due to higher electricity expenditure (\$0.269m) and higher land tax expenditure (\$0.228m).
- Budget FY2025 administration expenditure is \$0.9m higher than FY2023 principally due to higher insurance expenditure (\$0.644m) and audit fees (\$0.128m).
- Budget FY2025 dredging recoverable expenditure is \$0.4m lower than FY2023 principally due to a decrease in Karumba dredging (see dredging recoverable revenue above).
- Budget FY2025 electricity (cost of sales) expenditure is on par with FY2023 principally due to price growth being offset by change in demand usage.
- Budget FY2025 Information, Communications & Technology expenditure is \$1.2m higher than FY2023 principally due to higher SaaS subscription fees & support costs.
- Budget FY2025 other expenses are \$0.4m above FY2023 principally due to higher business development & marketing expenditure (\$0.238m) and oil spill replacement works (\$0.200m).

4.2 Non-Financial Measures

FY2025 BUDGET QUARTER					FY2023	FY2024	FY2024	FY2025
Sep	Dec	Mar	Jun		Actual	Budget	Estimate	Budget
				Operational				
2,882,414	2,764,967	2,602,512	2,539,760	Trade (Tonnes)	8,728,350	9,551,318	10,051,319	10,789,653
-	-	-	-	No. of Vessels to Port (including cruise)	2,051	2,637	2,792	3,046
10	22	30	15	No. of Cruise Vessels to Port - Large >150m	91	84	80	77
2	7	2	-	No. of Cruise Vessels to Port - Small <150m	7	11	10	11
51%	49%	46%	47%	Marina Berth Occupancy (%)	51%	50%	48%	48%
				Reputation				
-	-	-	-	No. of Environmental - reportable breaches	-	-	-	-
-	-	-	-	No. of Security Issues - reported	-	-	-	-
-	-	-	-	Lost Time Injury Frequency Rate (LTIFR)	7.4	-	33.5	-
-	-	-	-	Lost Time Injury Duration Rate (LTIDR)	2	-	6	-
<15%	<15%	<15%	<15%	Staff Turnover (annualised %)	18%	<15%	<15%	<15%
83	86	89	90	No. of Net FTE Staff numbers	78	84	80	90
<10	<10	<10	<10	No. of Community Complaints	7	<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 6. Key Assumptions and Risks on page 11.

Revenue and Trade Volume Estimates Process

The process described below has been followed by Ports North in arriving at the Trade volumes shown in Section 6. Key Assumptions and Risks. These volumes are used in calculation of the revenue levels assumed in Ports North's FY2024 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 EXPECTATIONS / STRATEGIC OBJECTIVES

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

- 1.1 Identify and develop expanded trades through Ports North's ports and support existing tourism operations.
- 1.2 Grow superyacht and cruise shipping activity.

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

- 2.1 Effectively manage property portfolio to sustain commercial returns.
- 2.2 Develop new property and deliver strategies to retain and maximise property value.

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.
- 3.2 Identify and develop Strategic Plans and deliver infrastructure projects to meet trade growth in a sustainable way.

* As appropriate and consistent with the Queensland Government's ESG reporting requirements

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.
- 4.2 Identify and implement initiatives that promote excellence in environmental management and sustainability.
- 4.3 Attract, develop and retain motivated employees.
- 4.4 Engage and support Stakeholders and Communities in which Ports operate.

6. KEY ASSUMPTIONS AND RISKS

6.1 Assumptions

The key assumptions underpinning Ports North's strategic planning and financials for 2024-25 include:

