PORT OF TOWNSVILLE LIMITED
STATEMENT OF CORPORATE INTENT

2013-2014

PORT of TOWNSVILLE
Nexus North Queensland

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DIRECTORS' STATEMENT AND AGREEMENT OF SHAREHOLDING MINISTERS

This Statement of Corporate Intent **(SCI)** and all attachments, for 2013-2014, are presented in accordance with Chapter 3, Part 8 of the *Government Owned Corporations Act 1993* (Qld) **(GOC Act)**.

In accordance with Chapter 1, Part 3, section 7 of the GOC Act, this SCI represents a formal performance agreement between the board of Port of Townsville Limited **(the Corporation)** and its shareholding Ministers, the Honourable Tim Nicholls MP, Treasurer and Minister for Trade and the Honourable Scott Emerson MP, Minister for Transport and Main Roads. In signing this document, the Corporation's board undertakes to achieve the financial and non-financial targets proposed in this SCI for the financial year.

This SCI is consistent with the Corporation's 2013-2018 Corporate Plan submitted to, and agreed by, shareholding Ministers in accordance with Chapter 3, Part 7 of the GOC Act.

The Corporation undertakes to report to shareholding Ministers on a quarterly and annual basis with respect to the Corporation's progress towards achieving the financial and non-financial performance targets specified for the financial year.

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

This SCI is signed by the Chair on behalf of all the directors in accordance with a unanimous decision of the board of the Corporation.

Ross Dunning AC
Chairman

Date: _____ / _____ / 2013

The Hon. Tim Nicholls MP
Treasurer and Minister for Trade

Date: _____ / _____ / 2013

The Hon. Scott Emerson MP
Minister for Transport and Main Roads

Date: _____ / _____ / 2013

1. CORE BUSINESS, STRATEGIC PRIORITIES AND MAJOR INITIATIVES

1.1 VISION

Seamless movement of products across the supply chain; creating value with every connection.

1.2 CORE BUSINESS

The Corporation's core business as set out in its constitution and the *Transport Infrastructure Act 1994* (Qld), is to:

- act commercially and optimise the value of the business whilst endeavouring to achieve sustained long-term business growth;
- establish, manage and operate effective and efficient port facilities and services at its ports;
- make land available for the establishment, management and operation of effective and efficient port facilities and port services at its ports by other persons, or other purposes consistent with the operation of its ports;
- provide or arrange for the provision of ancillary services or works necessary or convenient for the effective and efficient operation of its ports;
- keep appropriate levels of safety and security in the provision and operation of the port facilities and port services;
- provide other services incidental to the performance of the Corporation's other functions, or likely to enhance the usage of its ports;
- perform any other functions and exercise any other powers conferred on the Corporation;
- provide port services and ancillary services whether in or outside its ports, whether in or outside Australia and whether for another port or for other parties; and
- carry out any activity that is incidental to the attainment of the objects set out above.

1.3 STRATEGIC PRIORITIES

Consistent with the Corporation's Corporate Plan 2013-2018 and the strategic expectations of shareholding Ministers, the Corporation will pursue the following strategic priorities in 2013-2014:-

Financial Strength: Responsible financial management and profit growth delivering sustainable value to shareholders and capacity for future investment.	▪ Diversify revenue sources and effectively manage counter-party risks to ensure financial resilience and sustainability of operations. ▪ Maintain transparent and competitive pricing structures that reflect value for money and deliver acceptable returns on assets. ▪ Improve commercial returns from existing assets through efficiency reforms. ▪ Pursue appropriate private financing structures for port expansions and developments in consultation with Projects Queensland.
Competitive & Efficient Operations: Customer focussed approach to delivering competitive, reliable and efficient supply chain solutions.	▪ Optimise flexibility and capability of existing transport supply chain infrastructure to meet future demand and trade growth. ▪ Secure strategic planning approvals and actively progress port developments to ensure responsive and timely delivery of infrastructure to meet customer growth objectives. ▪ Actively partner with customers and other service providers to ensure that freight movement across the supply chain is seamlessly integrated.
Social Responsibility: Port developments and operations are transparent, responsible and provide demonstrated value to all stakeholders.	▪ Actively and transparently engage with the community and stakeholders regarding developments, operations and performance. ▪ Develop transitional areas at the city-port interface to ensure compatibility and encourage public use of the waterfront. ▪ Manage potential impacts from existing port operations and new projects through comprehensive and reliable management systems and environmental monitoring. ▪ Actively partner with all stakeholders to ensure robust systems are in place to ensure the health and safety of all employees, operators and visitors at the Corporation's ports.

1.4 MAJOR INITIATIVES

During the period of this SCI, the Corporation will undertake the following major initiatives:

- actively pursue new port customers to diversify the Corporation's revenue base whilst continuing to work collaborative with existing customers to enhance their business opportunities;
- implementation of pricing reforms that reflect value for money and deliver acceptable returns on assets;
- working collaboratively with existing port customers to improve the efficiency of bulk and cargo handling operations;
- applying market rental rates to all new leases where opportunities (such as lease renewals) arise;
- continued development of asset management plans to assist with long-term maintenance planning and cost containment;
- development of financial planning, procurement and asset management frameworks;
- improving long-term operational efficiency and productivity in accordance with shareholding Ministers' expectations;
- implementation of substantial reductions in operating expenditure through constraint on discretionary spending;
- delivery of major port projects on time and within budget;
- actively pursue appropriate private financing structures to fund future major projects in consultation with Projects Queensland;
- redevelopment / divestment of surplus and non-performing land holdings in consultation with the State Government to ensure broader whole-of-Government initiatives aimed at supporting better social and economic outcomes from Government owned property assets are considered;
- review, in partnership with port customers and relevant stakeholders, the projects necessary to optimise flexibility and capability of existing transport supply chain infrastructure to accommodate future trade growth;
- engage with port customers to gain a better understanding of their requirements and project drivers;
- facilitate discussions between port customers and supply chain stakeholders to achieve competitive supply chain solutions;
- securing strategic approvals for future port expansions to capitalise on future growth opportunities and increase attractiveness of privately financed expansions to potential investors;
- working collaborative with the Department of Defence with the coordination of Defence exercises at the Port of Townsville and within the region;
- development of new Land Use Plan for the Port of Lucinda to ensure future development is undertaken in a responsible and sustainable manner;
- promoting the importance of the Corporation's operations to the community and other stakeholders to gain support with future port expansion plans; and
- continued implementation of best practice environmental monitoring and management programs to minimise the potential impact of port operations on the community.

Further information on these major initiatives and their respective performance outcomes can be found in section 2.4 of the Corporation's Corporate Plan 2013-2018.

