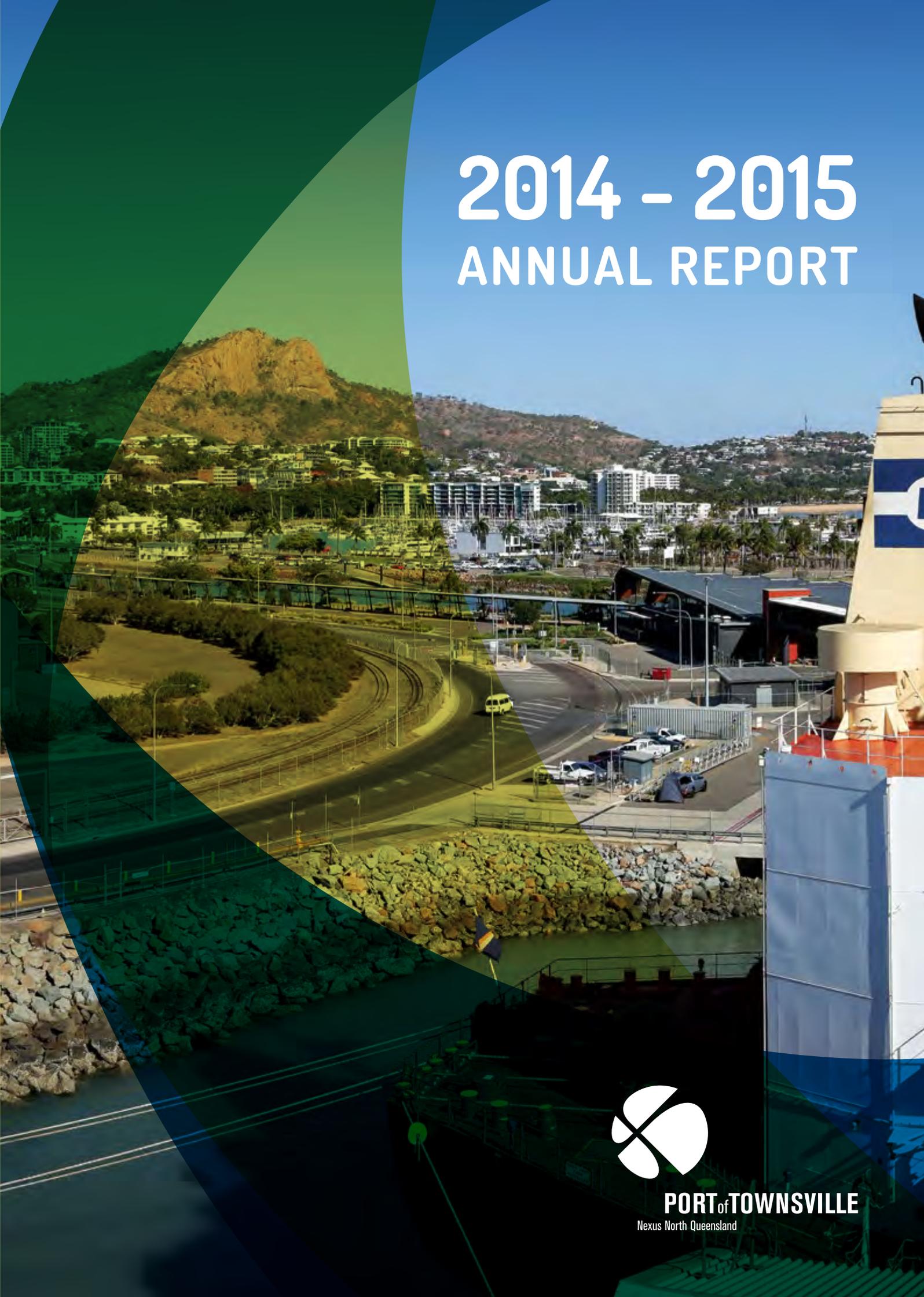


2014 - 2015 ANNUAL REPORT



PORT of TOWNSVILLE
Nexus North Queensland



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GLOSSARY

Abbreviation	Meaning
AIMS	Australian Institute of Marine Science
DEHP	Department of Environment and Heritage Protection
EIS	Environmental Impact Statement
EMS	Environmental Management System
EWG	Environmental Working Group
GOC	Government Owned Corporation
GOC Act	<i>Government Owned Corporations Act 1993 (Qld)</i>
GBRMPA	Great Barrier Reef Marine Park Authority
Hi-vols	High-volume samplers
HR&WHS Committee	POTL's Human Resources and Work Health and Safety Committee
JCU	James Cook University
MITEZ	Mount Isa to Townsville Economic Zone
MOU	Memorandum of Understanding
NSS	Northern Stevedoring Services
PDA	Priority Development Area
Port	Port of Townsville
POTL	Port of Townsville Limited
PSWG	Port Stakeholder Working Group
SCI	Statement of Corporate Intent
SDP	Strategic Development Plan
SEIS	Supplementary EIS
TBSH	Townsville Bulk Storage and Handling
TCC	Townsville City Council
TEL	Townsville Enterprise Limited
TEU	Twenty foot equivalent unit



PUBLIC AVAILABILITY

Consistent with POTL's commitment to sustainability and responsible environmental management, only a limited number of hard copies of this Annual Report have been printed. An on-line version of this Annual Report, and POTL's past Annual Reports, can be found at POTL's website at www.townsville-port.com.au.

If you wish to receive a hardcopy of this Annual Report, please contact POTL on +61 7 4781 1500 or email community@townsville-port.com.au.



INTERPRETER SERVICE STATEMENT

POTL is committed to providing accessible services to stakeholders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding this Annual Report, you can contact POTL on +61 7 4781 1500 or by email to community@townsville-port.com.au.

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ABOUT US

OVERVIEW

POTL is a GOC established in its current form on 1 July 2008 pursuant to the *Corporations Act 2001*(Cth) and the GOC Act. It is responsible to its two shareholding Ministers, the Honourable Curtis Pitt MP (Treasurer, Minister for Employment and Industrial Relations, Minister for Aboriginal and Torres Strait Islander Partnerships), and the Honourable Mark Bailey MP (Minister for Main Roads, Road Safety and Ports, Minister for Energy and Water Supply).

The Port of Townsville, operates from a head office located in Townsville, and manages the ports of Townsville and Lucinda.

The Port, established in 1864, is one of Queensland's most strategic assets and plays a significant role in driving the economic growth of our region, state and nation. It is ideally located in close proximity to world-renowned minerals provinces that contain copper, zinc, lead, phosphate, magnetite and coal, as well as vast agriculturally-rich areas.

The Port of Lucinda, situated approximately 100 kilometres north of Townsville, is dedicated to the export of raw sugar from the Herbert River sugar-growing district.

POTL's strength lies in its diversity, geographic locations and excellent transport connectivity, and the business capitalises on these to create premier transport supply chains providing fast, reliable and competitive services. Its ports have a solid history of servicing the world's appetite for products, commodities and services; notably food and agriculture, resources and energy, and tourism (cruise ships).

POTL has made significant investments over the past three years into port and transport infrastructure to improve efficiencies, flexibility to create capacity for growth. Our customers and key partners have also invested heavily in transport connections and cargo handling infrastructure to improve efficiencies and capacity. POTL has also made strong progress in securing approvals for strategic growth plans, and enable it to deliver on its core business objective of facilitating trade growth.

POTL's underlying profitability has continued to grow through the diversification of its revenue, a reduction in operating costs through productivity initiatives, and divestment of non-core activities. Focusing on strengthening the business' commercial performance has ensured that POTL provides strong returns to shareholders and places POTL in a good position to make further investments to grow the business.

This annual report presents the final performance results for 2014-2015 as well as details about the strategic initiatives that are being pursued to ensure POTL continues to deliver world class port facilities and services, and seamless transport connections for Northern Australia.

VISION

Northern Australia's Transport Link to the World.

CORE BUSINESS

POTL'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 POTL's other functions, or likely to enhance the usage of its ports;
- perform any other functions and exercise any other powers conferred on POTL;
- 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.



TOWNSVILLE



THE PORT



CARGO



CONNECTIVITY



COMMUNITY

Northern Australia's Transport Link to the World



2014-2015 STRATEGIC PRIORITIES

During 2014-2015 POTL pursued the following strategic priorities:

Driving Efficiencies & Connectivity	PORT INFRASTRUCTURE & SERVICES	Our infrastructure and services are flexible, efficient, safe and reliable to create value for our customers
	CARGO HANDLING	Our landside operations are efficient and competitive catering to a variety of commodities
	TRANSPORT CONNECTIONS	Our transport connections and freight operations will be modernised and improved to support efficient and timely supply chain performance
Forward Thinking for Growth	TRADE GROWTH	We will be Northern Australian's Hub for trade offering excellence through diversity
		We will grow cruise and defence visitation through distinctive and strategic offerings
	PROPERTY GROWTH	We will optimise the utilisation of existing port land to ensure efficient use of land and improve commercial returns
		Our master planning and forward thinking will ensure that strategic growth corridors and approvals are secured to enable growth to be best managed in line with demand
We will redevelop precincts to diversify revenue and improve connectivity with adjoining uses		
Foundations for Doing Business	SHAREHOLDERS	We will maximise returns to our shareholders
	CUSTOMER DRIVEN	We will exceed customer expectations through innovation and value adding services
	ENVIRONMENTAL EXCELLENCE	Our innovation and leadership in environmental management will ensure that sensitive environments are safeguarded and scientific knowledge is continuously improved
	PARTNERING WITH STAKEHOLDERS	We will actively partner with our supply chain and industry stakeholders and the community to grow our ports for a prosperous region
	OUR PEOPLE	We value our people and will ensure our resources and capabilities are aligned to the achievement of our vision

This Annual Report provides an overview of POTL's performance against its strategic objectives outlined in its 2014-2015 SCI for the 2014-2015 reporting period.

OUR MARKETS

MINING

North West Queensland is a premier mineral exploration destination for many international mining and exploration companies. New discoveries are continually being made, with new advanced mineral projects aiming to become operational within the next few years. The mining sector is expected to continue to drive growth in the Port's throughput as POTL continues to facilitate cargo from mines in the region. The growth outlook for key mineral commodities remains steady as many existing operators and junior miners continue to undertake drilling and feasibility studies for new deposits. Some international banks have forecasted mineral commodity prices such as zinc, copper, lead and nickel to steadily rise over the next few years, which will strengthen POTL's strategic connections to the North West minerals province and Northern Galilee Basin.

The vast mineral wealth centred on Mount Isa and Cloncurry continues to drive development at the Port which is the sole export point for all the mined products via an inland rail link.

POTL handled 11.05 million tonnes of goods through its two ports during 2014-2015, and mineral ore and refined products made up approximately six million tonnes of this total. 1.78 million tonnes was exported mineral concentrates and refined metal, with a further 821,343 tonnes mainly sourced from Townsville's three refineries. Nickel ore, at 2.9 million tonnes, was the region's largest import during 2014-2015, followed by petroleum products at 939,699 tonnes. POTL achieved a record result during 2014-2015 for zinc concentrates exports with over one million tonnes being shipped.

AGRICULTURE

Asian countries in close proximity to the Port such as China and India have rapidly growing middle-class populations that have an increasing demand for high quality imported agricultural products from countries such as Australia. POTL is ideally positioned geographically to capitalise on these demands and the release of the Australian Government's White Paper on developing Northern Australia highlights the significant potential for export growth in agricultural commodities from this region. Commodities such as chickpeas, cotton, maize, mung beans, rice, sorghum, soy beans and wheat are predicted to increase in volume through the Port, as POTL further develops its Agricultural Growth Strategy to capitalise on opportunities arising from Free Trade Agreements.

POTL is the largest sugar exporter in Australia, with 1.68 million tonnes shipped through the ports of Townsville and Lucinda in 2014-2015. POTL has also recorded increases over the past 12 months in the export of cereal grains and pulses due to infrastructure improvements creating efficiencies in the loading of these commodities

Live cattle exports from Townsville outperformed existing records during 2014-2015 with more than 300,000 head being loaded (an increase of 100,000 head over the previous year). Additional demand from Indonesia (which accounts for around 60% of Townsville's exports) and faster loading times at the Port contributed to the record shipments. Significant further growth is expected in the live cattle trade following the signing of a Free Trade Agreement with China, as well as the imminent breakthrough in health protocols regarding the blue tongue virus.

FUEL

The Port has a dedicated bulk liquids wharf (Berth 1), used exclusively by tankers for bulk oil, gas, sulphuric acid and bitumen. Berth 1 recently benefited from a berth pocket deepening to enable it to receive larger LR1-type vessels.

The Port became the new home for Puma Energy's third Australian fuel import terminal during 2014-2015. Puma Energy began construction on a new fuel terminal in August 2014 following the acquisition of Queensland Nickel's land lease and bulk storage facility in April 2014. The upgraded facility has storage capabilities of up to 84 mega litres.

Over the next few years, Australia will see the closure of several refinery operations in the southern states, meaning that we will become heavily reliant on fuel and oil imports. POTL is working to capitalise on this opportunity to become a fuel import hub for the northern region. This includes plans for a future widening and deepening of the channel to allow for access of LR2-type vessels.

GENERAL CARGO

Containerised trade is the fastest growing sector at the Port, averaging an annual growth rate of 14% since 2006-2007. The 2014-2015 financial year saw 62,000 TEUs moving through Townsville. General cargo is the predominant component of container imports while refined metals make up the major proportion of exports. There is an increasing trend to containerise refined metals due to the proliferation of Asian container ports which facilitate logistical efficiencies and, therefore, cost savings for customers. Growth will continue in the sector as a result of junior mining companies with setup volumes conducive to containers, and the mining supply shift from break bulk to containers. Increased agricultural exports, particularly the Asian demand for grain and beef, will provide further growth opportunities for POTL in the containerised cargo sector.

Domestic sea cargo is predicted to increase containerised trade through the Port as it provides a genuine alternative to congested road transport for non-time-critical cargo. The outcome of the Australian Government's work to reform the coastal shipping sector may also provide further growth opportunities in this area.

DEFENCE AND TOURISM

Lavarack Barracks in Townsville is Australia's largest defence base - Townsville also has a base for the Royal Australian Air Force. POTL's investment in partnership with Defence at Wharf 10 has significantly enhanced our amphibious mounting base capacity in Townsville, further strengthening the strategic role that Townsville city plays in deployment capabilities.

During 2014-2015 the *HMAS Canberra* made her inaugural visit to Townsville and the vessel will be a regular visitor. This vessel is the newest and largest ship ever to sail in the Royal Australian Navy fleet and will be joined by her sister ship, the *HMAS Adelaide*, during 2016. Visits of both an operational nature and rest and recreational visits present significant economic benefits for Townsville and the surrounding region.

The cruise ship market presents significant opportunities for Townsville. Over the past 12 months POTL has worked closely with Townsville Enterprise Limited and Tourism Queensland to improve the welcome experience for cruise ship passengers, to showcase the region's tourism products and to encourage cruise ship operators to include further visits to Townsville.





CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT

Patrick Brady
Chairman

Raneë Crosby
Chief Executive Officer

150 years ago the city of Townsville was born with port operations in the upper reaches of Ross Creek; with bustling wharves and warehouses where Flinders Street East is now located.

From the beginning the port has been the city's port, and the region's connection for people and for cargoes to domestic and global markets, a link and a catalyst for prosperity.

In 2014–2015, the Port of Townsville remains a vibrant trading port with modern day infrastructure and technologies, facilitating around \$8 billion worth of trade globally and domestically and playing a strategically important role supporting Defence operations and cruise shipping.

POTL handled a total of 11.05 million tonnes of goods through its two ports, Townsville and Lucinda, during the period compared to 10.79 million tonnes the previous year. The diversity of commodities and cargo (more than 30) handled by POTL continues to be a strength of our business model and reflects the important role of our ports in supporting a vast range of different industries and sectors in the region.

The Northern Australia development focus presents a unique opportunity for POTL to partner with governments at all levels to encourage economic growth and development of the Northern Queensland region. Townsville is the largest city in Northern Australia, and the Port plays a vital role in enabling the export and import of valuable resources, produce and goods created and consumed. This role will become increasingly important as mining and agricultural sectors look to expand to support demand, particularly in emerging Asian markets, supported by recent Free Trade Agreements and also as the region's population growth drives demand for imported goods from our trading partners.