Assumptions	FY2023 Actual	FY2024 Budget	FY2024 Estimate	FY2025 Budget
Economic Indices				
CPI	n/a	6.0%	n/a	3.5%
Wage Growth	n/a	4.5%	n/a	4.5%
Interest Rates	n/a	4.5%	n/a	4.6%
Price Increases				
Maritime Revenue (exc. Petroleum)	n/a	6.0%	n/a	5.5%
Maritime Revenue (Petroleum)	n/a	7.5%	n/a	7.5%
Marina Revenue	n/a	6.0%	n/a	5.5%
Passenger Levies	n/a	6.0%	n/a	5.5%
Electricity Revenue	n/a	10.0%	n/a	10.0%
Operating Revenue (\$'000)	66,393	68,246	65,492	69,225
Operating Expenses (\$'000)	53,153	62,890	58,579	65,526
Trade Activity				
Cairns				
Sugar (Tonnes)	239,000	250,000	250,000	210,000
Molasses (Tonnes)	64,849	70,000	70,000	55,000
Petroleum (Tonnes)	586,463	525,000	525,000	525,000
LPG (Tonnes)	27,139	30,000	30,000	28,500
Fertiliser (Tonnes)	27,799	37,500	37,500	37,500
General Cargo (Tonnes)	150,696	169,854	169,854	174,284
Project Cargo (Tonnes)	13,431	-	-	-
Total Cargo Throughput (Tonnes)	1,109,377	1,082,354	1,082,354	1,030,283
No. of Cruise Vessels to Port - Large >150m	91	84	80	77
No. of Cruise Vessels to Port - Small <150m	7	11	10	11
Marlin Marina Passengers ('000)	705	724	750	748
Marina Average Occupancy (%)	51%	50%	48%	48%
Pilotage Movements	1,568	1,488	1,461	1,512
Regional Ports				
Karumba				
General Cargo (Tonnes)	5,073	6,833	6,833	6,800
Minerals (Tonnes)	261,488	300,000	300,000	280,000
Thursday Island				
General Cargo (Tonnes)	85,528	80,253	80,254	85,770
Mourilyan				
Sugar (Tonnes)	596,000	600,000	600,000	600,000
Molasses (Tonnes)	128,568	80,000	80,000	85,000
Silica Sand (Tonnes)	-	-	-	100,000
Cape Flattery				
Silica Sand (Tonnes)	3,031,331	3,400,000	3,400,000	3,100,000
Quintell Beach				
General Cargo (Tonnes)	3,512	1,878	1,878	1,800
Skardon River				
Minerals (Tonnes)	3,507,102	4,000,000	4,500,000	5,500,000
General Cargo (Tonnes)	371	-	-	-
Total Cargo Throughput (Tonnes)	7,618,973	8,468,964	8,968,965	9,759,370
Total Cargo Throughput (Tonnes) - All Ports	8,728,350	9,551,318	10,051,319	10,789,653

Trade Volumes

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. Mineral exports from Skardon River are anticipated to increase in FY2025, silica sand exports are expected to commence from Mourilyan in FY2025, with strong interest in further silica sand exports from Cape Flattery.

Property

Property rental revenue is based on existing leases and the contractual terms.

Marina

Passenger numbers reflect lower international visitors than previous years.

Port Pilotage

The Port Pilotage forecast is prepared on Pilotage activity estimates.

6.2 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. Each of these risks have a comprehensive Risk Analysis Report with summary report including Risk Dashboards and Risk Action Plans.

- Staff, Contractor and Public Safety
- Changed economic circumstances affect the company's business volume and revenue
- Major environmental incident or environmental issue impacts on the company
- Any extreme event that has significant effect on the business
- Regulatory Compliance
- Stakeholders take action that impacts on Ports North's business growth and ongoing operations
- Asset failure
- Attraction, retention and development of essential skills
- Secure ongoing long-term Permit for Sea Dumping of maintenance dredged material
- Delivery of Systems Project Upgrade Renewal Project (SPUR)
- Delivery of Cairns Marine Precinct Project (CMP)
- Cybersecurity

7. CAPITAL EXPENDITURE

Capital Expenditure	Total Budget Cost \$'000	FY2024 Estimate \$'000	FY2025 Budget \$'000	Expected Completion
Approved				
Cairns Shipping Development (S14)	111,268	-	750	FY2026
Cairns Marine Precinct Early Works (S16)	30,417	793	-	FY2024
Site Decontamination (C6)	11,785	1,500	5,000	FY2027
Horn Island Passenger Jetty & Cargo Wharf (T6)*	11,100	6,000	5,100	FY2025
Smiths Creek Cargo Upgrade (S20)	2,619	40	-	FY2024
Subtotal	167,190	8,333	10,850	
Planned Capital Expenditure yet to be Approved by shareholding Ministers and/or Ports North Board*				
Smiths Creek Cargo Land Consolidation	13,550	50	1,500	FY2028
Tingira Street Property Development R3 (SP4)	12,250	50	200	FY2032
Marina Reconfiguration (C17)	12,000	-	2,000	FY2027
Lease Acquisitions (S12)	11,942	2,500	2,000	FY2029
Tingira Street Land Improvement (Surcharging) (S3)	7,200	350	1,450	FY2034
Wharf 7&8 Southern Approach (S17)	1,180	1,160	-	FY2024
Cairns Marine Precinct Common User Facility (CUF)	1,000	-	1,000	FY2025
General Cargo Consolidation (S7)	50	50	-	FY2032
Subtotal	59,172	4,160	8,150	
Minor Capital Works	On going	2,417	2,335	On going
Subtotal	-	2,417	2,335	
TOTAL		14,909	21,335	

* Partially funded by \$4m equity contribution from Queensland Government.