2. BUSINESS OUTLOOK

Port of Townsville

International demand for mineral resources and agricultural products, whilst expected to slow slightly in the short-term, is forecast to experience steady growth in the medium to long term. Queensland's North West and North East Mineral Provinces will continue to be a reliable supplier of resources, with its full potential yet to be realised. The Corporation is continuing to work closely with a number of proponents on significant new mining projects in advanced stages of investigation that have the potential to result in a step-change increase in exports through the Port of Townsville.

In addition, the Townsville and northern Queensland region continues to grow at a rapid pace. Forecast population growth and regionalisation strategies necessitate the establishment of essential transport infrastructure, including port infrastructure, to support this growth in a sustainable manner.

Trade through the Port of Townsville is estimated to be 12.17 million tonnes in 2012-2013. Trade is forecast to remain relatively consistent at 13.06 million tonnes in 2013-2014, increasing to 15.62 million tonnes by 2017 (19% increase over five (5) years).

The Corporation's trade and revenue forecasts for 2013-2014 have been based on trade throughput estimates available at February 2013:

Commodity	2011-2012 Actual	2012-2013 Forecast	2013-2014 Budget	Increase (Decrease)
IMPORTS				
Bitumen	-	50,000	75,000	25,000
Cement	482,254	480,000	500,000	20,000
Concentrates Containers	52,714	2,240	-	(2,240)
Copper Anode	73,564	75,000	86,000	11,000
Fertilizer	96,817	100,000	100,000	-
General Cargo	300,493	275,000	350,000	75,000
Mineral Concentrates (bulk)	250,230	250,000	250,000	-
Motor Vehicles	27,092	20,000	25,000	5,000
Nickel Ore	3,978,616	4,000,000	4,000,000	-
Oil - General Purpose	1,111,296	1,050,000	1,100,000	50,000
Sulphur	112,733	90,000	100,000	10,000
Sulphuric Acid	63,396	100,000	100,000	-
Total Imports	**6,549,205**	**6,492,240**	**6,686,000**	**193,760**
EXPORTS				
Cattle	10,863	5,000	10,000	5,000
Contaminated Oil	8,628	8,000	5,000	(3,000)
Copper Refined	272,221	240,000	248,000	8,000
General Cargo	191,585	130,000	155,000	25,000
High Analysis Fertilizer	866,066	850,000	850,000	-
Lead Ingots/Refined Lead	164,430	140,000	165,000	25,000
Magnetite Ernest Henry	684,804	755,000	1,020,000	265,000
Magnetite Mount Moss	161,719	200,000	200,000	-
Meat & By Products	21,288	15,000	20,000	5,000
Mineral Concentrates	1,362,030	1,396,000	1,422,000	26,000
Molasses	381,782	250,000	250,000	-
Nickel Refined	27,967	20,000	20,000	-
Refined Zinc/Zinc Ingots	156,889	160,000	160,000	-
Sugar	1,490,541	1,200,000	1,200,000	-
Sulphuric Acid	5,502	-	-	-
Timber	318,696	90,700	-	(90,700)
Zinc Ferrites	210,651	220,000	220,000	-
Total Exports	**6,335,662**	**5,679,700**	**5,945,000**	**265,300**
Total Throughput	**12,884,867**	**12,171,940**	**12,631,000**	**459,060**

In subsequent years, trade is forecast to continue to grow steadily, predominantly driven by growth in exports of mineral concentrates and magnetite as a number of existing customers increase production levels and new mines commence operation.

The Corporation will continue to pursue alignment of capacity across the supply chain with Queensland Rail Limited, above rail freight operators, customers and other participants in the supply chain to ensure that forecast trade growth can be accommodated and future investments in infrastructure are appropriately staged and implemented to optimise available capacity.

Port of Lucinda

Trade throughput at the Port of Lucinda during the term of this SCI is expected to be as follows:

Commodity	2011-2012 Actual	2012-2013 Forecast	2013-2014 Budget	Increase (Decrease)
IMPORTS				
General Cargo	3,337	4,000	4,000	-
Total Imports	3,337	4,000	4,000	
EXPORTS				
General Cargo	9,522	8,000	8,000	-
Sugar	-	425,000	425,000	-
Total Exports	9,522	433,000	433,000	-
Total Throughput	**12,859**	**437,000**	**437,000**	**-**

Sugar exports for 2013-2014 are expected to increase on 2011-2012 figures as the sugar loading facilities owned by Queensland Sugar Limited have since been repaired following damage to the facilities by Cyclone Yasi in February 2011.

3. PERFORMANCE TARGETS

3.1 KEY PERFORMANCE TARGETS

The Corporation undertakes to achieve the following key financial and non-financial performance targets in 2013-2014:

Quarter 2013-2014				Performance Indicators	2013-2014 Budget	2011-2012 Actual	2012-2013 Budget	2012-2013 Est. Actual
Sept	Dec	Mar	Jun					
19.41	18.01	14.72	18.63	Operating Revenue ($M)	70.77	90.27	73.10	73.25
9.98	9.81	9.95	11.10	Operating Expenditure ($M)	40.84	47.39	38.90	39.85
16.99	15.59	12.30	13.76	Trade Income ($M)	58.64	52.37	53.78	53.10
2.15	2.15	2.15	2.15	Property & Facilities Income ($M)	8.58	6.97	7.63	8.07
9.43	8.20	4.77	7.52	EBIT ($M)	29.92	42.88	34.20	33.40
5.60	5.75	2.09	2.91	NPAT ($M)	16.35	28.64	22.11	21.30
0.00	0.00	0.00	9.96	Dividend ($M)	9.96	5.30	9.20	9.22
7.30	6.33	3.67	5.65	Accounting Return on Assets EBIT (%)	5.65	9.19	7.03	6.86
1.08	1.10	0.40	3.00	Accounting Return on Assets NPAT (%)	3.00	6.24	4.43	4.14
1.45	1.48	0.54	4.16	Return on Equity (%)	4.16	8.03	6.01	5.68
0.98	0.87	0.98	1.31	Current Ratio	1.31	1.14	0.93	1.02
5.84	1.59	2.81	4.94	Interest Cover Ratio (EBIT)	4.94	63.52	14.10	16.64
0.19	0.20	0.20	0.19	Debt to Equity Ratio	0.19	0.03	0.15	0.17
3.27	3.27	3.27	3.27	Tonnage Throughput (Millions)	13.07	12.90	12.82	12.61
225	235	160	190	Vessels to Port	810	805	800	780
9.88	11.01	3.00	3.10	Capital Investments ($M)	27.00	77.26	89.95	93.74
0	0	0	0	Lost Time Injury Frequency Rate **(LTIFR)**	< 5	0	< 5	0
0	0	0	0	Reportable Environmental Breaches	0	0	0	0

The Corporation undertakes to achieve the financial results detailed in the Income Statement, Statement of Financial Position and Statement of Cash Flows provided at ***Annexure A***.