Recognising these trade growth opportunities, POTL has worked closely with a number of international ports to establish mutually beneficial sister port agreements. In April 2015, POTL signed a historic MOU with the Port of Huizhou in China, which is based on a two-way and direct shipping route development between the two ports. POTL will continue to work closely with other international trading partners to foster closer trade and shipping ties during this important era of growth potential.

Our vision for modernising port infrastructure in the inner harbour received a significant boost with the approval of a \$55 million upgrade and redevelopment of Berth 4 in July 2015. This upgrade is the next phase of our redevelopment plans for the inner harbour, following the completion of several significant infrastructure investments including the \$85 million upgrade of Berth 10 and \$85 million upgrade of Berth 8 (commissioned in April 2015) and the \$14 million demolition of Berth 6/7.

During 2014–2015 POTL's ongoing strategic planning work to increase throughput for agricultural commodities and containerised trade began to show dividends, with strong tonnage increases in both trades. POTL delivered a solid result and recorded strong gains in trade for several commodity types; particularly live cattle exports (up 52%), fertilizer (up 45%) and containerised trade (up 6%).

The Port increased its cargo handling capability during the year following the completion of a \$1.7 million cargo laydown area. The new 30,000sqm facility is designed to accommodate imported motor vehicles, project cargo and general cargo.

The two stevedores operating at the Port, NSS and TBSH made significant investments into their operation during the period. Both businesses invested approximately \$5 million respectively into the

purchase of new mobile cranes. The TBSH crane which can lift up to 140 tonnes, now operates at Berth 10 and has significantly increased the operational flexibility of the berth. NSS' new \$4.5 million Leiber crane primarily operates on Berth 3, greatly enhancing existing cargo handling capabilities.

In a boost to our projections for increased container cargo through the Port, we welcomed the announcement of a new express, direct shipping service between North Asia, Papua New Guinea and Townsville from Swire Shipping; commencing in August 2015. The new service can carry around 1,100 containers per vessel and will provide a transit time between Townsville and Shanghai of ten days. In preparation for the new service, NSS has undertaken works to install 96 new plug-in points for refrigerated containers on Berth 3.

In March 2015 we welcomed *HMAS Canberra* for the first time. This vessel is the largest ever to sail in the Royal Australian Navy fleet and Berth 10 at the Port was specifically designed with her use in mind. We look forward to welcoming her sister ship the *HMAS Adelaide* in 2016. The frequent visits by these vessels represent significant economic

benefits to the Townsville economy.

During the 2014–2015 financial year POTL, working with TCC and the State Government, released the draft Waterfront PDA document for consultation with the general public. The Waterfront Project for Townsville, linking almost six kilometres

of different spaces and covering 97 hectares along the water's edge, will be a game changer that will take our city to new heights.

POTL is overseeing the Harbour City project (Precincts 6 and 7) which spans around 10 hectares of land near the port. Harbour City will see these lands transformed into modern and distinctive activity nodes, comprising a mixture of maritime uses, tourism operations, transport, commercial, accommodation and retail activities. This important project will create an effective connection between port activities and the city, ensuring that both the port and the city will be able to grow in a complementary manner

In closing, we would like to thank our staff, our customers the Townsville community and the many other stakeholders that contribute to our successful operation and delivery of a number of significant projects that well position our ports for future growth.

We acknowledge and thank our shareholding Ministers and their staff and departments for their ongoing support, cooperation and assistance.

OUR VISION FOR MODERNISING PORT INFRASTRUCTURE IN THE INNER HARBOUR RECEIVED A SIGNIFICANT BOOST DURING THE YEAR WITH THE APPROVAL OF A \$55 MILLION UPGRADE AND REDEVELOPMENT OF BERTH 4.

**Patrick Brady
Chairman**

**Raneë Crosby
Chief Executive
Officer**

OUR PERFORMANCE

TRADE HIGHLIGHTS

POTL HANDLED

**11.05
MILLION**

TONNES OF GOODS
THROUGH ITS TWO PORTS
DURING 2014-2015

TOWNSVILLE 10.49 MILLION TONNES,
LUCINDA 558,637 TONNES.

MINERAL ORE AND REFINED PRODUCTS MADE UP APPROXIMATELY SIX MILLION TONNES OF THIS TOTAL.

1.78 MILLION TONNES WERE EXPORTED MINERAL CONCENTRATES AND REFINED METAL, WITH A FURTHER 821,343 TONNES MAINLY SOURCED FROM TOWNSVILLE'S THREE REFINERIES. NICKEL ORE, AT 2.9 MILLION TONNES, WAS THE REGION'S LARGEST IMPORT DURING 2014-2015, FOLLOWED BY PETROLEUM PRODUCTS AT 939,699 TONNES. POTL RECORDED A RECORD RESULT DURING 2014-2015 FOR ZINC CONCENTRATES EXPORTS WITH OVER ONE MILLION TONNES BEING SHIPPED.

FERTILIZER EXPORTS
— EXCEEDED THE —

**ONE MILLION
TONNES**

MARK FOR THE FIRST
TIME IN POTL'S HISTORY.

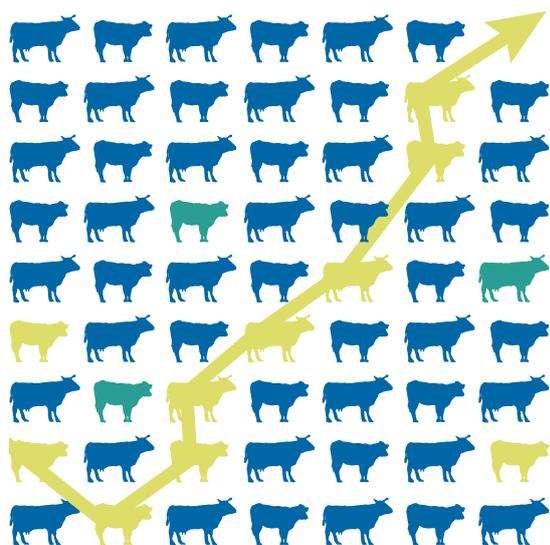
POTL HELD ITS
POSITION AS THE



**LARGEST
SUGAR
EXPORTER IN
AUSTRALIA**

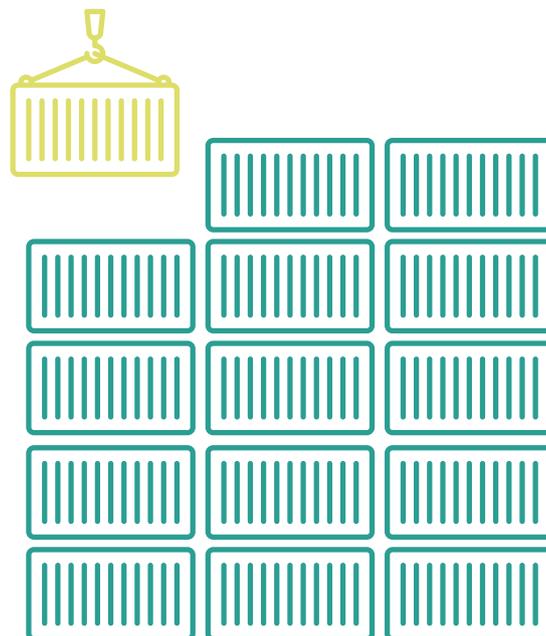
1.68 MILLION TONNES IN 2014-2015.

LIVE CATTLE — EXPORTS—



RECORDED STRONG GROWTH;
305,799 HEAD
WERE EXPORTED DURING THE
REPORTING PERIOD, UP FROM
201,810 DURING 2013-2014
WITH VIETNAM BEING THE
STRONGEST GROWING MARKET
FOR LIVE EXPORTS.

POTL SIGNED A HISTORIC MOU
WITH THE PORT OF HUIZHOU IN
CHINA IN APRIL 2015. THE MOU IS
BASED ON A TWO-WAY AND DIRECT
SHIPPING ROUTE DEVELOPMENT
BETWEEN THE
TWO PORTS.



MORE THAN

62,000 CONTAINERS

WERE HANDLED AT THE PORT.
CONTAINERISED TRADE IS THE FASTEST
GROWING SECTOR AT THE PORT,
AVERAGING A GROWTH RATE OF
14% SINCE 2006/2007.

THE PORT WILL WELCOME A NEW EXPRESS, DIRECT SHIPPING SERVICE BETWEEN NORTH ASIA, PAPUA NEW GUINEA AND TOWNSVILLE FROM SWIRE SHIPPING IN AUGUST 2015. THE NEW SERVICE CAN CARRY AROUND 1,100 CONTAINERS PER VESSEL AND WILL PROVIDE A TRANSIT TIME BETWEEN TOWNSVILLE AND SHANGHAI OF TEN DAYS. IN PREPARATION FOR THE NEW SERVICE, NSS HAS UNDERTAKEN WORKS TO INSTALL 96 NEW PLUG-IN POINTS FOR REFRIGERATED CONTAINERS ON BERTH 3.



KEY PERFORMANCE INDICATORS

Performance Indicators	2013-2014 Actual	2014-2015 Budget	2014-2015 Actual	Movement (from 2013-2014)
FINANCIAL				
Operating Revenue (\$M)	76.02	79.03	75.95	-0.07
Operating Expenditure (\$M)	45.60	45.46	45.53	-0.07
Trade Income (\$M)	53.20	66.66	62.01	8.81
Property & Facilities Income (\$M)	10.28	10.53	10.21	-0.07
EBIT (\$M)	30.42	33.57	30.41	-0.01
NPAT (\$M)	18.26	19.83	17.83	-0.43
Dividend (\$M)	7.72	15.19	13.10	5.38
Accounting Return on Assets EBIT (%)	5.38	5.66	4.90	-0.48
Accounting Return on Assets NPAT (%)	3.08	3.29	2.75	-0.33
Return on Equity (%)	4.43	4.57	3.95	-0.48
Current Ratio	1.52	1.08	1.45	-0.07
Interest Cover Ratio (EBIT)	6.39	6.40	5.94	-0.45
Debt to Equity Ratio	0.19	0.18	0.17	-0.02
Capital Investments (\$M)	15.36	18.73	12.72	-2.64
DRIVING EFFICIENCIES & RELIABILITY				
Average Tonnes Per Hour Berth Occupied (Dry Bulk)	N/A	> 260	422	-
Average Tonnes Per Hour Berth Occupied (Wet Bulk)	N/A	> 350	410	-
Average TEU Handling Rate (TEU's Per Hour Berth Occupied)*	N/A	40	13	-
Reportable Security Incidents	N/A	0	3	-
Reportable Environmental Incidents	0	0	0	-
SMS Certification to AS4801	N/A	Yes	Yes	-
FORWARD THINKING FOR GROWTH				
Trade Throughput (Million Tonnes)	10.79	12.58	11.05	0.26
Vessels to Port	672	N/A	694	22
Future Growth Projects Completed (%)	N/A	100%	100%	-
Approvals Secured	N/A	60%	60%	-
TEU Growth (%)	N/A	> 10%	6%	-
No. of New Trades	N/A	> 2	2	-
Navy days in Port	N/A	> 30	56.5	-
Cruise Passengers	N/A	> 8,000	3,812	-
Average Land \$/m ² Leased**	N/A	10	10.81	-
FORWARD THINKING FOR GROWTH				
Customer Satisfaction (%)	N/A	> 80%	82%	-
Community Satisfaction (%)	N/A	> 80%	-	-
Employee Satisfaction (%)	N/A	> 80%	79.5%	-
EMS Certification to ISO140001	N/A	Yes	Yes	-
Lost Time Injury Frequency Rate	5.06	0	0	-5.06

* The average TEU Handling Rate has been calculated on the basis of when a ship docks into berth to when a ship leaves the berth. The figure does not take into account other various factors such as a ship having unloaded other commodities other than containers, delayed departure, etc. Accordingly, the figure provided is not entirely reflective of the exact number of TEU's handled per hour as POTL system currently does not capture this data. The new Stevedoring Licences being implemented requires stevedores to provide this data so more accurate figures can be established and target performance standards developed and implemented.

** This excludes STL Leases. The Statement of Corporate Intent 2014-2015 states that the average leased land is measured m³ however this was an error and should be measured in m².

OUR PROJECTS

BERTH 8 UPGRADE

The \$85 million Berth 8 facility at the Port was successfully commissioned in May 2015. The project helps secure the long-term export future for mineral concentrates and fertiliser products produced within the resource-rich North West Minerals Province.

Jointly funded by POTL, Glencore and Incitec Pivot, the Berth 8 facility delivers two-and-a-half times more shiploading capacity, greater berth efficiency and important improvements in environmental performance. Around \$5 million of the total project cost was invested directly into improving environmental performance including better site water capture and treatment, the installation of enclosed conveyors, and specialist dust collection systems fitted at multiple points along Glencore's logistics network.

TOWNSVILLE PORT EXPANSION PROJECT

The Port Expansion Project is an important long-term plan to cater for trade growth and shipping requirements over the next 30 years. The project would involve the development of a new outer harbour, with the proposed six berths, channel works and reclamation able to be developed in stages as driven by market requirements.

During 2014 POTL commenced preparation of a supplementary EIS to address the community and agency feedback received from the consultation undertaken.

The supplementary EIS is being further developed to ensure the beneficial re-use of capital dredge material for the project in order to address Federal and Queensland Government requirements that no capital dredge material is to be placed in either the Great Barrier Reef Marine Park or Great Barrier Reef World Heritage Area.

The supplementary EIS is expected to be finalised by December 2015 for submission to the Federal Government and the Queensland Government.

PORT MASTER PLANNING

Preliminary work on an updated Strategic Development Plan (SDP) for the Port of Townsville commenced during 2014–2015. The objective of the updated SDP is to guide port development over the next 30 years; the document will include input from existing customers and independent experts.

The Port of Townsville is recognised as a Priority Port Development Area under the Sustainable Ports Development Bill 2015 (Qld) for which a new Master Plan is to be developed by the Queensland Government. The SDP will be complementary to the development of the Port Master Plan. The updated SDP is expected to be complete by the end of 2015.

BERTH 6/7 DEMOLITION

As part of POTL's ongoing works to upgrade the inner harbour, a \$14 million project to demolish and remediate the Berth 6/7 site commenced in August 2014; carried out by Townsville-based contractor Pacific Marine Group. Originally constructed in 1911, the Berth 6/7 structure was the oldest piece of infrastructure at the Port and had reached the end of its operational life. At the time of writing the project schedule was on track, with full project completion expected in mid-2016. The demolition of Berth 6/7 will improve navigation access for larger ships at Berths 4 and 8.



**BERTH 6/7
DEMOLITION**



OPENING OF THE NEW GENERAL CARGO LAYDOWN FACILITY

GENERAL CARGO LAYDOWN FACILITY

POTL designed and constructed a \$1.7 million general cargo laydown yard during the period to cater to for an increase in general cargo throughput at the Port. The 31,000sqm facility was constructed by local contractors on reclaimed land using locally supplied quarry material. The new laydown area includes security fencing and cameras and has been designed to accommodate a broad range of uses including motor vehicles, project cargo and breakbulk. This facility significantly expands the available laydown area at the Port, and has been welcomed by customers.

TOWNSVILLE CITY WATERFRONT PRIORITY DEVELOPMENT AREA

The Townsville City Waterfront PDA was declared on 5 September 2014. The PDA covers approximately 97.2 hectares, incorporates land on both sides of Ross Creek and is adjacent to the Townsville CBD. The PDA has been declared to facilitate the transformation of this important riverfront area into a world-class, progressive, attractive, convenient and vibrant mixed-use environment including both residential and community facilities.

POTL holds tenure over a number of parcels of land located along the banks of Ross Creek in the Townsville CBD. These areas are strategically located waterfront lands that extend from the Townsville Entertainment and Convention Centre and the Flinders Street Entertainment Precinct on one side (Ross Creek West); and between the Palmer Street dining precinct and the port on the other side (Ross Creek East).

Historically, the majority of these lands have been used for port and associated industrial maritime activities which are no longer considered appropriate uses for the future given their close proximity to the city. These lands also are home to a number of Townsville's existing maritime based tourism and recreational facilities that were developed many decades ago.

POTL will partner with TCC and Economic Development Queensland on this project to transform our city's waterfront and to ensure developments that support and complement POTL's strategic plans for the Port of Townsville.

ROAD PROJECTS

Approximately \$800,000 was invested into upgrades and maintenance works on roads at the Port during the 2014-2015 financial year. This included the resurfacing of approximately 700 metres of pavements with associated kerb and channelling works on parts of Lennon Drive, Benwell Road, the Berth 4 service road and Archer Street. Works were completed on time and on budget and facilitated entirely by local contractors.