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:

- Seeking expanded trade opportunities out of Cairns and Mourilyan and examine infrastructure requirements to meet additional trade needs.
- Support the progression of the Cairns Marine Precinct Expansion Project and an increase in Defence capacity based in Cairns by continuing to work with Queensland Government and industry on the Precinct and Defence requirements.
- Support the development of the proposed new port for the Aurukun Bauxite Project.
- Support the expansion of trade at Cape Flattery.
- Delivery of the Systems and Processes Upgrade and Renewal 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	FY2025
Total Debt to Total Capital ⁽¹⁾	< 60%	\$555m	2.5%
EBITDA Interest Coverage ⁽²⁾	> 4.0	\$52m	36.1
Total Debt to EBITDA ⁽³⁾	< 3.0	\$29m	1.0

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

(2) *Interest Cover = EBITDA / Interest Expense*

(3) *Total Debt to EBITDA = Debt / EBITDA*

Ports North's Financial Risks Policy determines an optimum capital structure and reviews this structure on a yearly basis (unless an alternative timeframe is agreed with Queensland Treasury Corporation (QTC) or Commercial Monitoring) to reflect changes in its business or operating environment. This is undertaken through a Capital Structure Review completed by QTC.

9. COMMUNITY SERVICE OBLIGATIONS

Nil - No CSOs have been identified for Ports North in 2024/25.

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. Ports North will also comply with and support the Queensland Procurement Policy and Best Practice Principles.

11. FINANCIAL STATEMENTS

11.1 Statement of Comprehensive Income (Consolidated)

FY2025 BUDGET QUARTER					FY2023	FY2024	FY2024	FY2025
Sep	Dec	Mar	Jun		Actual	Budget	Estimate	Budget
\$'000	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000
7,322	6,879	5,832	6,165	Maritime	22,536	24,172	24,212	26,198
579	922	1,467	596	Cruise	2,679	4,234	3,291	3,564
1,249	1,204	1,126	1,125	Marina	4,200	4,641	4,539	4,704
(545)	(545)	-	-	Marina Rebates	(74)	-	(1,376)	(1,090)
458	399	395	332	Passenger Levies	1,335	1,444	1,511	1,584
(456)	(398)	-	-	Passenger Levy Rebates	-	-	(677)	(854)
4,106	4,109	4,061	4,064	Property Rentals	15,399	15,362	15,176	16,340
715	714	715	715	Electricity Recoverable	2,710	3,190	2,614	2,859
-	-	-	2,500	Dredging Recoverable	2,979	2,500	1,805	2,500
2,721	2,764	2,495	2,706	Pilotage	9,082	8,907	10,183	10,686
-	-	-	-	Fair Value Adjustment to PPE	-	-	3,611	-
-	-	-	-	Fair Value Adjustment to Investment Property	11,350	-	-	-
734	641	790	569	Other Revenue	5,547	3,796	4,214	2,734
16,883	16,689	16,881	18,772	Total Revenue	77,743	68,246	69,103	69,225
5,118	5,171	5,042	5,125	Labour	16,338	18,428	18,763	20,456
6,409	2,668	2,846	2,818	Maintenance	10,660	14,709	13,111	14,741
2,111	2,114	1,844	1,768	Consultancies	6,803	8,999	7,191	7,837
1,082	1,082	1,082	1,083	Energy & Land Rates	3,815	4,329	4,342	4,329
1,041	1,067	1,066	1,166	Administration	3,396	3,741	3,671	4,340
-	-	-	2,500	Dredging Recoverable	2,930	2,500	1,803	2,500
338	338	338	337	Electricity Cost of Sales	1,337	1,640	1,228	1,351
524	524	524	526	Information, Communication & Technology	932	1,598	1,678	2,098
-	-	-	-	Fair Value Adjustment to PPE	20,273	-	-	-
486	459	542	471	Other Expenses	1,528	1,483	1,323	1,958
17,109	13,423	13,284	15,794	Total Expenses	68,012	57,427	53,110	59,610
(226)	3,266	3,597	2,978	Earnings Before Interest, Tax, Depreciation & Amortisation	9,731	10,819	15,993	9,615
1,491	1,491	1,459	1,475	Depreciation	5,414	5,463	5,469	5,916
(1,717)	1,775	2,138	1,503	Earnings Before Interest & Tax	4,317	5,356	10,524	3,699
-	39	113	114	Interest Paid on Borrowings	36	260	36	266
(1,717)	1,736	2,025	1,389	Net Profit before Tax	4,281	5,096	10,488	3,433
(515)	522	607	416	Income Tax	1,543	1,529	3,146	1,030
(1,202)	1,214	1,418	973	Net Profit after Tax	2,738	3,567	7,342	2,403

See variance commentary at section 4.1.