3.2 ASSUMPTIONS

The Corporation's 2013-2014 financial forecasts reflect changes to internal and external operating environments that may impact on the Corporation's operations in the current planning period. Key assumptions include:-

- Trade forecasts have been based on customer contracts (where applicable), advice from customers, an assessment of the feasibility of new trades or increases in terms of capacity of supporting infrastructure, global market conditions for commodities as advised by Queensland Treasury Corporation and long-term historical trade patterns.

- An allowance has been made for overall increases in port charges (cargo and berthage charges) of 5.5% per annum (commencing on 1 July each year) for the initial 2 years of the Port of Townsville budget period, with 3.5% each year thereafter. There are no increases in port charges factored in for the Port of Lucinda.

- Capital expenditure includes $27 million in 2013-2014 and $95.27 million over the five years to 2017-2018 to complete a number of major projects approved by shareholding Ministers, as well as a number of other projects and upgrades considered essential for continued growth and reliability, safety and efficiency of core assets.

- Operating expenditure includes continued delivery of core services and maintenance with a strong emphasis on achieving efficiency and productivity savings and reducing discretionary spending and non-core operations.

- Wage increases effective 1 July 2013 of 3% are in line with the *Government Owned Corporations Wages Policy 2012* approved by the Cabinet Budget Review Committee on 30 May 2012, with any increases to be fully offset by efficiency and productivity improvements savings. Constraint on filling of vacant positions is necessary to achieve the expenditure budget for 2013-2014 and the forecast period, with no increase in employment levels.

- Interest rate on borrowings has been calculated based on QTC debt pool of [redacted]% and Competitive Neutrality Fee of [redacted]%. Interest on investments has utilised [redacted]% per annum consistent with QTC capital guarantee cash fund annual effective rate as at 28 February 2013.

- Where Grants and Subsidies received for the Berth 10A project fall within the definition of grants as described under the accounting standard AASB120 *Accounting for Government Grants and Disclosure of Government Assistance*, those monies will be treated as grants related to assets, and shall be presented in the balance sheet either as deferred income, or eventually by deducting the grant in arriving at the carrying amount of the asset. Monies received in consideration for material benefit and services, such as Department of Defence funding, will be treated under the appropriate accounting standard.

3.3 RISK MANAGEMENT

The Corporation's board has ultimate responsibility for the management of all major risks for the Corporation. The Corporation's risk identification and management process is monitored by the Finance, Audit and Risk Management **(FARM)** Committee, which is a committee of the board and which reports to the board on a regular basis. The key strategic risks for the next 12 months that are regularly monitored by the board include:-

1. Breach of legal compliance requirements
2. Significant safety incident (i.e. fatality, permanent injury/illness)
3. Berth 6/7 failure (safety risk)
4. Trade volatility and counter-party risk
5. Inadequate whole-of-supply chain infrastructure to support trade growth (e.g. berths, port land stocks, rail, road and supporting infrastructure)
6. Community acceptance of the Corporation's operations and future expansion plans
7. Major projects – financial risks (i.e. cost overruns and impact on the Corporation's financial position)
8. Environmental constraints on future port expansions and operations (e.g. permit conditions, costs for offsets)
9. Difficulties for junior miners to commence exports of product due to high costs of new infrastructure
10. Inability to secure finance to support port expansions

The Corporation's Strategic Risk Register details all key strategic risks monitored by the board. The risk management framework is designed to ensure that all potential financial, operational and other risks are regularly identified, assessed, monitored and reported to the FARM Committee and the board, along with appropriate risk mitigation and management plans. In particular, potential security risks have been considered and identified and a framework to respond to security events has been developed.

The board will continually monitor all risks and update the Corporation's response framework as necessary. Risk management plans have been incorporated in the Corporation's budgetary and strategic planning processes.

4. FINANCIAL MANAGEMENT

The Corporation is committed to responsible financial management and profit growth that delivers sustainable value to shareholders and capacity for future investment.

Financial performance results for 2013-2014 are detailed in the financial statements at ***Annexure A***. These performance results will be achieved through: -

- pursuing new and diversified revenue sources and effectively managing counter-party risks to ensure financial resilience and sustainability of operations;
- continued implementation of pricing reforms that reflect value for money and deliver acceptable returns on assets;
- targeting substantial reductions in operating expenditure through constraint on discretionary spending and implementing efficiency reforms whilst ensuring core operations continue and core assets are maintained to appropriate standards of safety, reliability and availability;
- completing existing approved capital port upgrades and developments to improve the flexibility, capacity and efficiency of existing assets and accommodate and secure the long-term future of key commodities and industries for the region;
- securing strategic approvals for future port expansions to position the Port of Townsville to capitalise on future growth opportunities and increase attractiveness of privately financed expansions to potential investors;
- pursuing appropriate private financing structures for port expansions and developments; and
- redevelopment and rationalisation of surplus and non-core assets to improve commercial performance and value.

Operating costs (exclusive of depreciation and revaluation effects) have decreased from 2012-2013 forecast by $0.33 million (1.2%). These reductions have been made possible as a result of changes in government policy that have increased the Corporation's flexibility to appropriately manage business operations and to reduce discretionary spending. Expenditure reductions achieved are considered sustainable, and will not compromise safety performance, core maintenance and core services delivered by the Corporation.

Reportable expenditure on sponsorships, donations, advertising, corporate entertainment and corporate memberships is outlined below:-

Detail	Description / Benefit	2012-2013 Budget ($)	2012-2013 Est. Actual ($)	2013-2014 Budget
SPONSORSHIPS				
Total over $5,000				
Xstrata Mount Isa Mining Expo	Promotion and marketing of the Corporation's ports.	15,000	-	5,000
James Cook University Scholarships	To promote employment within the north Queensland region and the Corporation as a potential employer.	5,000	4,500	-
Other (total) below $5,000				
Other minor sponsorships	Other < $5,000	7,500	1,090	3,000
TOTAL (1)		**27,500**	**5,590**	**8,000**
MEMBERSHIPS				
Townsville Enterprise Limited	To increase the Corporation's profile within the industry and promote trade.	20,000	30,900	31,000
Queensland Ports Association	To participate, along with other Queensland ports, in common issues and activities and to share information where appropriate in the interests of the state's economic development.	9,000	9,000	9,000
Ports Australia	Ports Australia is a body representing the interests of the Australian ports and marine authorities. They provide leadership and support in areas of common interest related to ports, their interfaces and the achievement of their trade facilitation objectives.	35,000	35,695	36,000
MITEZ	To support the diversification of new industries, expansion of new markets and promotion of existing investment opportunities in the region.	15,000	15,000	15,000

