



DIRECTORS' INDEPENDENCE

1. APPLICATION:

This Policy shall apply to all duly appointed Directors of the Mackay Port Authority.

2. REFERENCES:

Corporate Governance Guidelines for Government Owned Corporations – Issues by Queensland Treasury, September 2005
ASX Core Principles of Corporate Governance and ASX Guidelines

3. POLICY

3.1 Role of MPA and its Directors

The Mackay Port Authority is a statutory Government owned Corporation (GOC) constituted under the *Government Owned Corporations Act 1993*.

The Board of Directors of the Mackay Port Authority assumes the overall responsibility for setting the strategic direction for the development, management and operation of the Mackay Seaport, Mackay Airport and the associated strategic and substantial land holdings.

3.2 Initial Appointment of Directors

Directors of the Mackay Port Authority are appointed by Governor in Council and are directly accountable to MPA's two shareholding Ministers:

Hon. Andrew Fraser, MP
Treasurer

Hon. John Mickel, MP
Minister for Transport, Trade,
Employment and Industrial Relations

The initial assessment of a Director's independence is undertaken by Governor in Council prior to appointment, however the Board is responsible to assess the ongoing independence of each Director.

3.3 Criteria for Assessment of Director Independence

The following criteria have been established by the Mackay Port Authority to assess the independence of Directors.

Assessment Criteria 1

Has the director, within the past three (3) years, been employed in an executive capacity by the Authority or been a director of any closely related organisation?

Assessment Criteria 2

Has the director, within the past three (3) years, been a principal or employee of a professional advisor or a consultant whose annual billings to the Authority represent greater than 1% of the Authority's annual (before tax) profit or greater than 5% of the professional advisor's or consultant's total annual billings?

Assessment Criteria 3

Is the director a supplier or customer whose annual revenues from the Authority represent greater than 1% of the Authority's annual (before tax) profit or greater than 5% of the supplier's or customer's total annual revenue?

Assessment Criteria 4

Does the director have any material contractual relationship with the Authority, other than as a director of the Authority?

Assessment Criteria 5

Does the director have any other interest or relationship that could interfere with the director's ability to act in the best interests of the Authority and independently of management?

3.4 Evaluation

An evaluation will be undertaken on an annual basis, in accordance with the Assessment Criteria set out herein, to determine the independence of each Director of the Authority.

This evaluation will be undertaken by the Audit, Risk & Compliance Committee during the April – June quarter each year.

4. PROCEDURES

- 4.1 Each director will be provided with a self-assessment form, setting out the criteria for evaluation of the independence of directors, to be completed by the end of March each year.
- 4.2 These self-assessment forms will be reviewed by the Audit, Risk & Compliance Committee for formal evaluation and assessment.

5. ADOPTION & REVIEW

5.1 Adoption

This policy was reviewed and again adopted by the Board of the Mackay Port Authority at its Meeting held on 29th February 2008.

5.2 Review Date

This policy is subject to review forthwith upon conversion to a Company Government Owned Corporation and bi-annually thereafter.