11.2 Statement of Financial Position (Consolidated)

FY2025 BUDGET QUARTER YTD					FY2023	FY2024	FY2024	FY2025
Sep	Dec	Mar	Jun		Actual	Budget	Estimate	Budget
\$'000	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000
				Current Assets				
1,000	1,000	1,000	1,000	Cash Assets ⁽¹⁾	4,797	1,000	1,341	1,000
29,500	28,289	28,432	26,932	Advances ⁽²⁾	56,747	33,942	38,296	26,932
9,965	9,616	10,101	12,775	Receivables ⁽³⁾	11,857	13,616	10,792	12,775
2,077	3,946	3,999	4,494	Current Tax Asset ⁽⁴⁾	-	1,937	1,323	4,494
84	84	84	84	Inventories ⁽⁵⁾	455	455	455	84
3,187	2,310	1,433	556	Other Current Assets ⁽⁶⁾	628	778	530	556
45,813	45,245	45,049	45,841		74,484	51,728	52,737	45,841
				Non-Current Assets				
191,063	194,102	194,294	195,449	Property, Plant & Equipment ⁽⁷⁾	171,338	163,464	188,680	195,449
198,610	202,220	203,830	205,650	Investment Property ⁽⁸⁾	192,600	190,677	197,000	205,650
389,673	396,322	398,124	401,099		363,938	354,141	385,680	401,099
435,486	441,567	443,173	446,940	Total Assets	438,422	405,869	438,417	446,940
				Current Liabilities				
7,829	7,724	7,828	8,011	Payables ⁽⁹⁾	14,206	7,531	9,613	8,011
-	-	-	-	Current Tax Liabilities ⁽⁴⁾	3,481	-	-	-
8,104	4,113	5,392	6,101	Current Provisions ⁽¹⁰⁾	11,945	9,063	8,988	6,101
2,798	2,799	2,798	2,799	Other Current Liabilities ⁽¹¹⁾	3,182	2,651	2,817	2,799
18,731	14,636	16,018	16,911		32,814	19,245	21,418	16,911
				Non-Current Liabilities				
-	10,000	10,000	10,000	Borrowings	-	10,000	-	10,000
26,575	26,575	26,575	29,103	Deferred Tax Liabilities ⁽¹²⁾	23,797	15,811	26,575	29,103
1,101	1,101	1,101	1,101	Non-Current Provisions ⁽¹³⁾	1,056	1,052	1,101	1,101
27,676	37,676	37,676	40,204		24,853	26,863	27,676	40,204
46,407	52,312	53,694	57,115	Total Liabilities	57,667	46,108	49,094	57,115
389,079	389,255	389,479	389,825	Net Assets	380,755	359,761	389,323	389,825
				Equity				
279,178	279,178	279,178	279,178	Contributed Equity	279,178	279,178	279,178	279,178
105,110	105,110	105,110	105,110	Reserves	98,766	91,324	105,110	105,110
5,036	5,036	5,036	5,036	Opening Retained Earnings/(Accumulated	7,946	(9,369)	2,810	5,036
(245)	(69)	155	501	Losses)	(5,135)	(1,372)	2,225	501
				Current Year Result				
389,079	389,255	389,479	389,825	Shareholder's Equity	380,755	359,761	389,323	389,825

(1) It is assumed that operating cash will remain at \$1m.

(2) Advances includes the QTC cash facility. The decrease in Advances from FY2023 actual to FY2024 estimate is principally due to no draw down on borrowings in FY2024 and higher payments to suppliers. The decrease in Advances in the FY2025 budget from the FY2024 estimate principally relates to higher payments to suppliers & payments for PPE & Investment Property, partially offset by forecast borrowing of \$10m.

(3) Decrease from FY2023 actual to FY2024 estimate is principally due to lower forecast trade debtors balances (based on 3 yr avg). The increase in FY2025 budget is principally due to the timing of Karumba dredging recoverable revenue.

(4) Relates to the Income Tax Provision, shown as an asset if the position is a refund and a liability if a payable is forecast.

(5) Decrease in FY2025 from FY2024 estimate principally due to the transfer of piles from inventory to Horn Island capital project.

(6) Other Current Assets relates to prepayments.

(7) Increase in FY2025 budget from FY2024 estimate principally due to budgeted capital expenditure partially offset by the depreciation impact on PP&E.