Detail	Description / Benefit	2012-2013 Budget ($)	2012-2013 Est. Actual ($)	2013-2014 Budget
Total over $5,000		79,000		91,000
Other minor memberships	Other < $5,000	6,000	6,000	6,000
TOTAL (2)		**85,000**	**96,595**	**97,000**
CORPORATE ENTERTAINMENT & EVENTS				
Total over $5,000				
Berth 10 Function	Showcase the opening of the upgraded Berth 10 facility.	-	-	38,000
Employee End of Year Function	Year in review, recognition / appreciation of employee efforts, employee morale and increase team building.	12,000	11,514	9,500
Other (total) below $5,000				
Other minor events	• Other < $5,000	10,955	13,047	19,250
TOTAL (3)*		**22,955**	**24,561**	**66,750**
DONATIONS				
Total over $5,000				
Annual Charity Golf Day	To enhance corporate citizenship and networking opportunities with proceeds of the event to go to a charity.	22,350	22,350	20,000
Maritime Museum	Supporting community endeavours and promotes the Port of Townsville's historical significance in the area.	59,000	25,000	25,000
Other (total) below $5,000				
Other minor donations	Other < $5,000	5,000	1,000	2,000
TOTAL (4)		**86,350**	**48,350**	**47,000**
ADVERTISING				
Total over $5,000				
Berth 10	To promote cruise ship terminal.	-	-	8,500
Other (total) below $5,000				
Other minor advertising	Other < $5,000	15,800	7,163	20,047
TOTAL (5) **		**15,800**	**7,163**	**28,547**
TOTAL		**237,605**	**182,259**	**239,297**

* The 2013-2014 budget total is greater than the 2012-2013 budget due to the inclusion of the Berth 10 opening function (estimated cost $24,561). It is intended that there will be a formal ceremony for the opening, including attendance by State and Commonwealth representatives (i.e. Defence).
** The 2012-2013 advertising budget is $15,800, $10,000 of which has been reallocated elsewhere for higher priority projects. The increase from $15,800 to $28,457 in 2013-2014 is due to advertising requirements for the Berth 10 upgrade opening event ($8,500), a planned port open day ($3,000) and golf fundraising event ($1,247).

The Corporation's community engagement initiatives aim to promote:

- the deep connection between the Corporation's ports and the Townsville region;
- the role of the Corporation's ports has a key driver of Townsville's economic development;
- the quality and community benefits stemming from port planning and infrastructure development; and
- the Corporation's commitment to sustainable growth of the ports and surrounding region.

The Corporation's 2013-2014 sponsorships and donations budget delivers donations and partnerships that highlight the Corporation's corporate citizenship and commitment to community engagement. A number of community engagement initiatives are planned for 2013-2014, in particular:

- Port of Townsville public open days to enable the Corporation to showcase and educate the general public on port operations, the Port Expansion Project and the new Berth 10A facility;
- the delivery of a community engagement program in collaboration with port customers, which will include charity fundraiser activities, school education programs and the 'Port Goes Pink' event for Pink Ribbon Day; and
- port tours for private organisations, schools and other interested community groups.

The Corporation does not undertake any Community Service Obligations (CSOs) as that term is defined in the GOC Act.

5. CAPITAL INVESTMENT

Major capital investments for 2013-2014 over the budget period are detailed below:-

Capital Project	Details	Budgeted Total Cost ($)	Total Expenditure to 31 December 2012 ($)	2012-2013 Est. Actual ($)	2013-2014 Budget ($)	Expected Completion Date ($)
Berth 10A Upgrade	Extension of current Berth 10 to accommodate Royal Australian Navy vessels	$85.00	$46.20	$45.74	$12.47	Dec 2013
Berth 8 Upgrade	Upgrade of facilities at Berth 8 to facilitate relocation of operations from Berth 7.	$33.00	$24.28	$28.13	-	June 2013
Ross Creek Commercial Infrastructure Development	Landside creation of land for the commercial precinct	$4.34	-	$0.35	$4.06	June 2014
Cruise Vessel Access	Upgrades to improve navigation safety for cruise vessels	$3.65	-	-	$3.65	June 2014
Dredging for Channel Widening	Widening of harbour mouth and channel bend to allow safe navigation of longer vessels into the port.	$6.56	$1.75	$4.91	$1.54	June 2014
Road Upgrades	Upgrades to port roads and pavement areas to keeps roads in acceptable condition	$1.36	-	-	$1.43	June 2014
Port Expansion Project – Environmental Approvals	Environmental approvals for the Port of Townsville Expansion Project	$7.45	$3.61	$2.15	$0.45	June 2014
Port of Townsville Berth 10B – Environmental Approvals	Environmental approvals for Berth 10B including the diversion of Ross Creek	$3.88	$2.88	$1.28	$0.50	June 2015
Other Projects	Minor asset replacements and acquisitions and minor infrastructure works around the Port of Townsville and Lucinda.	$14.19	$2.17	$11.18	$2.90	June 2014
TOTAL		**$159.43**	**$80.89**	**$93.74**	**$27.00**	

Consistent with advice of shareholding Ministers by correspondence dated 29 August 2012, any future capital investments over $3 million will require approval of shareholding Ministers, and any capital investments over $1 million must be notified to shareholding Ministers.

6. DEBT POSITION AND BORROWINGS

At 1 July 2013 the Corporation forecasts cash reserves of $16.93 million. It is expected that the Corporation will hold cash reserves of $15.75 million at the end of 2013-2014 and $26.31 million at the end of the forecast period.

New borrowings of $22 million have been identified in this budget period, including $[redacted] in 2013-2014 and $[redacted] in 2014-2015 to fund capital works, notably Berth 10A and demolition of Berth 6/7.

Borrowings will be sourced through QTC under new loan terms and conditions agreed in September 2012. Interest on borrowings has been calculated based on QTC debt pool of [redacted]% and a Competitive Neutrality Fee of [redacted]%.

A Working Capital Facility of $[redacted] has been maintained through QTC to provide flexibility in managing any cash flow adjustments for major capital works.