In order to maximise port efficiency and utility, POTL has undertaken works to allow improved access to the Port for road trains and larger vehicles. This work, which includes heavy vehicle trials around the Port, has required significant coordination with TCC and the Department of Transport and Main Roads and is expected to be completed in 2016.

BERTH 1 POCKET DEEPENING

POTL has committed to the deepening of the Berth 1 pocket to 14.5 metres to cater for the trend of increasing bulk liquid vessel sizes. Valued at \$425,000, this project has been undertaken utilising in-house equipment and personnel which has allowed an economic and flexible solution. The project is expected to be complete in August 2015.

PROJECT SUNRISE

POTL is required to provide strict security standards and procedures when operating as a Land Restricted Zone which are not dissimilar to those required of international airports.

Customs and security regulations for Australian ports have been tightened significantly over the past 10 years. Previously, POTL and port users engaged various security contractors to carry out security functions at the Port on some berths.

During 2014-2015, a comprehensive internal review was carried out by POTL of security procedures at the Port, taking into account reviews and comments made by Australian Customs. The outcome of this review recommended a change in POTL's operational structure to facilitate a more comprehensive and fully compliant security service on POTL common user wharves by taking the provision of the security service "in-house".

The provision of in-house security services by POTL will provide port customers a streamlined service as part of the Port's security umbrella. It will place POTL on the road to compliance with the increasingly complex Federal Customs and transport security requirements.

POTL will employ Maritime Security Guards to enable the provision of security, with recruitment of these positions scheduled for completion in September 2015.

OUR PEOPLE

In a pivotal moment in POTL's strategic journey to becoming Northern Australia's transport link to the world, four General Managers were appointed in July 2014.

- General Manager Marine and Logistics – Mr Jacob Kalma
- General Manager Trade and Property – Mrs Claudia Brumme-Smith
- General Manager Infrastructure and Planning – Mr Kim Gebers
- Chief Financial Officer – Mr David Sibley

The new executive team has focussed this year on strengthening trade development, our stakeholder relationships and improving supply chain infrastructure, operations and services.



PILOT EBA

Following negotiations with the Australian Maritime Officers Union and Employee Bargaining Representatives, in-principle agreement for the new POTL Marine Pilots Enterprise Agreement was reached in November 2014. Voting was finalised in December 2014 with a majority support outcome. In January 2015 the new agreement was certified by Fair Work Australia and became operational on 21 January 2015.

WORKFORCE OVERVIEW

POTL employs 99 people (96.84 full time equivalents as at 30 June 2015) across a wide range of disciplines including pilotage, engineering, planning, maintenance, marine services, governance and legal, customer relations, trade and property and business and commercial services.

- Average employee turnover in 2014-2015 – just under 6%*;
- Male Employees – 70%;
- Female Employees – 30%;
- Average age of employees – 47 years;
- Percentage of employees over 50 years of age – 47%;
- Average years of service – 8.52 years; and
- Percentage of employees with service under five (5) years – 48.5%.

Note – turnover percentage relates to those employee instigated terminations and does not include those employees whose termination occurred through performance management processes.

EMPLOYEE RELATIONS FRAMEWORK

POTL's Employee Relations framework includes but is not limited to:

- Workforce Plan;
- Employment and Industrial Relations Plan;
- Enterprise Agreements;
- Formal Employee Induction Program;
- Succession Planning for Key Executive Positions; and
- Employee Performance and Development Evaluation Procedure.

WORKFORCE PLANNING

POTL's Workforce Plan identifies the employment challenges facing the organisation and details strategies to be implemented to ensure that POTL's employment profile will be capable of meeting future corporate objectives. POTL's Workforce Planning process involves:

- identifying future business directions and workforce needs;
- analysing and understanding the make-up of the current workforce;
- determining the necessary skills, capabilities and competencies required to achieve strategic operational goals in the future; and
- developing and implementing policies and strategies that will assist in achieving these goals.

POTL promotes employee commitment and job satisfaction through the provision of an appropriate and stable organisational structure and initiatives such as flexible work practices, POTL maternity and paternity leave, flexible annual leave provisions (ability to purchase and cash out leave), corporate health and employee assistance programs.

SUCCESSION PLANNING

POTL has a robust succession planning system that prepares people to meet POTL's talent needs over time. The Employee Relations team are responsible for identifying necessary competencies to assess, develop and retain employees in order to ensure a continuity of leadership for all critical positions which reflects the objective of POTL to foster and promote the continual development of employees to assist POTL to achieve business objectives.

TRAINING AND DEVELOPMENT

POTL is proactive in encouraging and assisting employees in undertaking professional development. This includes 10 employees who are currently undertaking study courses supported by POTL. POTL also provided work experience opportunities to local high schools and an international internship.



EQUAL EMPLOYMENT OPPORTUNITY

POTL 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 Equal Employment Opportunity, 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 undertake annual training in relation to this policy. POTL has 10 trained Equity Contact Officers distributed throughout the organisation. Contact Officers receive the requisite training and are provided with refresher courses to remain current.

Any reported breaches of POTL'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 POTL's Disciplinary Procedure.

There are currently 14 women classified at POTL Level 5 and above; six (6) women working in senior and middle management and one woman represented on the Board.

WORKPLACE HEALTH AND SAFETY PERFORMANCE

POTL is committed to complying with its obligations under health and safety legislation. POTL maintains an integrated management system which is externally certified against AS4801:2001 (Occupational Health and Safety Management System). This system is a robust framework for the management of health and safety throughout POTL and for ensuring compliance with legal requirements. For the 2014-2015 financial year there was nil lost time to injuries.

LOOKING FORWARD - 2015-2016 STRATEGIES

Over the next 12 months POTL will continue to implement strategies aligned to Government requirements and improve workplace relations, encouragement of employee personal and professional development and satisfaction while maintaining core activities and maximising utilisation of existing resources.



OUR ENVIRONMENT

The ports of Townsville and Lucinda are located in sensitive environments with unique, highly valued ecosystems. POTL is dedicated to the strong environmental management of its operations to ensure trade growth for the region is facilitated in a sustainable manner.

POTL undertakes a range of monitoring programs to ensure we achieve our commitment to strong environmental performance including monitoring water quality, marine sediment, stormwater, and air quality. All environmental programs are regularly reviewed to ensure they are appropriate for current and future port operations and continue to provide relevant information to POTL.

POTL also facilitates a EWG, which enables port customers to work closely with POTL and regulators to promote sound environmental outcomes within the Port. The EWG meets regularly to identify and facilitate the implementation of improvement measures, share knowledge, and consider potential cumulative impacts and broader environmental objectives of the port and wider community.

MARINE WATER AND SEDIMENT MONITORING

Twenty marine water samples each month were collected during the 2014–2015 financial year during the wet season; and every second month during the dry season from the Port's Inner and Outer Harbours, Platypus Channel, Marine Precinct, Ross Creek and Ross River areas and analysed for a range of metals, nutrients, suspended solids and physio-chemical parameters.

Results continue to indicate that Ross River and Ross Creek are significant sources of nutrients and suspended solids from upstream sources, and Ross Creek continues to show elevated metal results. Inner and Outer Harbour areas are within the guideline values for the sampled parameters.

To monitor and understand sediment quality both in and around operational areas POTL collects almost 250 sediment samples on a quarterly basis. This material is analysed for a range of metals as part of our ongoing improvement processes and to inform dredging management strategies. The results of monitoring undertaken during 2014–2015 indicate that metals have generally remained consistent, with some improvements evident.

AIR QUALITY MONITORING

POTL undertakes a range of air quality monitoring around the Port boundaries. The key locations are the Coast Guard Car Park (Ross Creek), Lennon Drive (end of Palmer Street) and the Port Environment Park (South Townsville). These monitor a range of nuisance and health parameters. Equipment includes a continuous air quality monitor sampling for inhalable particulates (PM10), two Hi-vols at each of the above locations, sampling a range of metals in Total Suspended Particulates and PM10 every six days. This is supplemented by dust deposition gauges which sample all materials deposited on a monthly basis. The results for 2014–2015 show that air quality levels met the relevant state and national guidelines for the monitoring period. POTL continues to work closely with DEHP and port customers around improvements to air quality.

In 2015 POTL established the PSWG to help foster open engagement between port stakeholders, regulators and the community in the areas of air quality, dust deposition and environmental management practices. This group consists of a range of port customers, regulators, community representatives, TCC and North Queensland Conservation Council. The PSWG is independently chaired by David Donohue of Queensland Corporate Communication Network.

SEAGRASSES MONITORING

Seagrasses have been monitored annually in the Port since 2007. Each year seagrass monitoring meadows representing the range of different seagrass community types found in Townsville are mapped and assessed for changes in area, biomass and species composition. The average above-ground biomass and the distribution for the seagrass meadows in 2014 surpassed the long-term average in eight of the ten seagrass monitoring meadows with the overall condition of seagrasses classed as "good".

POTL contracted AIMS to undertake monitoring of water quality and light availability at sensitive receptor sites in Cleveland Bay. This program was developed in conjunction with a range of local experts and regulators to provide a complete record of turbidity, underwater light and conductivity, temperature and depth at the five sites (Picnic Bay, Geoffrey Bay, Florence Bay, Virago Shoals and Cleveland Bay – seagrass meadow 19).

The program is specifically designed to align with the design and operations of existing monitoring programs, especially with the Marine Monitoring Program component of the GBRMPA managed Reef Water Quality Protection Plan (<http://www.gbrmpa.gov.au/about-the-reef/how-the-reefs-managed/reef-2050-marine-monitoring-program>) and the Sea-grass Watch program run locally by JCU (<http://www.seagrasswatch.org/townsville.html>). The data will provide consistent records of ambient water quality conditions at each site. This data, combined with other data such as wind and waves, will provide information about factors that influence turbidity within the Bay and the data will be an important source for other studies looking at the status of corals and sea-grasses within the Bay.

ENVIRONMENTAL INCIDENTS

An environmental incident is any unplanned event or action that impacts, or may impact on, the environment. These may vary in size, extent and potential impact. An incident may occur from a port customer's activities, from POTL's operations or contractors or from an external source. All reported incidents are recorded and investigated, with mitigation and corrective action taken (if required) to reduce the likelihood of future reoccurrences.

Environmental incidents are reported regularly to the port community and regulatory agencies via the EWG and POTL's incident reporting process. POTL reported an identified sewer leak and a minor fuel / oil spill to the DEHP during 2014-2015, neither of these incidents released to the marine environment.

ENVIRONMENTAL MANAGEMENT SYSTEM

POTL continues to review and improve the EMS in accordance with ISO14001:2004 and ensure best practice environmental management measures are in place for all our activities. Audits of POTL's EMS during 2014-2015 recorded no non-conformances. Further review of the EMS will be occurring throughout this upcoming year in preparation for the introduction of the new ISO Standard.

HARBOUR TURBIDITY MONITORING

In order to better understand the relationship between port activities and water turbidity in Cleveland Bay, POTL initiated a data collection project. This project has been designed in collaboration with AIMS, GBRMPA, JCU, DEHP, TCC and the Federal Department of Environment. POTL acquired a number of underwater sensor/recorder units, and engaged AIMS to place the units and collect and analyse the data. This proactive initiative is expected to yield valuable data about any dredging effects on the local water quality.

OUR COMMUNITY

COMMUNITY ENGAGEMENT INITIATIVES

Port Tours

- 17 port tours were conducted for schools and community groups in the region. These tours hosted more than 550 students and 67 community representatives. School tours are tailored individually for each school group, based on the subject of study and age of the students.

Port Open Days

- POTL hosted two community events during the reporting period; the P150 Community Open Day on Saturday 8 November (attended by approximately 5,000 people) and the *HMAS Canberra* Ship Open Day on Sunday 29 March (attended by approximately 15,000 people).



Fundraising Events

- The Port Community Engagement Committee, made up of port users and customers, conducted three fundraising activities during the 2014-2015 year.
 - Charity Golf Day – Friday 31 October 2014
 - Charity Auction Ball – Saturday 22 November
 - P150 Pathway project
- As a result of these fundraising activities, three not-for-profit organisations received donations of \$15,000 each. These organisations were:
 - The Young Diggers Dog Squad of Townsville
 - NQ Rescue Helicopter Service (based in Mt Isa)
 - Food Relief NQ

Sea Safe Sunday

- POTL participated in Sea Safety Sunday during April 2015. Organised annually by the Australian Volunteer Coast Guard Flotilla QF8 Townsville, the event is held free of charge for the general public to promote safety on the water and make local boaties more aware of their safety responsibilities.



INDUSTRY INVESTMENT

- POTL maintained its commitment to several industry bodies and organisations that promote the advancement of North Queensland. Executive positions are held with;
 - MITEZ
 - North Queensland Resources Supply Chain Steering Committee
 - Ports Australia
 - TEL
 - JCU
- POTL participated in the Mount Isa Mining Expo during the reporting period at a cost of \$2,500. The exhibition, which focuses on mining developments in Mt Isa and Carpentaria regions, allows POTL the opportunity to improve prospective client and customer relationships and explore potential business development opportunities.
- POTL continued its support of TEL, North Queensland's peak promotion and marketing organisation in 2014-2015 through sponsorships totalling \$35,000. TEL promotes economic growth and industry development and investment in the Townsville region through advocacy at all levels of government.
- POTL continued its membership of the economic group MITEZ at \$15,000 for the financial year. MITEZ is a peak industry body that develops initiatives aimed at diversifying new industries, expanding new markets and promoting existing investment opportunities in northwest and North Queensland.
 - POTL continued its annual membership with the Queensland Ports Association during the reporting period. Queensland Ports Association provides a forum for Queensland ports to discuss common issues and activities and share information where appropriate in the interests of the State's economic developments.
- POTL sponsored the 2014 Australian Festival of Chamber Music in Townsville during August 2014 to an amount of \$2,200.

SPONSORSHIPS, DONATIONS AND CORPORATE EVENTS

- POTL donated an amount of \$25,000 to the Townsville Maritime Museum during the period. After negotiations between POTL and the Townsville Maritime Museum's Board of Directors, it was resolved to transfer control of the Museum and HMAS Townsville to POTL on 1 July 2015.
- POTL provided \$1,800 for prize money to JCU's student award program in several fields of study including:
 - Engineering
 - Marine Biology
 - Marine Physics
 - Marine Sedimentology
 - Marine Studies and Statistics
 - Commerce & Economics – International Trade
 - Commerce & Economics – Marketing
- POTL held an employee Christmas party in December of 2014 as a thank you for their efforts in what was an incredibly busy and, at times, challenging year. This was the only corporate entertainment expenditure during the period of an amount exceeding \$5,000. Total cost for this event was \$8,298.