(8) Increase in FY2025 from FY2024 estimate is principally due to budgeted capital expenditure.

(9) Decrease in FY2025 from FY2024 estimate is principally due to forecast movements in accrual balances including Land Tax & consultancy accruals.

(10) Principally relates to dividend & employee leave provisions. Decrease in FY2025 from FY2024 estimate is principally due to movements in dividend provision.

(11) Relates to income received in advance.

(12) Increase from FY2023 actual to FY2024 estimate is principally due to tax effect from forecast FY2024 PPE revaluation increase. Increase in FY2025 budget from FY2024 estimate relates to forecast income tax movement between current & deferred tax.

(13) Relates to lease liabilities (perpetual leases) and long service leave provision.

11.3 Statement of Cash Flows (Consolidated)

FY2025 BUDGET QUARTER YTD					FY2023	FY2024	FY2024	FY2025
Sep	Dec	Mar	Jun		Actual	Budget	Estimate	Budget
\$'000	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000
				Cash Flows from Operating Activities				
17,397	16,436	16,191	16,020	Receipts from Customers ⁽¹⁾	64,840	63,298	64,444	66,044
(21,402)	(12,461)	(12,322)	(14,833)	Payments to Suppliers and Employees ⁽²⁾	(43,183)	(58,870)	(54,106)	(61,018)
334	252	297	300	Interest Received ⁽³⁾	1,972	1,375	1,721	1,183
1,874	1,863	928	1,159	GST Received from ATO	5,277	5,134	6,612	5,824
(1,705)	(1,743)	(1,550)	(1,659)	GST Paid to ATO	(6,503)	(6,477)	(7,598)	(6,657)
1,643	1,644	1,658	1,847	GST Received from Customers	6,669	6,546	7,537	6,792
(1,921)	(1,511)	(1,021)	(1,382)	GST Paid to Suppliers	(4,940)	(5,222)	(6,652)	(5,835)
(3,780)	4,480	4,181	1,452	Net Cash Flows from Operating Activities	24,132	5,784	11,958	6,333
				Cash Flows from Investing Activities				
-	-	-	-	Proceeds from Sale of PPE and Investment Property	-	-	412	-
(5,114)	(8,140)	(3,260)	(4,450)	Payments for PPE and Investment Property ⁽⁴⁾	(20,788)	(15,449)	(18,514)	(20,964)
8,796	1,211	(143)	1,500	Advances to Queensland Treasury ⁽⁵⁾	(3,408)	9,564	18,451	11,364
3,682	(6,929)	(3,403)	(2,950)	Net Cash Flows from Investing Activities	(24,196)	(5,885)	349	(9,600)
				Cash Flows from Financing Activities				
-	10,000	-	-	Proceeds from Borrowings	-	10,000	-	10,000
(5)	(5)	(5)	(5)	Payments of Principal and Interest on Lease Liabilities ⁽⁶⁾	(53)	(41)	2	(20)
-	(39)	(113)	(114)	Finance Costs ⁽⁷⁾	-	(260)	-	(266)
(5)	9,956	(118)	(119)	Net Cash Flows from Financing Activities	(53)	9,699	2	9,714
				Cash Flows from Government				
-	-	-	-	Proceeds from Equity Contribution ⁽⁸⁾	4,000	-	-	-
-	(5,116)	-	-	Dividend Paid ⁽⁹⁾	-	(4,048)	(7,873)	(5,116)
(238)	(2,391)	(660)	1,617	Income Tax (Equivalent) Paid	(3,302)	(5,880)	(7,892)	(1,672)
(238)	(7,507)	(660)	1,617	Net Cash Flows from Government	698	(9,928)	(15,765)	(6,788)
(341)	-	-	-	Net Increase/(Decrease) in Cash Held	581	(330)	(3,456)	(341)
1,341	1,000	1,000	1,000	Cash at the Beginning of the Year	4,216	1,330	4,797	1,341
1,000	1,000	1,000	1,000	Cash at the End of the Year	4,797	1,000	1,341	1,000

(1) FY2025 higher than FY2024 estimate principally due to increased maritime, property and pilotage revenue (refer section 4.1) and reflects forecast movements in debtor balances.

(2) Increase in FY2025 from FY2024 estimate principally due to increased labour, maintenance and consultancy costs (refer section 4.1) and reflects movements in accrued creditor balances.

(3) Decrease in FY2025 from FY2024 estimate principally due to forecast lower cash balances.

(4) Includes actual cash payments made for capital projects in each year, will not match capital budget due to accrual, creditor and inventory movements.