Performance Indicators	2013-2014 Budget	2011-2012 Actual	2012-2013 Budget	2012-2013 Est. Actual
Cash Balance ($M)	15.75	34.21	14.35	16.93
New Borrowings ($M)	14.00	5.00	49.00	58.00
Balance of Borrowings ($M)	77.82	12.38	55.52	64.92

7. EMPLOYMENT AND INDUSTRIAL RELATIONS

The Corporation's Employment and Industrial Relations Plan 2013-2014 is included at ***Annexure B***. This Plan has been prepared in accordance with the requirements of the GOC Act.

8. REPORTING TO SHAREHOLDERS

The Corporation will report to its shareholding Ministers:-

- within one (1) month after the end of each quarter a report on the operations of the Corporation for each quarter;
- annually on full performance results with detailed financial statements and the information required to be included in annual reports under the GOC Act; and
- as required to keep shareholding Ministers reasonably informed of the operations, financial performance and financial position of the Corporation and any significant issues affecting the Corporation, including its ability to meet the key performance results set out in this SCI.

9. INDEPENDENT COMMISSION OF AUDIT RECOMMENDATIONS

On 26 March 2012, the Queensland Government established an Independent Commission of Audit (the Independent Commission) to provide advice on Queensland's current and forecast financial position and recommend strategies to strengthen the economy, restore the State's financial position and to ensure value for money in service delivery.

The Independent Commission's final report was delivered to Government in February 2013, with Government's response to the findings being made public on 30 April 2013. The Independent Commission made a number of recommendations that would affect the Corporation's operations, particularly those pertaining to the divestment of the Corporation's commercial enterprises.

The Government is committed to undertake a further detailed investigation of the proposal to divest the Port of Townsville to ensure that the debate is fully informed before making any decision in this regard.

The Corporation will assist Government throughout this detailed investigation process and will ensure that the business is operating as efficiently and effectively as possible and will adopt a prudent approach in ensuring decisions are not taken in the meantime that could erode the value that could be realised for the benefit of the State in the context of any possible divestment of the Corporation's commercial enterprises.

STATEMENT OF COMPREHENSIVE INCOME

	2011-2012 Actual $	2012-2013 Budget $	2012-2013 Forecast $	2013-2014 Budget $
OPERATING INCOME				
Trade Income	52,374,730	53,781,096	53,099,405	58,642,118
Property and Facilities	6,966,956	7,634,122	8,068,232	8,580,993
Interest Earned	1,564,988	1,094,840	650,060	677,055
Major Projects Offset Income	-	-	-	-
Other Revenue	1,862,463	4,633,691	5,048,990	417,442
Revaluation and Impairment Adjustments	12,226,592	4,060,905	4,487,596	1,411,910
Grants and Subsidies Received	15,274,000	1,894,286	1,894,000	1,037,143
	90,269,728	73,098,940	73,248,283	70,766,659
OPERATING EXPENDITURE				
Employee Related Expenses (Operating)	9,757,876	9,785,924	9,990,760	10,075,750
Supplies and Services	19,441,714	16,526,416	17,676,711	17,264,183
Depreciation & Amortisation	11,732,936	11,706,860	10,753,948	12,423,438
Impairments/Writedowns	4,881,008	231,476	-	-
Taxes and Government Charges	583,891	564,000	549,867	1,065,000
Other	992,140	83,229	875,342	15,150
	47,389,564	38,897,905	39,846,629	40,843,521
EARNINGS BEFORE INTEREST AND TAX	42,880,165	34,201,035	33,401,654	29,923,138
Finance Costs	674,504	2,424,977	2,007,729	6,056,247
NET PROFIT (LOSS) BEFORE TAX	42,205,661	31,776,058	31,393,925	23,866,891
Income Tax Equivalent	13,570,061	9,664,673	10,096,589	7,518,413
NET PROFIT (LOSS) AFTER TAX	28,635,600	22,111,385	21,297,336	16,348,478
Dividend	(5,296,070)	(9,203,130)	(9,218,674)	(9,956,108)
Movements in Retained Profits	1,795,303	2,559,841	2,592,771	-
Retained from previous periods	75,791,202	100,926,036	100,926,036	115,597,471
RETAINED EARNINGS	100,926,036	116,394,133	115,597,471	121,989,842

STATEMENT OF FINANCIAL POSITION

	2011-2012 Actual $	2012-2013 Budget $	2012-2013 Forecast $	2013-2014 Budget $
CURRENT ASSETS				
Cash	34,213,743	14,351,104	16,926,367	15,748,364
Trade and Other Receivables	12,119,849	9,510,861	9,443,327	11,309,931
Non-Current Assets held for Sale	1,380,000	-	-	-
Other	625,984	664,764	541,501	554,539
	48,339,576	24,526,728	26,911,194	27,612,833
NON-CURRENT ASSETS				
Property, Plant & Equipment	376,152,643	439,802,321	453,086,158	480,675,654
Investment Properties	34,643,000	34,268,495	34,705,895	36,094,131
Other	-	-	-	-
	410,795,644	474,070,816	487,792,054	516,769,785
TOTAL ASSETS	459,135,220	498,597,544	514,703,248	544,382,618
CURRENT LIABILITIES				
Trade and Other Payables	12,188,776	10,375,488	10,874,345	5,370,446
Current Tax Liabilities	2,643,248	3,637,108	3,480,169	2,243,176
Financial Liabilities	5,236,110	1,189,068	1,096,587	1,330,091
Provisions	7,888,750	9,590,583	9,990,664	10,667,033
Other	14,417,560	1,504,863	847,152	1,398,449
	42,374,445	26,297,110	26,288,917	21,009,195
NON-CURRENT LIABILITIES				
Financial Liabilities	7,147,672	54,333,179	63,820,134	76,490,043
Provisions	1,097,685	1,189,154	1,162,787	1,175,643
Deferred Tax Liabilities	10,778,229	5,382,474	8,639,817	12,549,900
Other	31,807,500	31,192,500	31,264,500	30,721,500
	50,831,086	92,097,307	104,887,238	120,937,086
TOTAL LIABILITIES	93,205,530	118,394,418	131,176,156	141,946,281
NET ASSETS	365,929,689	380,203,126	383,527,092	402,436,337
EQUITY				
Retained Profits	100,926,034	116,394,133	115,597,471	121,989,842
Reserves	163,257,487	162,062,825	166,183,453	178,700,327
Issued Shares	101,746,168	101,746,168	101,746,168	101,746,168
TOTAL EQUITY	365,929,689	380,203,126	383,527,092	402,436,337