OUR GOVERNANCE

CORPORATE GOVERNANCE STRUCTURE

SHAREHOLDING MINISTERS

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

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

BOARD OF DIRECTORS

Mr Patrick Brady (Chairman)
 Mr Bradley Webb
 Mr Ian Jessup
 Ms Dominique Tim So
 Mr Allan Pidgeon

Company Secretaries
 Ms Esther Slocombe
 Ms Sarah Nolan

Audit & Risk Management Committee

Mr Ian Jessup (Chair)
 Mr Patrick Brady
 Mr Allan Pidgeon

Strategy & Business Improvement Committee

Mr Bradley Webb (Chair)
 Mr Patrick Brady
 Ms Dominique Tim So

HR&WHS Committee

Ms Dominique Tim So (Chair)
 Mr Patrick Brady
 Mr Ian Jessup

Major Projects Committee

Mr Bradley Webb (Chair)
 Mr Patrick Brady
 Mr Allan Pidgeon

CHIEF EXECUTIVE OFFICER

Ms Ranee Crosby

Company Secretary & Legal Counsel
 Ms Esther Slocombe

- Company Secretary
- Legal Counsel
- Government Stakeholder Liaison
- Strategic/ Corporate Planning
- Contractual Review
- RTI & Privacy
- Records Management
- Risk Management
- Audit
- Administration

GM - Marine & Logistics
 Mr Jacob Kalma

- Marine Pilotage
- Shipping & Marine Services
- Navigation & Marine Safety
- VTS Liaison
- Towage
- Launch and Lines
- Supply Chain Coordination
- Operational Management

GM - Infrastructure & Planning
 Mr Kim Gebers

- Master Planning
- Dredging
- Land Use Planning
- Environment
- Stakeholder Engagement
- Asset Management
- Engineering
- Drafting
- Maintenance
- Hydrographic Survey
- Procurement

GM - Trade & Property
 Ms Claudia Brumme-Smith

- Trade
- Customer Service
- Marketing
- Investment and Market Analysis
- Leasing
- Property Developments
- Development Approvals
- Communications
- Media
- Community Engagement

Chief Financial Officer
 Mr David Sibley

- Treasury Management
- Accounting
- Pricing
- Accounts Payable / Receivable
- Payroll
- Debt Collection
- Statistics
- Safety
- Human Resources

STRUCTURE OF THE BOARD AND EXECUTIVES

POTL's Board of Directors comprises five non-executive Directors who have been appointed by the Governor in Council (on the recommendation of Cabinet) in accordance with the GOC Act. Directors' name and tenure details as at 30 June 2015 are shown below:

Name	Position	Initial appointment	Last re-appointed	Appointment expiry
Mr Patrick Brady	Chairman	20 December 2012	12 December 2013	30 September 2016
Mr Bradley Webb	Director	1 October 2011	2 October 2014	30 September 2017
Mr Ian Jessup	Director	20 December 2012	Not Applicable	30 September 2015
Ms Dominique Tim So	Director	20 December 2012	Not Applicable	30 September 2015
Mr Allan Pidgeon	Director	12 December 2013	Not Applicable	30 September 2016

BOARD COMMITTEES

Audit and Risk Management Committee

Chair – Mr Ian Jessup

Members – Mr Patrick Brady, Mr Allan Pidgeon

The primary objective of the Audit and Risk Management Committee is to assist the Board of Directors in fulfilling its responsibilities prescribed in the *Financial Accountability Act 2009* (Qld), *Corporations Act 2001* (Cth) and other relevant legislation and prescribed requirements by providing independent comment, advice and counsel to the Board of Directors on matters considered by the Committee at its regular meetings.

HR&WHS Committee

Chair – Ms Dominique Tim So

Members – Mr Patrick Brady, Mr Ian Jessup

The primary objective of the HR&WHS Committee is to assist the Board of Directors in fulfilling its corporate governance responsibilities by reviewing recommendations, monitoring and establishing HR&WHS policy frameworks. Such frameworks shall be consistent with POTL's business needs and objectives, commercial profile and relevant legislation.

Strategy and Business Improvement Committee

Chair – Mr Bradley Webb

Members – Mr Patrick Brady, Ms Dominique Tim So

The primary objective of the Strategy and Business Improvement Committee is to assist the Board in fulfilling its responsibilities to maximise trade and business growth opportunities, ensure the long-term sustainable and profitable development of POTL's ports.

Major Projects Committee

Chair – Mr Bradley Webb

Members – Mr Patrick Brady, Mr Allan Pidgeon

The primary objective of the Major Projects Committee is to assist the Board of Directors in fulfilling its responsibilities by facilitating the delivery of major infrastructure projects being constructed by POTL in a timely, efficient, and cost effective manner.

The qualifications of Directors on each Board Committee are detailed on pages 35 of this report. Board Committee Charters can be viewed on POTL's website at <http://www.townsville-port.com.au/release-of-information>.

BOARD AND COMMITTEE ATTENDANCES

Director	Mr Patrick Brady	Mr Bradley Webb	Mr Ian Jessup	Ms Dominique Tim So	Mr Allan Pidgeon
BOARD MEETING					
Eligible to Attend	11	11	11	11	11
Attended	11	8	11	11	11
AUDIT AND RISK MANAGEMENT COMMITTEE					
Eligible to Attend	5	-	5	-	5
Attended	5	-	5	-	4
STRATEGY AND BUSINESS IMPROVEMENT COMMITTEE					
Eligible to Attend	3	3	-	3	-
Attended	3	3	-	3	-
HR&WHS COMMITTEE					
Eligible to Attend	3	-	3	3	-
Attended	3	-	3	3	-
MAJOR PROJECTS COMMITTEE					
Eligible to Attend	5	5	-	-	5
Attended	5	5	-	-	5

DIRECTOR AND EXECUTIVE REMUNERATION

POTL's Directors are paid fees for their services. The amount of the fees is determined by shareholding Ministers. Remuneration arrangements for the Chief Executive Officer and senior executives are determined by the Board in accordance with guidelines issued by shareholding Ministers.

In accordance with the disclosure requirements for GOCs, details of Directors' remuneration for the reporting period are located on page 62 of this report.

BOARD EVALUATIONS

The Board carries out regular formal and informal reviews of its performance to evaluate the effectiveness of the Board in meeting its objectives, discharging its functions and responsibilities, and to identify self-improvement or process improvement opportunities that can be pursued to enhance the overall performance of the Board.

The Chairman continuously monitors the performance of individual Directors, the Board and Board Committees on an informal basis. The Directors also conduct a formal assessment of their own and the Board's collective performance annually. The Board may seek an independent appraisal of its performance if it is deemed that an independent review would facilitate a more effective evaluation process.

The results of the formal evaluations are communicated to the Board and shareholding Ministers. The results are analysed for trends and areas for improvement so that the Board is able to decide on the actions necessary to enhance overall performance. Strategies formulated by the Board to improve Board effectiveness are then implemented.

A formal evaluation of the Board's performance was conducted during 2014-2015 with the results communicated to shareholding Ministers.

DIRECTOR INDEPENDENCE AND TRADING IN SECURITIES

The Board has adopted a Disclosure of Interests Policy to ensure the independence of Directors is appropriately assessed and any potential conflicts are identified, disclosed, and managed.

The Board has also adopted an Insider Trading Policy which ensures that Directors, senior executives, and employees do not use inside information acquired through their position in POTL to deal in securities or gain a personal benefit. This includes trading through a family member or through a trust or company over which a Director, senior executive, or employee has influence and control.

It is considered by the Board that none of the Directors' interests disclosed during the reporting period interfered with the ability of those Directors to act in POTL's best interests. On this basis, all members of the Board are considered to be independent.

Disclosure of interests is further dealt with in POTL's Disclosure of Interests Policy found on POTL's website at <http://www.townsville-port.com.au/release-of-information>.

INDEPENDENT ADVICE

After consultation with the Chairman and Chief Financial Officer, individual Directors are permitted to obtain independent professional advice at POTL's expense should they have concerns in relation to a particular issue being considered by the Board. Such advice, once obtained, is made available to all other Directors.

PLANNING AND PERFORMANCE REPORTING

POTL is required by the GOC Act to develop a five-year Corporate Plan and an annual SCI (including an annual Employment and Industrial Relations Plan), which are submitted to shareholding Ministers for approval prior to the commencement of each financial year.

Business performance reports are provided to the Board and shareholding Ministers on a quarterly and annual basis so POTL's performance against agreed targets can be monitored. Moreover, the annual reports are published so POTL's performance can be communicated to other stakeholders. This annual report provides an overview of POTL's performance against its SCI for the 2014-2015 reporting period.

DIVIDEND POLICY

The GOC Act requires the Board to recommend the payment of a dividend. POTL's dividend policy takes into account the return its shareholders expect on their investment. The Board recommended a \$13.1 million dividend payment for the reporting period equalling 80% of adjusted Net Profit after Tax for the 2014-2015 financial year, subject to final audited results.

RISK MANAGEMENT

POTL has an integrated Risk Management Framework consistent with ISO31000:2009.

The framework has been communicated to all employees and is displayed on POTL's intranet for easy accessibility.

A Risk Management Committee, consisting of employees from each business unit, is responsible for the implementation of the framework. The Committee meets on a six-monthly basis to identify, assess, and manage risks impacting POTL on an operational level. Where necessary, risk mitigation strategies are developed and implemented by the Committee to prevent and/or reduce the occurrence of risks, including operational risk registers and fraud control plans. The status of implementation is reported to the Audit and Risk Management on a six-monthly basis.

Strategic business risks and progress on the implementation of risk mitigation measures are also reported and monitored by the Audit and Risk Management Committee on a six-monthly basis.

AUDITS

POTL's financial statements and reports are prepared in accordance with the provisions of the *Financial Accountability Act 2009* (Qld), and prescribed accounting standards. POTL's Audit and Risk Management Committee oversees, assesses, and enhances the systems of internal control and the internal audit function.

Internal auditors are contracted to carry out POTL's internal audit function. During the reporting period, audits were conducted by POTL's internal auditors in respect to business continuity and crisis management, procurement and computer assisted audit techniques – accounts payable.

There were no significant issues raised during these audits, with all recommendations for improvement implemented by POTL.

The external audit function is carried out by the Queensland Audit Office. The Auditor-General reports to Parliament as the State's independent external auditor of GOCs.

BUSINESS MANAGEMENT SYSTEMS

POTL maintained its external certification for its integrated business management system during the reporting period, which includes elements such as Quality (ISO9001:2008), Information Security (ISO27001:2006), Safety (AS4801-2001), Occupational Health and Safety (OHSAS 18001:2007) and Environment (ISO14001:2004).

PUBLIC INTEREST DISCLOSURES

POTL has a Public Interest Disclosure (Whistleblowers) Policy, which sets out mechanisms for reporting, investigating, and providing protection in regards to public interest disclosures. This policy is available on POTL's website at <http://www.townsville-port.com.au/release-of-information>. POTL did not receive any actual or purported public interest disclosures during the reporting period.

PRIVACY

POTL has implemented a Privacy Plan consistent with the eleven Information Privacy Principles contained in the *Information Privacy Act 2009* (Qld) that were adapted from the *Privacy Act 1988* (Cth). The Plan is communicated and accessible to all employees of POTL. A copy of the Plan is also available on POTL's website at <http://www.townsville-port.com.au/release-of-information>. POTL did not receive or process any Information Privacy applications during the reporting period.

RELEASE OF INFORMATION

The Right to Information regime requires GOCs to provide greater proactive and routine disclosure of information to the public and gives individuals the right to apply for access to information held by GOCs. Consistent with the spirit of the legislation, POTL has a publication scheme on its website which makes a number of POTL's internal policies and procedures publicly available.

POTL received and processed one Right to Information application during the reporting period.

SUMMARY OF DIRECTIONS AND NOTIFICATIONS GIVEN UNDER THE GOC ACT

In accordance with section 114 of the GOC Act, POTL was notified by its shareholding Ministers during the reporting period of the revocation/commencement of the following government policies:

Government Policy	Date Notified	Status
Queensland Government Building and Construction Training Policy	15 July 2014	Commenced
Local Industry Policy	6 January 2015	Revoked

OVERSEAS TRAVEL

Details of POTL's overseas travel during the reporting period are shown below:

Name	Position	Destination	Departure Date	Return Date	Reason	Estimated Total Cost
RANEE CROSBY	CHIEF EXECUTIVE OFFICER	Hong Kong, Shanghai and Singapore	09/08/14	20/08/14	Members of the Townsville trade delegation to Hong Kong and Shanghai, and POTL trade delegation to Shanghai and Singapore.	\$5,100
CLAUDIA BRUMME-SMITH	GENERAL MANAGER TRADE & PROPERTY					\$5,100
PATRICK BRADY	CHAIRMAN	Jakarta	09/12/14	11/12/14	Establish a Memorandum of Understanding for a sister port partnership between POTL and the Indonesian Ports Corporation.	\$7,400
CLAUDIA BRUMME-SMITH	GENERAL MANAGER TRADE & PROPERTY					\$3,300
PATRICK BRADY	CHAIRMAN	Hong Kong and Huizhou	16/04/15	20/04/15	Finalise the sister port partnership between POTL and Huizhou Port	\$5,100
RANEE CROSBY	CHIEF EXECUTIVE OFFICER		16/04/15	22/04/15		\$2,300
CLAUDIA BRUMME-SMITH	GENERAL MANAGER TRADE & PROPERTY		16/04/15	19/04/15		\$1,900



PORT OF TOWNSVILLE LIMITED

ACN 130 077 673

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2015



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DIRECTORS' REPORT

For the year ended 30 June 2015

The Directors present their report together with the financial statements of Port of Townsville Limited (POTL) for the year ended 30 June 2015 and the auditor's report thereon.

DIRECTORS

The names and details of POTL's Directors in office during the financial year and up to date of this report are as follows:

- **Mr Patrick Brady (Chairman)**
- **Mr Bradley Webb**
- **Ms Dominique Tim So**
- **Mr Ian Jessup**
- **Mr Allan Pidgeon**



PRINCIPAL ACTIVITIES

POTL's primary role is to facilitate trade growth through the provision and commercial management of efficient and effective port services.

POTL's core business functions are 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 POTL's other functions, or likely to enhance the usage of its ports;
- perform any other functions and exercise any other powers conferred on POTL under the *Transport Infrastructure Act 1994* (Qld), the *Government Owned Corporations Act 1993* (Qld) and Regulations or another Act or under POTL's Statement of Corporate Intent or Corporate Plan;

- provide port services and ancillary services:
 - whether in or outside its ports; and
 - 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 functions set out above.

REVIEW OF OPERATIONS

In April 2015 POTL welcomed the commissioning of the Glencore managed \$85 million Berth 8 facility. The project helps secure the long-term export future for mineral concentrates and fertiliser products produced within the resource-rich North West Minerals Province.

Jointly funded by POTL, Glencore and Incitec Pivot, Berth 8 now delivers two-and-a-half times more shiploading capacity, greater berth efficiency and important improvements in environmental performance. Around \$5 million of the total project cost was invested directly into improving environmental performance including better site water capture and treatment, the installation of enclosed conveyors, and specialist dust collection systems fitted at multiple points along Glencore's logistics network.

As part of POTL's ongoing works to optimise existing assets in the inner harbour, a \$14 million project to demolish and remediate Berth 6/7 commenced in August 2014; carried out by Townsville-based contractor Pacific Marine Group. Originally constructed in 1911, the Berth 6/7 structure was the oldest piece of infrastructure at the Port and had reached the end of its operational life. At the time of writing the project schedule was on track, with full project completion expected mid 2016. The demolition of Berth 6/7 will improve navigation access for larger ships at Berths 4 and 8.

The next phase of redevelopment works for the inner harbour is a \$55 million redevelopment of Berth 4. This project received approval in July 2015, and involves deck surface works and alignment of Berth 4 with the adjacent berth to double the berths capacity and cater for growth in general cargo and other trades.

A new 31,000 sqm laydown facility was completed during the year for \$1.7 million which now provides a secure area to accommodate a broad range of uses including motor vehicles, project cargo and breakbulk.

During the year, POTL also committed to the deepening of the Berth 1 pocket to 14.5 metres to cater for increasing bulk liquid vessel sizes. The project was undertaken utilising in-house equipment and personnel which allowed an economic and flexible solution and is expected to be complete in the second half of 2015.

In addition to improvement works by POTL, the two operating stevedores at the Port of Townsville, Northern Shipping and Stevedoring (NSS) and Townsville Bulk Storage and Handling (TBSH) have also made significant investments in their operations during the period. With both businesses investing approximately \$5 million respectively into purchases of new mobile cranes, both Berth 3 and Berth 10 have now benefited from more efficient and flexible operational capabilities.

Preliminary work on an updated Strategic Development Plan (SDP) commenced during the year. The objective of the updated SDP is to guide port development over the next 30 years. The document will include input from existing customers and independent experts. The SDP will be complementary to the development of the Port Master Plan to be developed by the Queensland Government under the Sustainable Port Development Bill 2015 (Qld). The SDP is expected to be complete by the end of 2015.

In response to the feedback received during the consultation period of the Environmental Impact Study (EIS), POTL made a number of modifications to the original project plan and a Supplementary EIS (SEIS) was prepared. The introduction of the Sustainable Ports Development Bill 2015 (Qld), which seeks to ban the placement of capital dredge material at sea, required a review of the SEIS. The project plan and EIS included the placement of 2.5 million cubic metres of capital dredge material at sea, therefore alternative options for the placement of this dredge material are currently under review and will be considered in the revised SEIS. The SEIS is expected to be finalised by December 2015.

During the 2014-2015 financial year, POTL worked with Townsville City Council (TCC) and the State Government to release the draft Waterfront Priority Development Area (PDA) document for consultation. The Waterfront Project will incorporate land on both sides of Ross Creek and is adjacent to the Townsville CBD. The PDA has been declared to facilitate the transformation of this important waterfront area into a world-class, progressive, convenient and mixed-use environment including both residential and community facilities.

The 2015 year saw POTL achieve trade volumes of 11.05 million tonnes (2014: 10.79 million tonnes) representing an increase of 2.39% from the previous year.