FY2023 actual included CMP Early Works accrual, increase in FY2025 from FY2024 estimate reflects higher capital program budget.

(5) Inflows relating to the Advances to QTC represents a drawdown on this cash facility.

(6) Reflects movements in lease liabilities (perpetual leases).

(7) Interest payable on forecast \$10m QTC borrowings.

(8) Includes \$4m equity contribution in FY2023 in relation to the Horn Island Passenger Wharf Upgrade.

(9) No dividend was declared in FY2022 (payable in FY2023) due to shareholding Ministers approving the Board's recommendation for the retention of dividends otherwise payable from final audited net profits after tax. The dividend retention was used by Ports North to support future investment in critical infrastructure and growth initiatives. A dividend of \$5.1m is expected for FY2024 (payable in FY2025).

Equity Contribution/Withdrawals	Actual \$'000	Budget \$'000	Estimate \$'000	Budget \$'000
Equity Contributions	4,000			
Equity Withdrawals				
Net Equity	4,000			

*FY2023 contribution was provided by the Queensland Government for the Horn Island Passenger Jetty & Cargo Wharf.

Dividends, Tax Equivalent Payments (TEPs) & Community Service Obligations (CSOs)	FY2023	FY2024	FY2024	FY2025
	Actual	Budget	Estimate	Budget
	\$'000	\$'000	\$'000	\$'000
Dividend Provided ⁽¹⁾	7,873	4,939	5,116	1,901
Income Tax Expense/(Benefit)	1,543	1,529	3,146	1,030

(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 2024/25.

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

Activity	FY2023 Actual \$'000	FY2024 Budget \$'000	FY2024 Estimate \$'000	FY2025 Budget \$'000
Sponsorship	16	60	52	108
Advertising	2	2	1	2
Corporate Entertainment	8	14	13	29
Strategic Community and Stakeholder Engagement Activities	142	186	182	235
TOTAL	168	262	248	374

Activity	Description/Benefit	FY2024	FY2024	FY2025	FY2025 BUDGET QUARTER				FY2025
		Budget \$'000	Estimate \$'000	Budget \$'000	\$'000				Per Head Budget \$'000
SeptDecMarJun									
SPONSORSHIP									
Cairns Indigenous Art Fair (Regional Cultural & Art Event)	The Cairns Indigenous Art Fair (CIAF) is a major Cairns event dedicated to strengthening Far North Queensland Aboriginal and Torres Strait Islander arts industry. The Cairns Cruise Liner Terminal hosts the Art Fair and other First Nations events which deliver significant economic and cultural value. CIAF gains national attention and is recognised as Australia’s premier Indigenous Art Fair. The event has provided an excellent opportunity for Ports North to showcase Cityport and our foreshore facilities, while enabling economic opportunities, social cohesion and and connections to culture for our community.	5	5	8	-	-	-	8	0.09
Community Grants	Ports North aims to support the people and causes most important to the communities where we work, where we can postively impact economic development, social inclusion and cultural connectedness. In 2024/25 we plan to release a community grants or community fund program that will facilitate applications for one-off investments. This will assist Ports North to identify and support the groups and charities that would benefit most, and can deliver long-term benefits to the broader community.	-	-	50	-	25	-	25	0.56
Other (over \$5k)	Allowance for sponsorship opportunities over \$5k.	20	20	10	-	-	-	10	0.11
Total over \$5,000		25	25	68	-	25	-	43	0.76
Other (total) below \$5,000		35	27	40	13	10	10	7	0.44
TOTAL (1)		60	52	108	13	35	10	50	1.20
ADVERTISING									
Total over \$5,000		-	-	-	-	-	-	-	-
Other (total) below \$5,000		2	1	2	-	1	-	1	0.02
TOTAL (2)		2	1	2	-	1	-	1	0.02
CORPORATE ENTERTAINMENT									
Total over \$5,000		-	-	-	-	-	-	-	-
Other (total) below \$5,000		14	13	29	5	10	9	5	0.32
TOTAL (3)		14	13	29	5	10	9	5	0.32
STRATEGIC COMMUNITY & STAKEHOLDER ENGAGEMENT ACTIVITIES									
Total over \$5,000									
Advance Cairns (Membership)	Advance Cairns is the peak economic organisation for the Far North Queensland Region. They advocate economic development opportunities to local, state and federal governments.	50	51	52	52	-	-	-	0.58
Tourism Tropical North Queensland (TTNQ)	As the Regional Tourism Organisation, Tourism Tropical North Queensland (TTNQ) brings together the industry and the community to drive the value of the visitor economy through destination marketing.	-	20	20	20	-	-	-	0.22
Ports Australia (Membership)	Ports Australia is the national body of Australia’s ports sector. Ports Australia provides opportunities for the ports sector to meet and discuss local, national and international issues impacting their businesses and communities.	44	43	44	44	-	-	-	0.49
Queensland Ports Association (Membership)	Queensland Ports Association is the state body representing the ports sector and is also a member of Ports Australia. It facilitates opportunities for ports in Queensland to overcome challenges and improve operations.	10	10	10	-	10	-	-	0.11
Superyacht GBR (Membership)	Superyacht Great Barrier Reef is the Far North Region industry association for attracting, growing and developing superyacht visits to the region and to the Cairns Marlin Marina.	6	6	6	-	6	-	-	0.07
Australian Cruise (Membership)	Australian Cruise Association is the peak cruise industry association for growing and developing the Australia Pacific region as the world's leading cruise destination. The organisation is made up of 87 members and represents regional ports, national and state tourism agencies, shipping agents, inbound tour operators and companies dedicated to making Australia a world class base and destination for cruise vessels.	9	9	9	-	-	-	9	0.10