STATEMENT OF CASH FLOWS

	2011-2012 Actual $	2012-2013 Budget $	2012-2013 Forecast $	2013-2014 Budget $
SOURCE OF FUNDS				
Receipts from Customers	51,264,226	64,642,402	65,837,685	65,760,029
Loan Raisings	5,000,000	49,000,000	58,000,000	14,000,000
Grants and Subsidies Received	29,974,000	6,314,286	3,894,000	5,877,143
Capital Injection	-	-	-	-
Sales of fixed assets	5,773,342	6,460,000	5,499,332	76,000
Interest received	1,564,988	1,094,840	650,060	677,055
Total Cash Inflow	93,576,556	127,511,528	133,881,077	86,390,227
EXPENDITURE				
Dividend	-	5,296,070	5,296,070	9,218,674
Payments to Suppliers & Employees	20,164,537	30,289,587	32,404,292	34,070,488
Capital Expenditure	77,258,627	89,947,425	93,736,283	27,001,796
Redemption on Loans	498,970	5,861,536	5,467,061	1,096,587
Finance Costs	678,154	2,424,977	1,612,681	5,970,987
Income Tax Equivalents	35,425,138	13,554,571	12,652,065	10,209,697
Total Cash Outflow	134,025,426	147,374,167	151,168,453	87,568,230
Net cash inflow/(outflow)	(40,448,870)	(19,862,639)	(17,287,377)	(1,178,003)
OPENING CASH BALANCE	74,662,613	34,213,742	34,213,742	16,926,367
Net cash inflow/(outflow)	(40,448,870)	(19,862,639)	(17,287,377)	(1,178,003)
CLOSING CASH BALANCE	$34,213,742	$14,351,104	$16,926,367	$15,748,364

TRANSACTIONS WITH OWNERS AS OWNERS

	2013-2014 Budget	2011-2012 Actual	2012-2013 Budget	2012-2013 Forecast
Equity Injections / (Withdrawals)	-	-	-	-
Dividends Provided For or Paid ($M)	9.93	5.30	9.20	8.34
Dividend Payout Ratio	0.80	0.80	0.80	0.80

Dividend is calculated as Payout Ratio x Net Profit after Tax (NPAT) less revaluation adjustments, grant funding and associated tax effects.

TAX AND COMMUNITY SERVICE OBLIGATIONS (CSO) PAYMENTS

	2013-2014 Budget	2011-2012 Actual	2012-2013 Budget	2012-2013 Forecast
Tax Paid/Payable ($M)	7.50	13.57	9.66	9.62
CSO Paid/Payable or Received/Receivable	-	-	-	-

COST OF EQUITY INPUTS			
Risk Free rate (10 year Bond %)	*Rf*		3.28%
Asset Beta	*Ba*		0.83
Debt Beta (Vanilla)	*Bd (Vanilla)*	*= (Debt Margin / MRP)/2*	0.21
Equity Beta (Vanilla)	*Be (Vanilla)*	*= Ba x [1+(1-(t x (1-y) x (D%/E%)]-Bd x ((1-(t x (1-y) x (D%/E%))*	1.11
Equity Beta (Post and Pre)	*Be*	*= Ba x [1 + ((D% / E%) x (1 - t))]*	1.21
Market Risk Premium (%)	*MRP*		6.00%
COST OF DEBT INPUTS			
Project Leverage	*D% / (D% + E%)*		40.0%
Debt Margin Over Risk Free	*Margin%*		2.88%
OTHER INPUTS / CALCULATIONS			
Corporate Tax Rate (long term)	*t*		30.0%
Imputation Credit Utilisation Rate	*y*		-
Inflation Rate			2.50%
COST OF CAPITAL CALCULATIONS			
Cost of Equity Pre Tax	*Ke* $_{Pre}$	*= [Rf + (Be x MRP)]/(1-t(1-y))*	16.30%
Cost of Equity Post Tax	*Ke* $_{Post}$	*= Rf + (Be x MRP)*	11.41%
Cost of Equity Vanilla	*Ke* $_{Post}$	*= Rf + (Be x MRP)*	10.70%
Cost of Debt Pre Tax	*Kd*	*= Rf + Margin%*	6.29%
Cost of Debt Post Tax	*Kd* $_{Post}$	*= Kd x (1 - t)*	4.41%
WEIGHTED AVERAGE CALCULATIONS			
Vanilla WACC (used for Regulated Return)		EY - T + Ty	8.97%
All tax and franking included in cash flows			
Post-tax nominal WACC		EY (1-t)	8.13%
All tax included in cash flows franking included in formula			
Pre-tax nominal WACC		EY	12.29%
Tax and franking included in formula			
Post-tax real WACC		*EY (1-t)*	5.90%
Tax and franking included in formula			
Pre-tax real WACC		*EY*	9.50%
Tax and franking included in formula			
Note: Pre-tax nominal WACC is calculated using			
the market transformation method	*EY*	*EBIt*	
	t	*corporate tax rate*	
Note: Vanilla WACC is calculated using the approach	*y*	*imputation credits*	
applied in the QCA - Gladstone Area Water Board	*T*	*t (EBIT - interest expense)*	
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1. Strategic Framework and Outcomes

Over the next (5) five years the Corporation's efforts will be focused on achieving efficiencies of existing infrastructure and services, and establishing critical port infrastructure to meet future trade demand in a sustainable manner. This will involve delivering major port developments including the Berth 10A Upgrade, Berth 8 Upgrade and planning for construction of a new Berth 12 and the Port Expansion Project at the Port of Townsville.

The Corporation will continue to undertake workforce planning to ensure employment and skill levels are sufficient to support these major port developments and to ensure that the Corporation's objectives can be achieved.
The Corporation's Employment and Industrial Relations objective is to achieve a work environment that is equitable and safe and attracts, develops and retains motivated, skilled and high-performing people committed to achieving business objectives.

Strategies and key actions to be implemented during 2013 – 2014 are as follows:

Strategy	Performance Outcome	Performance Measure	Performance Target
Promote the Corporation as an employer of choice to attract and retain employees who align with the Corporation's business objectives	▪ Employee satisfaction ▪ Improved recruitment outcomes	▪ % increase in employee satisfaction ▪ Number of applications for advertised positions	▪ > 75% employee satisfaction ▪ > 6 applications received for each advertised position
Ensure workplace policies, conditions and systems encourage diversity and enable employees to better manage work and personal life commitments	▪ Implementation of a workplace diversity plan ▪ Workplace free from discrimination and harassment ▪ Employees have access to flexible working arrangements ▪ Employees have access to an Employee Assistance Program **(EAP)**	▪ % of workplace diversity plan developed, implemented and promoted to employees ▪ Number of incidents of discrimination or harassment in the workplace ▪ Number of incidents of discrimination or harassment in the workplace reported and dealt with in a prompt and appropriate manner ▪ % employee access to flexible working arrangements (subject to operational requirements) ▪ % of employees aware of and have access to EAP	▪ 100% of workplace diversity plan developed, implemented and promoted to employees ▪ Nil incidents of discrimination or harassment in the workplace ▪ 100% availability of flexible working arrangements for employees (subject to operational requirements) ▪ 100% of employees aware of and know how to access EAP
Provision of corporate management systems and technologies to support more efficient and productive output	▪ Improved productivity and output ▪ External certification of corporate management systems	▪ $ value of productivity savings over term of Enterprise Agreements ▪ External certification of all corporate management systems	▪ $652,000 in productivity savings over term of Enterprise Agreements – to be reviewed for new Agreements. ▪ Systems externally certified
Maintain an equitable and safe workplace	▪ Equity training provided to employees ▪ Nil Lost Time Injury Frequency Rate **(LTIFR)** ▪ Safety management system **(SMS)** externally certified	▪ % of employees trained in equitable workplace behaviours ▪ LTIFR ▪ External certification of SMS	▪ 100% of employees trained in equitable workplace behaviours ▪ LTIFR <5 ▪ External certification of SMS maintained

2. Significant and Emerging Issues

The key issues for the Corporation relating to industrial relations and human resources during 2013 – 2014 are detailed below.

1. Employment Security and Economic Sustainability

The Corporation is committed to maintaining appropriate employment levels whilst remaining economically sustainable and will continue to monitor employment arrangements as the economic climate changes and take appropriate action as necessary. The Corporation will strive to maintain employee numbers at levels that meet its operational and capital works programme. The Corporation has implemented a number of initiatives to achieve this.

2. Attracting and Retaining Employees

The Corporation regularly reviews and aligns its recruitment strategies, structure, and succession planning to ensure that resources are sufficient and appropriate to meet corporate objectives. The Corporation will continue to implement and review its career development program to ensure appropriate skilling and knowledge of employees. Career planning and development activities are undertaken via the formal and informal performance review process providing employees with assistance to develop realistic career goals and strategies to realise them. The Corporation also undertakes regular reviews of position descriptions to ensure accuracy for position requirements.

The Corporation is committed to fostering a work environment that continues to challenge and motivate individuals and recognise and reward performance. A range of practices are in place which promote flexibility for the Corporation and employees with regard to hours of work and workloads. These flexible work practices include flexible work hours and part time arrangements; option to purchase additional annual leave, paid parental leave, telecommuting, multi-skilling and job rotation, study leave, leave without pay and special leave (includes Defence Reserve leave, emergency service leave, and blood products donation leave).

3. Workplace Relations

The Corporation is focussed on maintaining good workplace relations to ensure that employees are committed to achieving the Corporation's strategic objectives. The Corporation will continue to implement strategies to improve workplace relations, some of the key actions for 2013 – 2014 include:

- monitoring of all terms and conditions contained within the Enterprise Agreements including agreed productivity initiatives; and
- employee satisfaction surveys to monitor levels of employee satisfaction and identify any negative workplace and organisational issues, with formulation and implementation of strategies that continually improve the work environment for employees.

4. Enterprise Bargaining

There are three current Agreements that cover employees of the Corporation, expiring on 30 June 2013:

- Port of Townsville Port Services' Collective Agreement 2010 (Port Services). There are approximately nineteen (19) employees covered by this Agreement, combination of white/blue collar.
- Port of Townsville Administrative, Technical, Supervisory and Professional Employees' Collective Agreement 2010 (Administrative). There are approximately forty-nine (49) white collar employees covered by this Agreement.
- Port of Townsville Maintenance Employees' Collective Agreement 2010 (Maintenance). There are approximately seventeen (17) blue collar employees covered by this Agreement.

The Corporation will seek to negotiate one Agreement with several associated schedules for a three (3) year term commencing from 1 July 2013 and expiring on 30 June 2016 in accordance with the GOC Wages Policy 2012 and any other guidelines as provided by shareholding Ministers. The Corporation has had ongoing meetings with Unions through a consultative committee structure. At the time of writing this Plan, no formal log of claims has been received.

The Corporation will provide quarterly reports to shareholding Ministers' on the progress of initiatives and efficiency measures under the new enterprise agreement.

3. Director/Senior Executive Remuneration

Directors and senior executives of the Corporation are remunerated in accordance with their terms of appointment and remuneration policies approved by shareholding Ministers.

The Corporation's *Policy for Recruitment and Remuneration of Chief and Senior Executives* approved by shareholding Ministers governs the terms and conditions of employment and nature of chief and senior executive remuneration and performance payments. This policy provides for a review of senior executive remuneration in June each year with any adjustments effective 1 July each year.
This policy also provides for performance payments to senior executives of up to 15% of TFR, subject to meeting pre-determined performance targets for the Corporation and individual performance targets. Any such performance payments are to be notified to shareholding Ministers within one (1) month of being paid.

Whilst senior executive TFR remains constant for the year, the other remuneration components included are an estimate that may vary from amounts actually paid at year's end due to the June review of salaries, and the impact of other variable factors such as fringe benefit payments and salary sacrificing options chosen.

Full details of director and senior executive remuneration are reported in the Corporation's financial statements in accordance with accounting standards and government policies.

Non-Executive Directors' (including Chairman) Remuneration as at 30 January 2013

Given Name	Director Fees $	Committee Fees $	Other Benefits $	Super $	Total $
R.W. Dunning (Chair)	45,187	20,406	1,800	5,903	73,296
D. Tim So (Director)	21,863	8,744		2,755	33,362
P. Brady (Director)	21,863	8,744		2,755	33,362
I. Jessup (Director)	21,863	8,744		2,755	33,362
B. Webb (Director)	21,863	10,203		2,886	34,952
J. Coleman (Director)	21,863	10,203		2,886	34,952

Senior Executive Remuneration as at 30 January 2013

CEO / Senior Executive	Base Salary[1]	Employer Superannuation Contribution[2]	Motor Vehicle[3]	Car Park[4]	Other Personal Benefits[5]	Total Fixed Remuneration[6]	Other Non-personal Benefits[7]	Performance Payment[8]
Chief Executive Officer	286,945	36,586	0	0	0	323,531	0	Up to 15% of TFR
General Manager Commercial	209,157	22,485	0	0	0	231,642	0	Up to 15% of TFR
General Manager Major Projects (currently on 12 months unpaid leave)	$212,515	$19,126	0	0	0	$231,641	0	Up to 15% of TFR
General Manager Operations	208,750	18,788	0	0	0	227,538	0	Up to 15% of TFR

1. Includes salary sacrifice items plus cash salary.
2. Employer contributions to superannuation (other than by salary sacrifice).
3. Value of a motor vehicle for business and personal use (other than by salary sacrifice).
4. Value of car park if car park is a personal benefit to the Executive (other than by salary sacrifice).
5. Includes, but is not limited to, general/expense allowances, subscriptions, home telephone/communication expenses, FBT not elsewhere included, etc. (other than by salary sacrifice).
6. Sum of columns 1-5.
7. Include the value of non-personal benefits provided to the Executive to assist in the performance of their duties.
8. Performance payments of up to 15% of TFR may be paid subject to meeting pre-agreed performance targets.