POTL's net profit for the year after income tax is \$17,829,704 (2014: \$18,257,251), representing a decrease of 2.34% from the previous year. This decrease is due to the decreased trade volumes affecting user

charges, in addition to increased employee expenses (an increase of 6.74% from the previous year), and increased finance costs (an increase of 7.45% from the previous year). The increase in employee related expenses is directly related to the transfer of marine pilots from Maritime Safety Queensland to POTL in November 2013.

PROFIT FROM CONTINUING OPERATIONS BEFORE INCOME TAX EXPENSE WAS \$25,295,525 (2014: \$25,758,163) REPRESENTING A DECREASE OF 1.80% FROM LAST YEAR.

Profit from continuing operations before income tax expense was \$25,295,524 (2014: \$25,758,163) representing a decrease of 1.80% from last year.

Below is a summary of POTL's underlying ratios over the past 2 years:

		2015	2014
Return on Assets	Net Profit After Tax / Total End of Year Assets	2.75%	3.08%
Return on Equity	Net Profit After Tax / Total End of Year Equity	3.79%	4.21%
Interest Cover Ratio	Earnings Before Interest and Tax / Total Finance costs (inclusive of capitalised costs)	5.94	6.39
Debt to Equity	Total Debt / Total Equity	0.17	0.19



DIVIDENDS

Directors recommend the payment of a final dividend of 80% of adjusted profits. The final dividend amounts to \$13,095,181 (2014: \$7,715,423).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the directors there were no significant changes in the state of affairs of POTL that occurred during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

With a view to divesting itself of non-core responsibilities, POTL has resigned as appointed manager of the Picnic Bay Jetty, effective 1 July 2015. As the amount remaining in the maintenance provision is to be transferred to Department of Transport and Main Roads, the funds have been reclassified as a Trade Payable at reporting date as the amount will be paid in the first quarter of 2015-2016.

Except for the items discussed above, no other matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect:

- POTL's operations in future financial years, or
- the results of those operations in future financial years, or
- POTL's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Further information on likely developments in the operations of POTL, and the expected results of operations, has been included in POTL's Annual Report.

ENVIRONMENTAL REGULATION

POTL's operations are subject to significant environmental regulations under both Commonwealth and State legislation in relation to its port management activities. There are significant environmental regulations under legislation, including licence requirements relating to waste management, water and air, noise and land pollution and the handling of dangerous goods in relation to these operations.

Legislation and regulations that POTL is subject to are as follows:

<i>Coastal Protection and Management Act 1995 (Qld)</i>	<i>Great Barrier Reef Marine Park Act 1993 (Cth)</i>
<i>Environmental Protection Act 1994 (Qld)</i>	<i>Environment Protection (Sea Dumping) Act 1981 (Cth)</i>
<i>Fisheries Act 1994 (Qld)</i>	<i>Environment Protection and Biodiversity Conservation Act 1999 (Cth)</i>
<i>Marine Parks Act 2004 (Qld)</i>	<i>National Greenhouse and Energy Reporting Act 2007 (Cth)</i>
<i>Nature Conservation Act 1992 (Qld)</i>	<i>Waste Reduction and Recycling Act 2011 (Qld)</i>
<i>State Development and Public Works Organisation Act 1971 (Qld)</i>	

All environmental performance obligations are reviewed as part of the certified Environmental Management System (EMS) and are reported to the Audit & Risk Management (ARM) Committee, in addition to from time to time, subject to government agency, internal and external professional agency audit, as well as ongoing review to ensure compliance.

POTL is not aware of any matter that requires disclosure regarding any significant environmental regulation in respect to its operating activities.

INFORMATION ON DIRECTORS

The following information is current at the date of this report



MR PATRICK BRADY

B.ENG (HONS), RPEQ, MAICD, FUDIA FIPWEA

NON-EXECUTIVE CHAIRMAN

Initial Appointment 20 December 2012, Last Re-appointed 12 December 2013, Term of Office - to 30 September 2016

EXPERIENCE AND EXPERTISE

Mr Brady has over 30 years' experience in the civil engineering industry in Regional Queensland. He has a vast range of experience, ranging from urban development to infrastructure engineering, and bridges to mining engineering.

Mr Brady currently is Managing Director of the UDP Group, a collective of engineers, project managers, schedulers, designers, drafters and administrative staff. The UDP Group employs 60 staff in offices in Townsville, Mackay, Whitsunday, Brisbane and Port Moresby. Mr Brady's focus is on ensuring delivery of combined client and community outcomes and ensures the engineering solutions are tailored to these outcomes rather than dictate them.

Mr Brady has a Bachelor of Engineering (Hons), is a Member of the Institute of Engineers Australia, Institute of Company Directors, Institute of Public Works, and is a Registered Professional Engineer in Queensland (RPEQ 7112). In 2009, Mr Brady became the Townsville Branch president of the Urban Development Industry Australia (UDIA) for three consecutive years, and is currently a committee member and Fellow of the UDIA. He was also chairman of the Consulting Engineers Group (Townsville) from 2007 to 2008. Mr Brady currently sits on the Board for the Mater Hospital, Townsville.

SPECIAL RESPONSIBILITIES

- Chairman of the Board.
- Member of the Major Projects Committee.
- Member of the Strategy and Business Improvement Committee.
- Member of the Audit and Risk Management (ARM) Committee.
- Member of the Human Resources and Workplace Health and Safety (HRWH&S) Committee.



MR BRADLEY WEBB NON-EXECUTIVE DIRECTOR

Initial Appointment 1 October 2011, Last Re-appointed 2 October 2014, Term of Office - to 30 September 2017

EXPERIENCE AND EXPERTISE

Mr Webb is Managing Director of BM Webb Group, which was founded in 1979. The company has grown from an interstate truck haulage business into an award-winning construction and property development company.

BM Webb Group's first industrial warehouse was built 1986. In 1999, Mr Webb purchased 240 hectares of land at the Bohle, which is now known as Webb Drive Industrial Estate. The estate is now home to over 80 businesses, many of which are accommodated in buildings designed and constructed to suit customer requirements.

Mr Webb is also known as the powerhouse behind Food Relief NQ. Food Relief NQ was established as Foodbank Townsville in 2002 when Brad donated an 800m² purpose building to make the venture a viable operation. He was instrumental in obtaining support from other businesses, and in coordinating the entire infrastructure associated with the set-up of the warehouse. Food Relief NQ encourages manufacturers, wholesalers, retailers, and traders in the food, beverage and grocery industries to donate products to Food Relief for redistribution to the needy.

Mr Webb's port and rail experience encompasses such projects as the \$40 million Toll/QRX Rail Terminal in Townsville, Port of Townsville Marine Precinct Alliance Project and Forestry Plantation Queensland's log yard. Mr Webb has extensive knowledge and experience in Concrete, Quarry, Transport, Bulk Cement and International business and trade. Mr Webb is currently Director of Queensland Country Credit Union, founding Chairman of Food Relief NQ and Chairman of Maritime Museum.

SPECIAL RESPONSIBILITIES

- Chair of the Strategy and Business Improvement Committee
- Chair of the Major Projects Committee.



MS DOMINIQUE TIM SO B.COM/LLB GAICD
NON-EXECUTIVE DIRECTOR

Appointed 20 December 2012, Term of Office -
to 30 September 2015

EXPERIENCE AND EXPERTISE

Ms Tim So carries out a dual role of General Counsel and Commercial Manager for ASX-listed dental services company, 1300SMILES Limited. Throughout Ms Tim So's legal career she has practised primarily in property, corporate and commercial law, such as commercial, retail and industrial leasing; business, commercial and industrial land sales and acquisitions; business and corporate structuring including asset protection; and off-the-plan developments and related community titles schemes.

Ms Tim So has acted on behalf of small, medium and large businesses, high net worth individuals, partnerships, private and public companies, not-for-profit organisations and local governments in a wide array of industries. Ms Tim So holds a Bachelor of Commerce and Laws, and is admitted as a Solicitor of the High Court of Australia, and the Supreme Court of Queensland.

SPECIAL RESPONSIBILITIES

- Chair of the Human Resources and Workplace Health and Safety (HRWH&S) Committee.
- Member of the Strategy and Business Improvement Committee.



MR IAN JESSUP B.ECON, FCPA, FCA, GAICD
NON-EXECUTIVE DIRECTOR

Appointed 20 December 2012, Term of Office -
to 30 September 2015

EXPERIENCE AND EXPERTISE

Mr Jessup holds a Bachelor of Economics in commerce and is a Graduate of the Australian Institute of Company Directors. He is a partner in North Queensland accountancy firm, Jessups, and a Principal of BRI Ferrier North Queensland.

Mr Jessup is a true North Queensland, who was born, raised and educated in Townsville before commencing his professional career. Before entering public accountancy, Mr Jessup was employed as an accountant with a number of Townsville businesses.

SPECIAL RESPONSIBILITIES

- Chair of the Audit and Risk Management (ARM) Committee.
- Member of the Human Resources and Work Health and Safety (HRWH&S) Committee.



**MR FREDERICK ("ALLAN") PIDGEON B.COM LLB (HONS)
NON-EXECUTIVE DIRECTOR**

**Appointed 12 December 2013, Term of Office –
to 30 September 2016**

EXPERIENCE AND EXPERTISE

After completing university degrees in commerce and law, Mr Pidgeon was employed as a tax accountant and subsequently spent eleven years working as a stock-broker.

After working overseas for a period he returned to Australia and worked in various advisory positions to federal government Ministers and industry associations.

Mr Pidgeon has since resumed involvement in family property firm Pidgeon Holdings Pty Limited and its associated companies. He holds a number of directorships and memberships on various boards and community organisations, including the Lord Mayor's Charitable Trust and the Mater Foundation.

SPECIAL RESPONSIBILITIES

- Member of the Major Projects Committee.
- Member of the Audit and Risk Management (ARM) Committee.

COMPANY SECRETARY

POTL has appointed two company secretaries – Ms Esther Slocombe and Ms Sarah Nolan.

MS ESTHER SLOCOMBE B.COM – LLB (HONS), GAICD

Ms Slocombe commenced employment with POTL in October 2007 and is currently POTL's Company Secretary and Legal Counsel. Ms Slocombe oversees POTL's governance, regulatory, government stakeholder liaison, strategic/corporate planning, contractual review, right to information, information privacy, records management, risk management, audit and administration functions. Prior to joining POTL she held a position of legal practitioner in a private legal practice in Townsville for three years. Ms Slocombe was admitted as a Legal Practitioner of the Supreme Court of Queensland on 23 February 2007. She is a member of the Queensland Law Society, Graduate of the Australian Institute of Company Directors (GAICD) and a trustee on the Townsville Traditional Owners Charitable Trust. Ms Slocombe is also in the process of completing a Diploma of Management.

MS SARAH NOLAN LLB, GRAD DIP LP, GAICD

Ms Nolan was appointed as Company Secretary in October 2014 after being employed as part of POTL's in-house legal team for more than three (3) years. Ms Nolan is responsible for assisting in the management of POTL's governance, compliance, legal, strategic planning and performance reporting, right to information and information privacy, records management, risk management and administrative functions.

Ms Nolan holds a Bachelor of Laws degree from James Cook University as well as a Graduate Diploma in Legal Practice from the Queensland University of Technology and was admitted as a Legal Practitioner of the Supreme Court of Queensland on 2 April 2012. During that year, she also became a member of the Queensland Law Society and a Graduate of the Australian Institute of Company Directors. Ms Nolan is currently completing a Diploma in Management.

MEETINGS OF DIRECTORS

The number of meetings of POTL's Board of Directors and of each board committee held during the year ended 30 June 2015, and the number of meetings attended by each Director were:

DIRECTOR	BOARD MEETINGS		AUDIT & RISK MANAGEMENT COMMITTEE		STRATEGY & BUSINESS IMPROVEMENT COMMITTEE		HR & WHS COMMITTEE		MAJOR PROJECT COMMITTEE	
	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED
MR PATRICK BRADY	11	11	5	5	3	3	3	3	5	5
MR BRADLEY WEBB	11	8	N/A	N/A	3	3	N/A	N/A	5	5
MR IAN JESSUP	11	11	5	5	N/A	N/A	3	3	N/A	N/A
MS DOMINIQUE TIM SO	11	11	N/A	N/A	3	3	3	3	N/A	N/A
MR ALLAN PIDGEON	11	11	5	4	N/A	N/A	N/A	N/A	5	5

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Note 19 of the financial statements provides detailed disclosures relating to the remuneration of key management personnel. The term key management personnel refers to those persons having authority and responsibility for planning, directing and controlling the activities of POTL, directly or indirectly, including any director (whether executive or otherwise) of POTL.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the year, a policy was held to insure all directors and officers of POTL against liabilities incurred in their capacity as director or officer. The provisions of this policy prohibit the disclosure of the nature of the liabilities insured. The *Corporations Act 2001* (Cth) does not require disclosure of this information in these circumstances.

DIRECTORS' SHAREHOLDING

No Directors held any beneficial interest in the shares of POTL. All issued shares are held by the shareholding Ministers on behalf of the Queensland Government.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* (Cth) for leave to bring proceedings on behalf of POTL, or to intervene in any proceedings to which POTL is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of POTL with leave of the Court under section 237 of the *Corporations Act 2001* (Cth).

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on page 39.

ROUNDING OF AMOUNTS

POTL is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements and Directors' Report.

Amounts in the financial statements and Directors' Report have been rounded off to the nearest dollar in accordance with that Class Order.

This Director's Report is signed in accordance with a resolution of the Directors.

Mr Patrick Brady
Chairman

25 August 2015

Mr Ian Jessup
Director

25 August 2015

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Port of Townsville Limited

This audit independence declaration has been provided pursuant to s307C of the *Corporations Act 2001*(Cth).

INDEPENDENCE DECLARATION

As lead auditor for the audit of Port of Townsville Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been -

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001*(Cth) in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



Mr David Adams FCPA
as Delegate of the Auditor-General of Queensland

25 August 2015



Queensland Audit Office
Brisbane

PURPOSE AND SCOPE

Port of Townsville Limited (POTL) is a company limited by shares, incorporated and domiciled in Australia and is a Government Owned Corporation (GOC) reporting under the *Government Owned Corporations Act 1993* (Qld). Its registered office and place of business is:

Port of Townsville Limited
Benwell Road
Townsville QLD 4810.

POTL is required to comply with the requirements of the *Corporations Act 2001* (Cth). Under the terms of Section 118 of the *Government Owned Corporations Act 1993* (Qld), specified sections of the *Financial Accountability Act 2009* (Qld) apply as if POTL were a statutory body. POTL is responsible as a port authority under the *Transport Infrastructure Act 1994* (Qld) for the management and control of the Port of Townsville and Port of Lucinda.

These Statements have been prepared:-

- to satisfy the provisions of the *Corporations Act 2001* (Cth), the *Financial Accountability Act 2009* (Qld) and other prescribed requirements; and
- to communicate information concerning POTL's financial performance for the year and its financial position at year end to a variety of information users including:-
 - its shareholding Ministers - Minister for Employment and Industrial Relations, Minister for Aboriginal and Torres Strait Islander Partnerships, and Minister for Main Roads, Road Safety and Ports, Minister for Energy and Water Supply;
 - users and potential users of the Port of Townsville and Port of Lucinda;
 - the community in general; and
 - other interested parties.

A description of the nature of POTL's operations and its principal activities is included in the Directors Report on pages 32 to 38 which is not part of these financial statements.

The Statements are general purpose in nature and provide a full presentation of all of the financial activities of POTL. Amounts shown in the financial statements may not add to the correct subtotal or totals due to rounding.

Statement of Comprehensive Income
for the year ended 30 June 2015



	Notes	2015 \$	2014 \$
REVENUES FROM CONTINUING OPERATIONS			
User Charges	2	72,219,098	63,479,550
Grants and Other Contributions		-	1,037,000
Interest Received		764,965	441,248
Other Revenue	2	1,501,624	2,450,773
Fair Value Gains on Investment Properties	8	1,460,729	8,612,973
		75,946,416	76,021,544
EXPENSES FROM CONTINUING OPERATIONS			
Employee Related Expenses	2	12,699,196	11,897,645
Supplies and Services	2	15,280,825	17,141,597
Depreciation and Amortisation Expense	7	14,894,109	13,501,769
Finance Costs	2	5,116,206	4,660,221
Other Expenses	2	1,975,268	2,281,149
Asset Revaluation Decrement	7,8	685,288	781,000
		50,650,892	50,263,381
OPERATING RESULT FROM CONTINUING OPERATIONS BEFORE INCOME TAX EXPENSE		25,295,524	25,758,163
Income Tax Expense	3	(7,465,820)	(7,500,912)
OPERATING RESULT FROM CONTINUING OPERATIONS AFTER INCOME TAX EXPENSE		17,829,704	18,257,251
OPERATING RESULT FOR THE YEAR		17,829,704	18,257,251
OTHER COMPREHENSIVE INCOME			
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO OPERATING RESULT:			
Increase in Revaluation Surpluses (net of tax effect)	14	32,294,510	31,513,121
TOTAL COMPREHENSIVE INCOME		50,124,214	49,770,372

The above statement of comprehensive income should be read in conjunction with the accompanying notes forming part of the financial statements.