Terrain Natural Resource Management (NRM) - Healthy Waterways	Terrain NRM is an independent, not for profit and community-based environmental management organisation, developing sustainable solutions to increase the resilience of the reefs and local communities of Australia's Wet Tropics region.	12	12	12	-	12	-		0.13
Gulf Savannah Development Group	GSD was established to advocate the Gulf Savannah region and advance the interests of Councils, business, industry, community and visitors. Specifically, Ports North will contribute to GSD's work to establish a business case for sustainable development opportunities at the Port of Karumba.	-	-	15	15	-	-	-	0.17
Total over \$5,000		131	151	168	131	28	-	9	1.87
Other (total) below \$5,000		55	31	67	15	15	20	17	0.74
TOTAL (4)		186	182	235	146	43	20	26	2.61

Corporate Entertainment

Activity	FY2024	FY2024	FY2025	FY2025	FY2025 BUDGET QUARTER			
	Budget \$'000	Estimate \$'000	No. of Activities	Budget \$'000	Sept	Dec	Mar	Jun
Corporate Entertainment Total								
* Staff Functions	6	6	6	10	1	6	2	1
* Business Development	4	3	9	9	2	2	3	2
* Stakeholder and Community Engagement	4	4	9	10	2	2	4	2
TOTAL UNDER \$5,000	14	13	24	29	5	10	9	5

12.2 Employment and Industrial Relations Plan 2024/2025

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.

Positive Workplace Culture

Policies linking business and employee needs

Employee involvement

Effective people management systems

Responsive and inclusive leadership

Communication Strategy

2. Significant and Emerging Issues

Attracting and retaining the necessary skills required in the organisation has always been challenging in the Cairns region and this is further compounded by the current shortage of skilled labour in the broader employment market. 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.

Ports North is also undertaking an organisation wide ICT systems and process upgrade project which will extend into the 2024/2025 period. This is a significant change project for the organisation and will impact on resourcing levels with back-fill and additional project resources being required.

A further challenge for the organisation is retaining appropriately qualified marine pilots and sourcing replacement pilots, particularly over the next few years as existing marine pilots reach retirement age and appropriately skilled and experienced replacements will need to be sourced in a timely manner. 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 March 2024)

<i>CEO / Senior Executives</i>	<i>Base Salary¹</i>	<i>Employer Superannuation Contribution</i>	<i>Total Fixed Remuneration²</i>	<i>Performance Payment Made³</i>
Mr Richard Stevenson Chief Executive Officer	378,802	41,668	420,470	30,803
Mr Jason Ledbury General Manager Infrastructure and Technology	296,914	32,660	329,574	24,724
Mr Kevin Malone General Manager Commercial	277,207	30,493	307,700	36,459
Mr Chris Tabe General Manager Finance	231,166	29,473	260,639	29,625
Mr Shane Vedamuttu General Manager Operations	216,825	27,645	244,470	-
Mr Paul Doyle General Manager Strategy and External Relations	222,838	24,512	247,350	25,146

- Notes:
1. Includes salary sacrifice items plus cash salary
 2. Sum of columns 1 and 2
 3. Actual payment made in FY2024 for performance in FY2023

4. Employment Conditions

Ports North's main industrial instruments are its Enterprise Agreements (Ports North Administrative and Technical Enterprise Agreement, Ports North Operations and Maintenance Enterprise Agreement and Ports North Marine Pilots Enterprise Agreement) and Individual Flexibility Agreements in accordance with the Port Authorities Award 2010. Agreement employment conditions are summarised in the table below.