4. Employment Conditions

The Corporation has three (3) certified Enterprise Agreements negotiated in accordance with the *Fair Work Act 2009* (Cth) **(Fair Work Act)**. These Agreements provide for benefits equal to the National Employment Standards including basic rates of pay and casual loadings, maximum ordinary hours of work, request for flexible working arrangements, parental leave, annual leave, personal/carer's leave, and compassionate leave, community service leave, public holidays and notice of termination and redundancy pay.

The Corporation's Enterprise Agreements comply with the provisions contained in the Fair Work Act with regards to content, coverage, bargaining and lodgement process of Enterprise Agreements. The Corporation's Agreements also contain all mandatory clauses as described in the Fair Work Act.

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. The Corporation complies with the relevant Government Policies and Guidelines on Agreement making in Government Owned Corporations.

The Corporation also engages some employees on a contractual basis. There are currently four (4) employees on senior executive contracts. These employees are the Chief Executive Officer, General Manager Commercial, General Manager Major Projects (as at the beginning of 2013 on 12 months unpaid paternity leave) and General Manager Operations.

There are currently seven (7) employees on senior employee contracts that exceed the limit of remuneration set by the Enterprise Agreements.

The remaining 85 employees are covered by the three (3) Enterprise Agreements that are currently in operation, namely:-

- AE882988 – *Port of Townsville Limited Port Services Enterprise Agreement 2010;*
- AE882987 – *Port of Townsville Limited Administrative, Technical, Supervisory and Professional Employees Enterprise Agreement 2010; and*
- AE883329 - *Port of Townsville Limited Maintenance Employees Enterprise Agreement 2010.*

The Corporation does not have any gain sharing schemes.

5. Enterprise Bargaining and Productivity Initiatives

The Corporation has in place three (3) Enterprise Agreements that expire 30 June 2013. Appropriate approvals will be sought when the agreement making process commences for new Enterprise Agreements.

No industrial action was taken during 2012-2013 and none is expected during 2013-2014.

The Corporation continually reviews all employment conditions and policies with the objective of:

- ensuring consultative arrangements agreed in terms of content covered by the Fair Work Act; and
- supporting a preference for the regulation of employment conditions via enterprise agreements negotiated in conjunction with unions.

The Corporation continues to maintain a good relationship with employees and unions.

6. Type of Employment and Workforce Planning

The Corporation has in place a Workforce Plan which identifies the employment challenges facing the organisation and details strategies to be implemented to ensure that the Corporation's employment profile will be capable of meeting future corporate objectives in accordance with shareholding Minister directives.

7. Work Health & Safety

The Corporation is committed to complying with its obligations under the *Work Health and Safety Act 2011* (Qld). The Corporation's board and senior executives have established a Safety Management System designed to provide and maintain the best possible standard of occupational health and safety for everyone at the Corporation's places of work, including employees, contractors and visitors. All employees of the Corporation have a collective and individual responsibility with regard to the prevention of workplace injuries and working safely.

8. Equal Employment Opportunity (EEO) and Anti-Discrimination

The Corporation has an Equity Policy which aims to promote equality of opportunity by prohibiting unfair discrimination, sexual harassment and associated objectionable conduct. The policy contains information relating to EEO, Anti-Discrimination, Sexual Harassment and Prevention of Harassment and Bullying. New employees are trained in this Policy during induction and all employees are required to attend annual training in relation to this Policy. Any reported breaches of the Corporation's Equity Policy are investigated promptly and any person found to be in breach of the policy may be subject to disciplinary action in accordance with the Corporation's Disciplinary Procedure.

Under section 148 of the *Government Owned Corporations Act 1993* (Qld) **(GOC Act)**, the Corporation is a relevant EEO agency for the *Public Service Act 2008* (Qld) **(PS Act)**, Chapter 2. In accordance with section 31 of the PS Act, the Corporation must for each financial year give the Public Service Commissioner a report about the outcome of its actions required under section 30 of the PS Act during the financial year. This report must be provided no later than three (3) months after financial year end.

9. Redundancy Provisions

The Corporation is committed to providing redundancy provisions in accordance with Division 11 of the Fair Work Act. The current Enterprise Agreements do not differ from these provisions. Accrued Recreation and Long Service Leave is paid out on termination if the entitlement exists.

10. Superannuation

The Corporation applies the *Superannuation Guarantee (Administration) Act 1992* (Cth) (as varied) and associated legislation in respect to employees' entitlement to superannuation. As the Corporation uses QSuper as its default superannuation fund, it does not have access to any surplus from defined benefit funds.

An employee who chooses to have their employer superannuation contributions made to the QSuper Scheme has two (2) options, either contributory or non-contributory.

Contributory

Employees may contribute up to 5% of their base wage to the scheme. The Corporation then contributes an additional 3.75% of the employee's base wage bringing the employer contribution to 12.75%. This contributory option is only available for employees using QSuper as their Superannuation fund.

Non-Contributory

Employees who decide not to make contributions will have an amount as determined by the Superannuation Guarantee Legislation paid into the QSuper Accumulation Plan by the Corporation. This amount is currently 9% of the base wage.

The Corporation continues to actively encourage employees to become contributory members of superannuation and to consider the long term benefits of salary sacrifice and additional voluntary contributions. QSuper seminars have been provided for employees in work time and attendance is supported and encouraged. All current Enterprise Agreements provide for employees to transfer their long service entitlement into their superannuation account. To date, no employee has exercised this option.

11. Consultative Arrangements

Name	Dates Consulted	Comments	Corporation Response
Commercial Monitoring Queensland Treasury and Trade	5 March 2013	Comments received	Amended accordingly
Department of Justice and Attorney-General, Department of Premier and Cabinet)	5 March 2013	Comments received Further comments received 15 April 2013	Amended accordingly
Department of Transport and Main Roads	5 March 2013	Comments received	Amended accordingly
Maritime Union of Australia	5 March 2013	Nil received	
Australian Maritime Officers Union	5 March 2013	Nil received	
All Corporation Employees	5 March 2013	Nil received	
Shareholding Ministers' Departments	10 April 2013	Comments received	Amended accordingly