Statement of Financial Position
as at 30 June 2015



	Notes	2015 \$	2014 \$
CURRENT ASSETS			
Cash and Cash Equivalents	4	28,969,223	20,385,542
Trade and Other Receivables	5	11,972,709	6,649,547
Current Tax Receivable		-	3,238,424
Other Assets		641,608	671,776
Inventories		48,123	52,029
Non-Current Assets Held for Sale	6	380,000	390,000
TOTAL CURRENT ASSETS		42,011,663	31,387,318
NON-CURRENT ASSETS			
Property, Plant and Equipment	7	562,842,020	518,964,271
Intangibles	7	257,262	263,370
Investment Properties	8	43,071,520	42,195,233
TOTAL NON-CURRENT ASSETS		606,170,802	561,422,874
TOTAL ASSETS		648,182,465	592,810,192
CURRENT LIABILITIES			
Trade and Other Payables	9	4,745,290	5,851,675
Financial Liabilities	10	3,925,557	3,922,976
Current Tax Liabilities		2,685,659	-
Provisions	11	14,269,545	8,830,589
Other Liabilities		3,269,479	2,105,863
TOTAL CURRENT LIABILITIES		28,895,530	20,711,103
NON-CURRENT LIABILITIES			
Financial Liabilities	10	76,438,117	80,359,098
Deferred Tax Liabilities	3(d)	42,095,056	26,901,223
Provisions	11	2,101,367	2,050,127
Other Liabilities	12	28,162,500	29,377,500
TOTAL NON-CURRENT LIABILITIES		148,797,040	138,687,948
TOTAL LIABILITIES		177,692,570	159,399,052
NET ASSETS		470,489,895	433,411,141
EQUITY			
Contributed Equity	13	103,062,706	103,062,706
Accumulated Surplus		126,051,922	121,267,678
Asset Revaluation Surplus	14	241,375,267	209,080,757
TOTAL EQUITY		470,489,895	433,411,141

The above statement of comprehensive income should be read in conjunction with the accompanying notes forming part of the financial statements.

Statement of Changes in Equity
for the year ended 30 June 2015

	Notes	2015 \$	2014 \$
CONTRIBUTED EQUITY			
Balance at beginning of the year		103,062,706	101,746,168
Shares Issued		-	1,316,539
Balance at the end of the year	13	103,062,706	103,062,706
ACCUMULATED SURPLUS			
Balance at beginning of the year		121,267,678	110,719,864
Operating result for the year		17,829,704	18,257,251
Transfer from reserves on disposal / derecognition of property, plant and equipment		71,027	5,986
Deferred tax adjustment for disposals of property, plant and equipment		(21,306)	-
Dividends provided for	15	(13,095,181)	(7,715,423)
Balance at the end of the year		126,051,922	121,267,678
ASSET REVALUATION SURPLUS			
Balance at beginning of the year		209,080,757	177,567,636
Property, plant and equipment revaluation increment/(decrement) - gross		46,206,041	45,024,730
Deferred tax adjustment for revaluations		(13,840,504)	(13,505,623)
Transfer to accumulated surplus on disposal/derecognition of property, plant and equipment		(71,027)	(5,986)
Balance at the end of the year	14	241,375,267	209,080,757

The above statement of comprehensive income should be read in conjunction with the accompanying notes forming part of the financial statements.

	Notes	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		67,936,252	67,851,915
Grants and Other Contributions		-	5,457,000
Payments to Suppliers and Employees		(30,063,228)	(41,792,677)
GST collected from Customers		6,099,488	5,604,585
GST paid to Suppliers		(1,879,900)	(2,858,291)
GST refunded from the Australian Taxation Office		-	1,488,864
GST paid to the Australian Taxation Office		(4,597,418)	(3,033,395)
Interest Received		764,965	441,248
Interest Paid/Competitive Neutrality Fee		(5,202,197)	(4,602,140)
Income Tax Equivalents Refunds	4(b)	8,224,782	-
Income Tax Equivalents Paid		(8,434,497)	(15,282,549)
Net Cash Inflow from Operating Activities	22(a)	32,848,247	13,274,560
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for Property, Plant and Equipment		(12,711,587)	(15,362,805)
Proceeds from Sale of Property, Plant and Equipment		80,844	219,571
Net Cash Outflow from Investing Activities		(12,630,743)	(15,143,234)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		-	35,000,000
Repayment of Borrowings		(3,918,400)	(13,159,315)
Dividends Paid		(7,715,423)	(15,991,333)
Net Cash Inflow (outflow) from Financing Activities		(11,633,823)	5,849,352
Net (Decrease) / Increase in Cash and Cash Equivalents		8,583,681	3,980,678
Cash and Cash Equivalents at Beginning of the Financial Year		20,385,542	16,404,864
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		28,969,223	20,385,542

The above statement of comprehensive income should be read in conjunction with the accompanying notes forming part of the financial statements.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements are of the Port of Townsville Limited as an individual entity.

The financial statements were authorised for issue by the Directors on 25 August 2015. The Directors have the power to amend and reissue the financial statement.

(a) BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth), *Government Owned Corporations Act 1993* (Qld), Australian Accounting Standards, other authoritative pronouncements and interpretations issued by the Australian Accounting Standards Board. Port of Townsville Limited is a for profit entity for the purpose of preparing the financial statements.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of the available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss and certain classes of property, plant and equipment and investment property measured at fair value.

Functional and presentation currency

These financial statements are presented in Australian dollars, which is POTL's functional currency.

Rounding of Amounts

POTL is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and financial statements. Amounts in the Directors' Report and financial statements have been rounded off to the nearest dollar in accordance with that Class Order.

(b) STATEMENT OF COMPLIANCE

The financial statements comply with International Financial Reporting Standards (IFRS) and Interpretations adopted by the International Accounting Standards Board (IASB).

Standards and Interpretations in issue not yet adopted

POTL has not adopted Australian Accounting Standards and Interpretations that have recently been issued or amended and are not yet effective for the annual reporting period ended 30 June 2015. These are outlined below:

Title	Operative for reporting financial year ending
AASB 9 Financial Instruments and the relevant Amendments to Australian Accounting Standards arising from AASB 9 <i>POTL does not expect there to be any impact from these amendments.</i>	30 June 2018
AASB 14 Regulatory Deferral Accounts and the relevant Amendments to Australian Accounting Standards arising from AASB 14 <i>POTL does not expect there to be any impact from these amendments.</i>	30 June 2017
AASB 15 Revenue from Contracts with Customers and the relevant Amendments to Australian Accounting Standards arising from AASB 15 <i>POTL does not expect there to be any impact from these amendments.</i>	30 June 2018
AASB 124 Related Party Disclosures <i>POTL does not expect there to be any impact from these amendments.</i>	30 June 2016
AASB 1056 Superannuation Entities <i>POTL does not expect there to be any impact from these amendments.</i>	30 June 2017
AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations <i>POTL does not expect there to be any impact from these amendments.</i>	30 June 2017
AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation <i>POTL does not expect there to be any impact from these amendments.</i>	30 June 2017
AASB 2014-9 Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements <i>POTL does not expect there to be any impact from these amendments.</i>	30 June 2017
AASB 2014-10 Amendments to Australian Accounting Standards - Agriculture: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture <i>POTL does not expect there to be any impact from these amendments.</i>	30 June 2017
AASB 2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle <i>POTL does not expect there to be any impact from these amendments.</i>	30 June 2017
AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 <i>POTL does not expect there to be any impact from these amendments.</i>	30 June 2016
AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality <i>POTL does not expect there to be any impact from these amendments.</i>	30 June 2016
AASB 2015-5 Amendments to Australian Accounting Standards - Investment Entities: Applying the Consolidation Exception <i>POTL does not expect there to be any impact from these amendments.</i>	30 June 2016
AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Non-for-Profit Public Sector Entities <i>POTL does not expect there to be any impact from these amendments.</i>	30 June 2016

(c) CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires the determination and use of certain management judgements, estimates and assumptions that affect the application of policies and resulting reported amounts. The Directors evaluate estimates and associated assumptions incorporated into the financial statements based on historical knowledge, best available current information, and other factors that are considered relevant. Such estimates, judgements and underlying assumptions assume a reasonable expectation of future events and are based on current trends and economic data. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates significant to the financial statements are disclosed in the following notes:

Valuation of property, plant and equipment	Note 7	Provision for long service leave	Note 11, Note 1(v)
Valuation of investment properties	Note 8	Assessment of Useful Lives	Note 7
Depreciation	Note 7		

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties.

POTL recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to POTL and specific criteria have been met for each of POTL's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved.

Revenue is recognised for the major business activities as follows:

User Charges:

Cargo Charges / Berthage

Cargo charges and berthage revenue are recognised as revenue when the vessel has left the berth.

Properties and Facilities

Revenue from property and facilities is recognised when entitlement to payment arises under the rental agreement. Monies received in advance at the end of the financial year are recognised as a liability.

Charges for Services

Revenue from rendering of service is recognised on delivery of service to the customer. Revenues included are take or pay arrangements, utilities and consumables income and miscellaneous trade income.

Pilotage Transfer Service Revenue

Pilotage Transfer Service revenue is recognised on completion of the Marine Pilot transfer operation to / from each vessel.

Interest Received

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, POTL reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(e) TAXATION

As a Government Owned Corporation, POTL is not subject to Commonwealth income tax but as from 1 July 2001 POTL has been required to pay tax equivalents under the National Tax Equivalents Regime. POTL, in accordance with Accounting Standard AASB 112 "Income Taxes", is required to adopt tax effect accounting.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax equivalent assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on the tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where POTL has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax liabilities in relation to investment properties that are measured at fair value is determined assuming the property will be recovered entirely through sale.

(f) CASH AND CASH EQUIVALENTS

For statement of cash flow and statement of financial position presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within financial liabilities in current liabilities on the statement of financial position.

(g) TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost. Trade receivables are due for settlement no more than 30 days from the date of recognition for POTL's debtors, and no more than 30 days for other debtors. If a contractual arrangement exists, settlement is in accordance with the contractual terms.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is established when there is objective evidence that POTL will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on first-in first-out principle. Net realisable value is determined on the basis of POTL's normal selling pattern.

(i) NON-CURRENT ASSETS HELD FOR SALE

Noncurrent assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

(j) PROPERTY, PLANT AND EQUIPMENT

The cost model of accounting is used for all acquisitions of assets, being fair value of the assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisitions. Assets acquired at no cost or for nominal considerations are recognised at their fair value at date of acquisition.

Where assets are constructed by POTL, the cost at which they are recorded includes the cost of materials, direct labour and other costs directly attributable to the assets and where appropriate, finance costs.

Property, plant and equipment items with a cost or value in excess of the thresholds below are recognised as an asset. All other items of property, plant and equipment are expensed on acquisition.

Asset Class	\$	Asset Class	\$
Channels and Swing Basins	10,000	Buildings	10,000
Land	1	Infrastructure	10,000
Wharves	10,000	Small Boat Harbours	10,000
Breakwaters	10,000	Plant and Equipment	5,000

POTL has a comprehensive annual maintenance program for its major plant and equipment and infrastructure assets, and subsequent costs will be included in the assets' carrying amount or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to POTL and the cost of the item can be measured reliably. All other repairs and maintenance that merely restores original service potential (arising from ordinary wear and tear etc) are charged to the income statement during the financial period in which they are incurred.

Subsequently, channels and swing basins, wharves, buildings, infrastructure, small boat harbours and facilities, breakwaters and land are measured at fair value. Fair value is estimated using an income approach based on discounted cash flows. The fair value of an asset is determined by the discounted cash flow methodology. The net present value of the cash flows of the asset group are allocated across the individual assets in the group. Valuations are undertaken annually to ensure that the carrying amount of the assets does not differ materially from that which would be determined using fair value at the end of the reporting period. Key assumptions and inputs made in assessing fair value are discussed in Note 7.

Increases in the carrying amounts arising on revaluation of channels and swing basins, freehold land, wharves, buildings, infrastructure, small boat harbours, breakwaters are credited, net of tax, to asset revaluation surplus in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first charged against revaluation surplus directly in equity to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the income statement.

For assets that are revalued using the income based approach, any accumulated depreciation and accumulated impairment losses are eliminated against the gross amount of the asset prior to restating for the revaluation. This is referred to as the net method.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A revaluation decrement is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash inflows which are largely independent of the cash flows from other assets or groups of assets (cash generating units).

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss. When revalued assets are sold or derecognised, it is POTL's policy to transfer the amounts included in the asset revaluation surplus in respect of those assets to accumulated surplus.

(k) INTANGIBLES

Intangible assets with a cost or value in excess of \$20,000 are recognised as an asset.

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably.

Intangible assets will be measured at cost unless the asset is acquired for no cost or for a nominal amount and then the asset's fair value is deemed to be its cost, and will be subject to amortisation.

(l) DEPRECIATION / AMORTISATION OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLES

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to POTL commencing from the time the asset is held ready for use. For depreciation purposes, complex assets are disaggregated into identifiable components.

Computer hardware is included in plant and equipment and is currently depreciated over its expected useful economic life of three years. Associated communications costs such as cabling and leased lines for POTL's wide area network are fully expensed in the year the costs are incurred. Computer Software is to be classified as an intangible asset unless it is integral to the related hardware then it will be classified as plant and equipment.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation / Amortisation Rates used for each class of depreciable assets are:

	Range		Average	
	2015	2014	2015	2014
Channels and Swing Basins	1.0% - 1.0%	1.0% - 1.1%	1.00%	1.00%
Wharves	1.21% - 10%	1.21% - 10%	2.92%	3.11%
Breakwaters	1.0% - 2.0%	1.0% - 2.0%	1.34%	1.00%
Buildings	1.67% - 14.29%	1.67% - 6.67%	3.05%	3.40%
Infrastructure	0.50% - 20%	1.0% - 20%	2.61%	2.45%
Small Boat Harbours	1.67% - 2.7%	1.67% - 2.7%	2.27%	2.27%
Plant and Equipment	0.05% - 40%	0.5% - 66.67%	12.47%	12.51%
Intangibles	7.22% - 25%	7.22% - 25%	21.44%	20.55%

(m) INVESTMENT PROPERTIES

Investment properties, principally comprising of freehold buildings and vacant land, are held for either long term rental yields or capital accretion and is not occupied by POTL (including property under construction for such purposes). This category does not include property used in the provision of services and supporting infrastructure for Port customers. Investment properties are carried at fair value, representing open market value determined annually by external valuers. Changes in fair values are recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

When the use of a property changes such that it is transferred to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognised in profit or loss to the extent that the gain reverses a previous loss, with any remaining gain recognised directly in profit or loss. Any loss is presented in the revaluation surplus in equity to the extent that an amount had previously been included in the revaluation surplus relating to the specific property, with any remaining loss recognised immediately in profit or loss.

An investment property is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal of an investment property is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Properties held for investment purposes are not subject to depreciation. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

(n) TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to POTL prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within the terms set by the supplier. The carrying amount approximates fair value.

(o) EMPLOYEE BENEFITS

Short Term Obligations

Liabilities for wages and salaries, including non-monetary benefits expected to be settled wholly within 12 months of the reporting date are recognised as current liabilities in respect of employees services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised as a provision. All other short-term employee benefit obligations are presented as payables.

Sick leave is not provided for on the grounds that it is non-vesting and, on average, no more than the annual entitlement is taken each year.

Other Long-Term Employee Benefit Obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of period in which the employees render the related service. They are therefore recognised in provisions and measured as the present value of the expected future payments to be made in respect of services provided by the employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds (2014: government bonds) that have maturity dates that match, as closely as possible, the estimated future cash flows.