Award/Agreement	Conditions	Positions	Expiry Date
Ports North Administrative and Technical Enterprise Agreement 2023	<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 	35 Positions <ul style="list-style-type: none"> • Professional • Administration • Clerical 	30 June 2026
Ports North Operations and Maintenance Enterprise Agreement 2023	<ul style="list-style-type: none"> • 38 hrs/week • 5 weeks annual leave/6 weeks (shift worker) • 15 days sick leave • 13 wks after 10 yrs long service leave • Overtime / Time off in Lieu • Aggregated salary arrangement 	22 Positions <ul style="list-style-type: none"> • Tradesperson • Seaport Officers • Labourers • Plant Operators 	30 June 2026
Port Authorities Award 2020 and an Individual Flexibility Agreement (IFA)	<ul style="list-style-type: none"> • 24 hr 8 days on, 6 days off roster • 5 weeks annual leave • 10 days sick leave • 13 wks after 10 yrs long service leave 	5 Positions <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 2020	<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 • Paid public holidays (11 pa) 	12 Positions <ul style="list-style-type: none"> • Marine Pilots 	The current agreement expired on 31 October 2023. In-principle agreement has been achieved for a new agreement, which is currently subject to approval by Government followed by Fair Work Commission approval processes.

In respect of the Ports North Administrative and Technical Enterprise Agreement and Ports North Operations and Maintenance Enterprise Agreement, the Port Authority Award 2020 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 5 employees employed on Individual Flexibility Arrangements in accordance with the Port Authority Award 2020. 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, with details provided at section 3 of this document.

5. Enterprise Bargaining

Two Ports North Enterprise Agreements (Ports North Administrative and Technical Enterprise Agreement 2020 and Ports North Operations and Maintenance Enterprise Agreement 2020) were successfully negotiated in 2023 and are due to expire in 2026. The Ports North Marine Pilots Enterprise Agreement 2020 is expected to be renewed in early 2024 with in-principle agreement, subject to Government approval, already being achieved.

Implementation of the Agreements and achieving the identified productivity savings will be a key focus for the organisation over the next 2-3 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 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.

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

6. Workforce Planning

Ports North has a workforce plan of 82 FTEs as of 31 March 2024. The permanent workforce plan is expected to increase to 90 FTEs over the FY2025 plan period with the addition of four trainee/under-graduate positions, two maritime cadets, two permanent full-time positions in Finance and ICT and an additional contract project position. 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 students in the organisation where possible. Below is a summary of the workforce FTE plan by employment category as of 31 March 2024 together with a forecast for FY2025.

<i>Employment Category</i>	<i>31 March 2024</i>	<i>FY2025 SCI Budget</i>
Permanent	73	75
Temporary	2	1
Chief + Senior Executives	6	6
Apprentices	-	-
Trainees/Under-graduates	-	6
Casual	1	1
Other	-	1
Total Directly Employed Workforce	82	90

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 2022 and the next audit is scheduled for the second half of 2025.

8. Equity, Diversity, Respect and Inclusion

Under section 148 of the GOC Act, Ports North is a 'prescribed entity' for the purposes of Chapter 2 of the *Public Sector Act 2022*. Accordingly, Ports North complies with the equity, diversity, respect and inclusion provisions under Chapter 2 of the *Public Sector Act 2022*.

9. Employment Security

Ports North's directly 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, material non-cash items, non-cash adjustments from asset valuations (including any associated tax benefits or expense) and profits from Community Ports.

Dividends payable have been calculated as follows:

	FY2025 Budget \$'000	FY2024 Estimate \$'000
Net Profit/(Loss) after Tax	2,403	7,342
Less: Increase in the Value of Investment Property		
Less: Increase in Value of PP&E		2,529
Less: Community Ports Net Profit/(Loss) after Tax	502	(302)
Net Profit Before Adjustment for Revaluation	1,901	5,116
Less: Decrease in Value of Property, Plant and Equipment		
Adjusted Net Profit for Dividend Calculations	1,901	5,116
Dividend Payable at 100%	1,901	5,116

12.4 Weighted Average Cost of Capital (WACC)

The Board will ensure that Ports North reviews its WACC on an annual basis. The WACC rates for 2024/25 (determined in December 2023) are as follows:

Area	Assessed Nominal Discount Rate After Tax	Assessed Real Discount Rate After Tax	Assessed Nominal Discount Rate Before Tax	Assessed Real Discount Rate Before Tax
█	█	█	█	█
█	█	█	█	█

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.