Payroll Tax and Workers Compensation and Superannuation are included in the total. The current portion of long service leave has been calculated as a proportion of all employees with greater than seven years service. This proportion is based upon long service leave actually taken by employees over a three year period. Long service leave provision is presented as current if POTL has an unconditional unconditional right to defer settlement for at least 12 months, otherwise they are presented as non-current.

Retirement Benefit Obligations

A number of employees of POTL are members of the defined benefit fund managed by QSuper. The defined benefit fund is open to many employees across Queensland State Government departments, agencies and government business enterprises. There is insufficient information for POTL to apply defined benefit accounting. The Treasurer of Queensland, based on advice from the State Actuary, determines employer contributions, and the amount of this contribution is recognised as an expense. No liability is recognised for accruing superannuation benefits, as this liability is held on a whole-of-Government basis and reported in the whole-of-Government financial statements, prepared in terms of AASB 1049 Whole of Government and General Government Sector Financial Reporting.

(p) FINANCIAL LIABILITIES

POTL has borrowings as its financial liabilities. Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless POTL has an unconditional right to defer settlement for the liability for at least 12 months after the year end date.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) FINANCE COSTS

Finance costs directly attributable to the acquisition, construction or production of qualifying assets that take more than 12 months to prepare for their intended use or sale are added to the cost of those assets. Financing costs that cannot be directly attributable to a qualifying assets are recognised in profit or loss in the period they were incurred.

(r) PROVISIONS

Provisions are recognised when POTL has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(s) DIVIDENDS

Provision is made for the amount of any dividend, being appropriately determined or recommended by Directors, on or before the end of the financial year but not distributed at balance date.

(t) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(u) CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(v) CHANGE IN ACCOUNTING ESTIMATES

During the reporting period, POTL changed the discount rate used in its long service leave calculation from the Australian government bond rates to the high quality corporate bond rate and applied this change in accounting estimates. This change is the result of new developments in the Australian economy that caused the Australian high quality corporate bond market to be considered deep.

POTL has a decrease in the carrying amount of long service leave by \$88,629 in the current year upon application of this change in estimate.

Due to the inherent uncertainty in measuring these liabilities, POTL is unable to predict the impact of the change to a high quality corporate bond discount rate in periods beyond the next reporting period.

(w) CHANGES TO PRESENTATION

To allow the financial statements to more accurately reflect POTL's operations, the following comparative amounts have been reclassified:

- Provision for Competitive Neutrality Fee - now classified as Trade and Other Payables, not Provision. For the 2014 comparatives, \$362,363 has moved from Provisions to Trade and Other Payables. Refer to Note 9 and Note 11.

2015
\$

2014
\$

Note 2. OPERATING RESULT BEFORE INCOME TAX EXPENSE

(a) USER CHARGES

Cargo Charges			37,743,735	35,107,283
Berthage			13,321,827	12,222,680
Properties and Facilities			10,205,680	10,283,023
Charges for Services			4,252,505	1,529,988
Pilot Transfer Service			6,695,352	4,336,577
			<u>72,219,099</u>	<u>63,479,550</u>

(b) Other Revenue

	2015 \$	2014 \$		
Proceeds from sale of Property, Plant & Equipment & Investment Properties	80,843	27,965		
Carrying Value of Disposed Property, Plant & Equipment	(38,064)	(16,388)		
Carrying Value of Disposed Investment Properties	-	-		
Carrying Value of Assets Held for Sale	-	-		
Gain on Sale of Property, Plant & Equipment	<u>42,779</u>	<u>11,577</u>	42,779	11,577
Works Undertaken on Behalf of Other Parties			646,933	1,505,898
Other Revenue			811,912	933,299
			<u>1,501,625</u>	<u>2,450,773</u>

(c) Employee Related Expenses

Salaries & Wages			9,552,597	8,656,231
Annual Leave			497,293	601,895
Long Service Leave			188,205	459,973
Superannuation			1,212,109	1,064,320
Payroll Tax			596,074	530,742
Fringe Benefits Tax			205,596	117,028
Workers Compensation			167,808	161,827
Other Employee Related Expenses			279,515	305,629
			<u>12,699,196</u>	<u>11,897,645</u>

(d) Supplies and Services

	2015 \$	2014 \$		
Payments to Contractors			5,970,118	7,494,663
Payments to Consultants				
Professional/Technical	769,689	962,718		
Human Resource Management	-	5,585		
Finance/Accounting	<u>102,020</u>	<u>29,966</u>		
Other Supplies and Services	871,709	998,269	871,709	998,269
			8,438,999	8,648,665
			<u>15,280,825</u>	<u>17,141,597</u>

(e) Finance Costs

Loan Interest			3,987,524	3,526,909
Competitive Neutrality Fee			1,128,682	1,234,742
Capitalised Finance Costs			-	(101,430)
			<u>5,116,206</u>	<u>4,660,221</u>

The accounting estimate used to determine the amount of finance costs to be capitalised is the weighted average interest rate applicable to POTL's outstanding borrowings during the year. For the current period, there were no finance costs to be capitalised. (2014 - 1.63%)

	2015 \$	2014 \$
Note 2. OPERATING RESULT BEFORE INCOME TAX EXPENSE (continued)		
	2015 \$	2014 \$
(f) Other Expenses		
Proceeds from sale of Property, Plant & Equipment	-	191,606
Carrying Value of Disposed Property, Plant & Equipment	(22,969)	(750)
Carrying Value of Disposed Investment Properties	-	(450,000)
Carrying Value of Assets Held for Sale	-	-
Loss on Sale of Property, Plant & Equipment	(22,969)	(259,144)
Land Tax	22,969	259,144
Internal Management Review Fees	1,811,292	1,893,410
Audit Fees - year end financial statement review	71,007	79,095
	70,000	49,500
	1,975,268	2,281,149
Note 3. INCOME TAX EQUIVALENTS		
(a) Income tax equivalents expense		
Current Tax/(Revenue)	6,133,798	4,560,591
Deferred Tax/(Revenue)	1,332,022	2,940,321
	7,465,820	7,500,912
Income Tax Equivalents Expense is attributable to:		
Profit from Operations	7,595,585	7,732,999
Under/(Over) Provision in Prior Years	(129,765)	(232,086)
	7,465,820	7,500,912
Deferred Income Tax (Revenue) Expense included in Income Tax Expense comprises:		
Decrease/(Increase) in Deferred Tax Assets	427,474	5,115,505
(Decrease)/Increase in Deferred Tax Liabilities	904,548	(2,175,184)
	1,332,022	2,940,321
(b) Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable		
Profit from Operations before Income Tax Expense	25,295,525	25,758,163
Tax at the rate of 30% (2014 - 30%)	7,588,658	7,727,449
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income: Non-deductible expenses	6,927	5,550
Under/(Over) Provision in Prior Years	7,595,585	7,732,999
	(129,765)	(232,086)
Income Tax Equivalents Expense	7,465,820	7,500,913
(c) Amounts Recognised Directly in Equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in the net profit or loss but directly debited or credited to equity.		
Current tax - credited directly to equity	(21,306)	-
Net deferred tax - debited/(credited) direct to equity as a result of net increment in Revaluation Surpluses	(13,840,504)	(13,505,623)
	(13,861,810)	(13,505,623)

2015
\$

2014
\$

Note 3. INCOME TAX EQUIVALENTS (continued)

(d) Additional Disclosure Notes

Deferred Tax Assets

The balance comprises temporary differences attributable to:

Amounts recognised in profit or loss

Allowance for doubtful debts

Accrued payables

Provision for litigation / compensation

Provision for annual leave

Provision for long service leave - current

Provision for long service leave - non current

Provision for maintenance Picnic Bay Jetty - non current

Provision for competitive neutrality fee

Accrued superannuation

Deferred grant revenue

Work in progress

-	-
30,360	16,005
-	-
286,832	281,399
51,030	44,955
630,410	595,967
-	19,071
-	108,709
-	-
8,280,000	8,640,000
-	-

Total Deferred Tax Assets

9,278,632 9,706,106

Set-off of deferred tax liabilities pursuant to set-off provisions

(9,278,632) (9,706,106)

Net Deferred Tax Assets

- -

Movements:

Opening balance at 1 July

Contributions from owners

Credited/(charged) to the income statement

9,706,106	14,821,611
-	-
(427,474)	(5,115,505)

As at 30 June

9,278,632 9,706,106

Deferred tax assets expected to be recovered within 12 months

728,222 811,068

Deferred tax assets expected to be recovered after more than 12 months

8,550,410 8,895,038

9,278,632 9,706,106

Deferred Tax Liabilities

The balance comprises temporary differences attributable to:

Amounts recognised in profit or loss

Prepayments

Investment properties

Property, plant and equipment

24,227	13,994
12,921,456	13,461,645
38,428,006	23,131,689

Total Deferred Tax Liabilities

51,373,689 36,607,329

Set-off of deferred tax liabilities pursuant to set-off provisions

(9,278,632) (9,706,106)

Net Deferred Tax Liabilities

42,095,057 26,901,222

Movements:

Opening balance at 1 July

Credited/(charged) to the income statement

Contributions from owners

Credited/(charged) to equity

36,607,329	25,276,889
904,548	(2,175,184)
13,861,810	13,505,623

As at 30 June

51,373,687 36,607,329

The Deferred tax liability includes amounts recognised directly in equity as follows:

Revaluation of Property, Plant and Equipment

103,446,543 89,606,039

	2015 \$	2014 \$
Note 4. CASH AND CASH EQUIVALENTS		
Cash on Hand	500	500
Cash at Bank	4,044,530	2,647,756
Cash Management Fund	24,924,193	17,737,286
	28,969,223	20,385,542

(a) Interest Rate Risk Exposure

POTL's exposure to interest rate risk is discussed in Note 18. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash and cash equivalents mentioned above. POTL's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out in Note 18.

(b) Income Tax Equivalents Refunds

POTL is subject to the National Tax Equivalents Regime (NTER) and as an NTER entity, POTL is liable to pay instalments of its expected income tax equivalent liability for the current income year. POTL pays quarterly instalments for the income tax year with the final payment/refund occurring in the following December after year end.

Note 5. TRADE AND OTHER RECEIVABLES

Trade Receivables	11,972,709	6,649,547
Allowance for Impairment	-	-
	11,972,709	6,649,547

Due to the short term nature of the current receivables, their carrying value is assumed to be the same as their fair value.

The ageing of trade receivables is as follows:

0 - 30 days	10,803,951	6,645,292
30 - 60 days	955,808	4,255
over 60 days	212,950	-
	11,972,709	6,649,547

(a) Past Due but not Impaired

As of 30 June 2015 trade receivables of \$1,168,758 (2014 - \$4,255) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

Up to 3 months	955,808	4,255
3 to 6 months	212,950	-
Over 6 months	-	-
	1,168,758	4,255

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. POTL does not hold any collateral in relation to these receivables.

Note 6. NON-CURRENT ASSETS HELD FOR SALE

After a review of POTL's land holdings in 2012, a number of parcels of land were deemed surplus to operations in Ross River as a result of the transfer of a number of other parcels to the State to enable the construction of boat ramps for the community. While the majority of the sales of these lands occurred in 2012-2013 (\$990,000), there are 3 parcels remaining to be sold at reporting date due to a lack of interest up to this date. The properties are listed with a real estate agent and management envisages a sale within the next 12 months.

The fair value of these lands at reporting date has been assessed using the sales comparison approach and has resulted in the recognition of a write-down of \$10,000 in the income statement. This is a level 2 measurement as per the fair value hierarchy set out in Note 7 below.

Note 7. PROPERTY, PLANT & EQUIPMENT AND INTANGIBLES

(a) Valuations

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date under current market conditions (an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Note 7. PROPERTY, PLANT & EQUIPMENT AND INTANGIBLES (continued)

POTL will recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period. There were no transfers during the year.

Channels and swing basins, wharves, buildings, small boat harbours and facilities, infrastructure, breakwaters and land are shown at fair value. The fair value of an asset has been determined using an income approach based on discounted cash flows. The fair value of an asset is determined by the discounted cash flow methodology. The net present value of the cash flows of the asset group are allocated across the individual assets in the group. As a reflection of the value of POTL's assets, changes in the economic environment can cause fluctuations in fair value between periods. As a result, valuations are undertaken annually to ensure that the carrying value of the assets does not differ materially from that which would be determined using fair value at the end of the reporting period.

The following table categorises fair value measurements as either Level 2 or Level 3 at 30 June 2015.

Category	Level 1	Level 2	Level 3
Channels and Swing Basins			161,574,457
Land			83,551,671
Wharves			124,585,903
Breakwaters			60,175,075
Buildings			19,011,935
Small Boat Harbours			7,558,003
Infrastructure			73,443,850

This section explains the judgements and estimates made in determining the fair values of Channels and swing basins, wharves, buildings, small boat harbours and facilities, infrastructure, breakwaters and land assets. The following table summarises the quantitative information about the significant unobservable inputs used in the Level 3 measurements.

Unobservable Input	Input	Relationship of unobservable input to fair value
Discount Rate	8.71%	The higher the discount rate the lower the fair value
CPI	2.50%	The higher the CPI rate the higher the fair value
Terminal Value	EBIT multiple (15.6)	The higher the terminal value the higher the fair value
Forecast Trade	Maximum capacity of 20.05 million tonnes	The higher the trade forecast the higher the fair value
Expenses	As per Approved Budget	The higher the expenses the lower the fair value
Capital Expenditure	Limited to replacement of existing assets	The higher the capital expenditure the lower the fair value

The income based valuation was undertaken by POTL as at 30 June 2015 using the following key assumptions:

- POTL has established the units of accounting of Shipping Operations, Property Management, Port of Lucinda and Pilot Services. Direct revenues and costs are apportioned utilising the most appropriate allocation method for that type of expenditure e.g. the written down value of relevant assets or proportional revenue received.
- Net cash flows assume a discount rate equal to the 5 year average of the relevant Corporate Weighted Average Cost of Capital (WACC), with a CPI of equivalent to the RBA average inflation target being utilised for cash flow growth rates (2.5%). This is due to the sympathetic relationship between WACC and CPI. An independent change in either CPI or WACC of 1% can affect total non-current asset values by up to 1.91%, but a sympathetic increase of 1% in both indices has a sensitivity of 0.89%.
- Cash flows have been projected based on forecasts of prudent and efficient operating costs and revenues. Forecasts outside approved budgets utilised CPI unless more appropriate indices are available. Forecast trade is limited to forecast capacity of existing infrastructure. A 1% change in the trade projection results in 1.20% change in fair value.
- An annually reviewed weighted depreciation rate on WDV is used to calculate depreciation by asset category. A 1% change in depreciation impacts fair value by 0.0004%.
- Due to the nature of POTL's long life assets, the period of assessment covers the maximum life of existing assets of 100 years. Terminal value calculations are also calculated over several periods to determine possible variations. An equivalent 30 year terminal fair value calculation varies by 9%.
- Future capital expenditure beyond that already approved has been limited to the replacement of existing assets. No revenue has been included that would necessitate the expansion of Port facilities nor would require additional expenditure above what has been included.
- Asset are not valued above their recoverable value.

(b) Assessment of Useful Lives

The useful life of an asset is the period in which an asset is expected to be available for use by POTL. The estimation of an asset's useful life requires professional judgement based on the use of similar non-current assets in a similar environment. Changes in these estimates could change significantly as a result of impacts of use or technical innovations or technical and economic obsolescence.

Useful lives and depreciation rates are reviewed at least annually and if necessary adjusted so that they reflect the most recent assessment of the useful life of the depreciable asset, having regard to such factors as asset usage and the rate of technical and economic obsolescence.

Note 7. PROPERTY, PLANT & EQUIPMENT AND INTANGIBLES (continued)

		2015 \$	2015 \$	2015 \$
		Fair Value	Accumulated Depreciation / Amortisation	Carrying Amount
		\$	\$	\$
Channels and Swing Basins	At Valuation 2015	161,574,457	-	161,574,457
	At Valuation 2014	350,095,675	199,230,547	150,865,128
Land	At Valuation 2015	83,551,671	-	83,551,671
	At Valuation 2014	74,827,488	-	74,827,488
Wharves	At Valuation 2015	124,585,903	-	124,585,903
	At Valuation 2014	302,370,250	183,344,358	119,025,892
Breakwaters	At Valuation 2015	60,175,075	-	60,175,075
	At Valuation 2014	90,163,577	34,436,040	55,727,537
Buildings	At Valuation 2015	19,011,935	-	19,011,935
	At Valuation 2014	27,229,523	9,139,735	18,089,788
Small Boat Harbours	At Valuation 2015	7,558,003	-	7,558,003
	At Valuation 2014	9,841,327	2,133,863	7,707,464
Infrastructure	At Valuation 2015	73,443,850	-	73,443,850
	At Valuation 2014	104,077,278	38,027,435	66,049,843
Plant and Equipment	At Cost 2015	17,498,219	10,976,503	6,521,716
	At Cost 2014	17,409,671	10,507,538	6,902,133
Intangibles	At Cost 2015	1,601,482	1,344,220	257,262
	At Cost 2014	1,482,134	1,218,764	263,370
*Capital Works in Progress	At Cost 2015	26,419,408	-	26,419,408
	At Cost 2014	19,768,998	-	19,768,998
Total 2015		575,420,003	12,320,723	563,099,280
Total 2014		997,265,921	478,038,280	519,227,641

As outlined in Note 1, for channels and swing basins, wharves, buildings, infrastructure, small boat harbours and facilities, breakwaters and land fair value is estimated using an income approach based on discounted cash flows. As from 2014-2015, channels and swing basins, wharves, buildings, small boat harbours and facilities, infrastructure and breakwaters are accounted for using the net method of revaluation. This will mean comparative year's figures for these asset categories reflect a different method of revaluation; that is the gross method.

The gross method of revaluation can be useful when assessing the condition of the asset by disclosing the expired component of the assets useful lives, and possible timings of cash outflows for their replacement. However, as the income based approach does not reflect replacement costs or assessment of remaining useful lives, the net method of revaluation provides more meaningful reported asset figures.

	2015 \$	2014 \$
*Capital Works in Progress		
Harbour Works	23,534,451	13,980,004
Eastern Port Development	1,454,993	4,307,900
Equipment	1,429,964	1,481,094
	26,419,408	19,768,998

Note 7. PROPERTY, PLANT & EQUIPMENT AND INTANGIBLES (continued)

(c) Carrying Amounts that could have been recognised if Property, Plant and Equipment were carried at cost

If items of property, plant and equipment that have been revalued were stated on the historical cost basis, the carrying amounts would be as follows:

	2015 \$	2014 \$
Channels and Swing basins	64,245,377	66,748,376
Land	25,054,305	23,436,622
Wharves	74,895,723	77,772,528
Breakwaters	979,712	1,004,833
Buildings	16,777,821	17,244,143
Small Boat Harbours	6,366,596	6,467,911
Infrastructure	47,865,374	46,460,158
	236,184,908	239,134,571

2014-2015	\$	\$	\$	\$	\$	\$	\$	\$
Reconciliation of Carrying Amounts	Carrying Amount at 1 July 2014	Additions	Disposals & Derecognitions	Transfers	Revaluations Recognised in Statement of Comprehensive Income	Revaluations Recognised in Revaluation Surplus	Depreciation / Amortisation Expense	Carrying Amount at 30 June 2015
Channels and Swing Basins	150,865,128	-	-	-	(90,845)	14,301,131	(3,500,957)	161,574,457
Land	74,827,488	1,617,684	-	-	-	7,106,499	-	83,551,671
Wharves	119,025,892	422,815	-	-	-	11,272,068	(6,134,872)	124,585,903
Breakwaters	55,727,537	-	-	-	-	5,444,416	(996,878)	60,175,075
Buildings	18,089,788	31,320	-	-	-	1,544,862	(654,035)	19,011,935
Infrastructure	66,049,843	3,205,973	-	5,130	-	6,489,288	(2,306,384)	73,443,850
Small Boat Harbours	7,707,464	-	(22,969)	-	-	47,778	(174,270)	7,558,003
Plant & Equipment	6,902,133	664,034	(38,064)	(5,130)	-	-	(1,001,258)	6,521,716
Intangibles	263,370	119,347	-	-	-	-	(125,455)	257,262
Capital Works in Progress	19,768,998	6,650,410	-	-	-	-	-	26,419,408
- transfers to / from Investment Properties	-	-	-	-	-	-	-	-
	519,227,641	12,711,583	(61,033)	-	(90,845)	46,206,043	(14,894,109)	563,099,281

2013-2014	\$	\$	\$	\$	\$	\$	\$	\$
Reconciliation of Carrying Amounts	Carrying Amount at 1 July 2013	Additions	Disposals & Derecognitions	Transfers	Revaluations Recognised in Statement of Comprehensive Income	Revaluations Recognised in Revaluation Surplus	Depreciation / Amortisation Expense	Carrying Amount at 30 June 2014
Channels and Swing Basins	108,793,641	1,580,367	-	27,877,050	-	15,541,538	(2,927,468)	150,865,128
Land	66,857,720	1,749,884	-	-	-	6,219,885	-	74,827,488
Wharves	112,559,903	366,093	-	-	-	11,861,861	(5,761,965)	119,025,892
Breakwaters	50,795,457	-	-	-	-	5,740,834	(808,753)	55,727,537
Buildings	9,769,433	48,911	-	7,911,563	-	978,798	(618,917)	18,089,788
Infrastructure	56,216,849	3,166,220	-	2,793,609	-	6,003,292	(2,130,127)	66,049,843
Small Boat Harbours	9,291,123	-	-	-	-	(1,321,478)	(262,181)	7,707,464
Plant & Equipment	5,266,394	1,132,001	(17,138)	1,433,509	-	-	(912,634)	6,902,133
Intangibles	245,210	97,884	-	-	-	-	(79,724)	263,370
Capital Works in Progress	51,246,745	7,221,245	-	-	-	-	-	19,768,998
- transfers to / from Investment Properties	-	-	-	(38,698,992)	-	-	-	-
	471,042,475	15,362,605	(17,138)	1,316,739	-	45,024,730	(13,501,769)	519,227,641

	2015 \$	2014 \$
Note 8. INVESTMENT PROPERTIES		
Land	27,499,520	26,240,000
Buildings	15,572,000	15,955,233
	43,071,520	42,195,233
(a) Land		
Opening balance at 1 July	26,240,000	19,016,000
Net gain (loss) from fair value adjustment	1,259,520	7,674,000
Disposals	-	(450,000)
	27,499,520	26,240,000
(b) Buildings		
Opening balance at 1 July	15,955,233	15,797,261
Net gain (loss) from fair value adjustment	(383,233)	157,972
	15,572,000	15,955,233
(c) Amounts recognised in the Statement of Comprehensive Income for Investment Properties		
Rental income	762,924	611,361
Direct operating expenses from property that generate rental income	(84,100)	(85,871)
Direct operating expenses from property that did not generate rental income	(37,605)	(55,684)
Net gain (loss) from fair value adjustment	876,287	7,831,972
	1,517,507	8,301,778
(d) Valuation Basis		

Current year revaluations have been based on assessments made by Australian Valuation Solutions Pty Ltd, with land values being updated using indexation and an independent valuation performed on buildings. As mentioned in Note 7 for Property, Plant and Equipment, fair value measurements are categorised into Levels 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. Fair value estimates for investment properties are in Level 2. The following explains the judgements and estimates made in determining the fair values.

POTL obtains independent valuations for its investment properties at least every five years with desktop valuations between. At the end of each reporting period the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations including desktop valuations. The directors determine a property's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the directors consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

The current year valuation methodology utilised takes into account the Capitalisation Approach and the Direct Comparison Approach. This involved the application of market rent across individual properties, capitalisation of that market income, then post capitalisation adjustments to account for their present value of below / market passing rents until the next market review. The 2014 revaluations were based on assessments by Knight Frank, utilising the same methodology.

The following table summarises the quantitative information about the significant unobservable inputs used.

Unobservable Input	Input	Relationship of unobservable input to fair value
Rental Rates	\$0.25 per square metre to \$44 per square metre	The higher the rental rate the higher the fair value
Capitalisation Rates	6% to 10%	The higher the capitalisation rate the lower the fair value

Note 9. TRADE AND OTHER PAYABLES

Current		
Trade Payables	4,377,697	5,345,102
Competitive Neutrality Fee	276,373	362,364
Retention	88,876	142,633
Trust Fund Deposits	2,345	1,575
	4,745,290	5,851,674

(a) Risk Exposure
Information about POTL's exposure to foreign exchange risk is provided in Note 18.

2015
\$

2014
\$

Note 10. FINANCIAL LIABILITIES

(a) Fair value - Non-Current portion of Financial Liabilities

All borrowings are with Queensland Treasury Corporation. Queensland Treasury Corporation recorded a market value adjustment of \$7,384,916 (2014 - \$4,805,995) principally as a result of past movements in the market value of liabilities in the Debt Pools giving a market debt outstanding of \$87,748,590 (2014 was \$89,088,069).

None of the classes are readily traded on organised markets in standardised form. No assets have been placed as securities for financial liabilities.

(b) Loan Covenants

Under the terms of the borrowing facilities, POTL is required to comply with the following financial covenants:

- The EBIT Interest Coverage of greater than or equal to 1.25 times, except where the Total Debt to Total Capital is greater than 55% in which case the EBIT Interest Coverage must be equal to or greater than 1.75 times.

POTL has complied with these covenants throughout the reporting period.

Note 11. PROVISIONS

Current

Fringe Benefits Tax	48,155	27,320
Employee Benefits - Long Service Leave	170,102	149,850
Employee Benefits - Annual Leave	956,107	937,997
Dividend	13,095,181	7,715,423
	<hr/>	<hr/>
	14,269,545	8,830,589

Non-Current

Picnic Bay Jetty Maintenance	-	63,569
Employee Benefits - Long Service Leave	2,101,367	1,986,558
	<hr/>	<hr/>
	2,101,367	2,050,127

(a) Amounts not expected to be settled within the next 12 months

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. Estimates impacting on the balance have been based on past experience where POTL does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months. POTL believes the non-current amount reflects leave that is not expected to be taken or paid within the next 12 months.

(b) Movements in Provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Dividend	Fringe Benefits Tax	Employee Benefits - Long Service Leave	Employee Benefits - Annual Leave
	\$	\$	\$	\$
Current				
Carrying amount at start of year	7,715,423	27,320	149,850	937,997
<u>Charged/(credited) to the income statement</u>				
- additional provisions recognised	13,095,181	205,596	73,396	500,788
- unused amounts reversed				
Amounts transferred/reclassified				
Amounts used during the period	(7,715,423)	(184,761)	(53,143)	(482,677)
	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount at end of year	13,095,181	48,155	170,102	956,107

	Picnic Bay Jetty Maintenance	Employee Benefits - Long Service Leave
	\$	\$
Non-Current		
Carrying amount at start of year	63,569	1,986,558
<u>Charged/(credited) to the Income Statement</u>		
- additional provisions recognised	-	223,690
- unused amounts reversed	-	-
Amounts transferred/reclassified	(59,924)	(108,881)
Amounts used during the period	(3,644)	-
	<hr/>	<hr/>
Carrying amount at end of year	-	2,101,367

2015
\$

2014
\$

Note 12. OTHER LIABILITIES

The Berth 10 upgrade project provides a dedicated facility for military vessels. In 2010-2011, the Department of Defence contributed \$30 million towards future licence fees in respect to the new facility to ensure access over 25 years. The licence fees are to be recognised as revenue on a straight line basis over a period of 25 years. The revenue is recognised from completion of the Berth 10 upgrade, which was October 2013. The balance at reporting date is \$27,600,000 (\$1,200,000 current, \$26,400,000 non-current).

In addition, there is a lease arrangement in place for a staging area to accommodate Defence equipment when vessels are in Port. The payment in advance of \$1,822,000 covers the period 2011 to 2031 for this staging area which is located in POTL's Nexus Business Park. The balance at reporting date is \$1,777,500 (\$15,000 current, \$1,762,500 non-current).

Note 13. CONTRIBUTED EQUITY

Authorised capital - 500,000,000 ordinary shares of \$1 each	500,000,000	500,000,000
Issued capital		
Opening balance at 1 July - 103,062,706 (2014: 101,746,168) ordinary shares of \$1 each fully paid	103,062,706	101,746,168
Issue of shares	-	1,316,539
Amount at the reporting date - 103,062,706 (2014: 103,062,706) ordinary shares of \$1 each fully paid	103,062,706	103,062,707

(a) Issued Capital - Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of POTL in proportion to the number of and amounts paid on the shares held.

(b) Capital Risk Management

POTL's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, POTL may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 14. RESERVES

(a) Asset Revaluation Surplus

The property, plant and equipment revaluation surplus is used to record increments and decrements on the revaluation of non-current assets, as described in Note 1 (j). The balance standing to the credit of the surplus may be used to satisfy the distribution of bonus shares to shareholders and is only available for the payment of cash dividends in limited circumstances as permitted by law.

Balances of Asset Revaluation Surplus by category are as follows:

Channels and Swing basins	79,466,631	69,455,840
Land	41,554,741	36,580,192
Wharves	45,481,329	37,636,983
Breakwaters	39,504,562	35,693,471
Buildings	5,749,499	4,668,096
Small Boat Harbours	1,862,790	1,831,894
Plant and Equipment	452,368	454,794
Infrastructure	25,429,504	20,885,645
Land and Buildings transferred to Investment Properties	1,873,843	1,873,843
	241,375,267	209,080,757

Note 15. DIVIDENDS

(a) Ordinary Shares

Dividends provided calculations are based on 80% of net profit after an adjustment for upwards revaluations, in consultation with shareholding Ministers.

Dividends provided for or paid	13,095,181	7,715,423
Dividends per share	0.127	0.075

(b) Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of POTL, excluding adjustments for the effect of revaluations.

Profit attributable to equity holders	17,054,263	10,425,278
Number of Shares	103,062,706	103,062,707
Earnings per share	0.165	0.101

2015
\$

2014
\$

Note 16. COMMITMENTS

(a) Capital Expenditure Commitments (GST inclusive)

Capital expenditure contracted for at the reporting date but not recognised as a liability is as follows:

Property Plant and Equipment	8,059,090	15,134,289
Intangibles	29,039	-
	8,088,129	15,134,289

(b) Operating Commitments (GST inclusive)

Operating Expenses contracted for at the reporting date but not recognised as a liability is as follows:

Not later than one year	257,025	447,626
	257,025	447,626

(c) Future Minimum Lease Commitments Receivable

Future minimum lease amounts receivable under non-cancellable operating leases at balance date

Not later than one year	10,675,390	8,712,503
Later than one year but not later than five years	46,078,052	38,818,133
	56,753,442	47,530,636

POTL leases significant assets to third parties under operating leases with varying terms. The method of calculation of amounts receivable under these leases also varies depending on the terms and conditions of the lease, with the majority being a fixed amount that is reviewed annually.

Note 17. CONTINGENT ASSETS/LIABILITIES

There were no known contingent assets/liabilities of a significant nature at 30 June 2015 (2014: Nil).

Note 18. FINANCIAL RISK MANAGEMENT

POTL has exposure to credit risk, liquidity risk, market risk and interest rate risk from its use of financial instruments. This note presents information about POTL's exposure to each of these risks, its objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by POTL, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and POTL's activities. POTL, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Management (ARM) Committee oversees how management monitors compliance with POTL's risk management policies and procedures and reviews the adequacy of the risk management framework in related to the risks faced by POTL. The ARM Committee is assisted in its oversight role by Internal Audit. Internal undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the ARM Committee.

(a) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any allowance for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements. POTL has major customers, of which the top five contribute 52% of revenue. Ageing of past due trade and other receivables is shown in Note 5.

(b) Liquidity Risk

POTL is exposed to liquidity risk in respect of its payables and borrowings from Queensland Treasury Corporation for capital works. POTL manages liquidity risk through the use of a liquidity management strategy which aims to reduce the exposure to risk by ensuring POTL has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring maximum levels of cash are at hand to match the expected duration of various employee and supplier liabilities. Funding arrangements are in place with Queensland Treasury Corporation which will allow sufficient funding to cover planned requirements within POTL's corporate planning period.

The following table sets out the liquidity risk of financial liabilities held by POTL.

	2015			Total Contractual Cash Flows	Carrying Amount
	Payable In				
	< 1 year	1-5 years	> 5 years		
Payables	4,745,290	-	-	4,745,290	4,745,290
QTC Borrowings	7,905,924	31,623,695	72,618,594	112,148,212	80,363,674

Note 18. FINANCIAL RISK MANAGEMENT (continued)

	2014			Total Contractual Cash Flows	Carrying Amount
	Payable in				
	< 1 year	1-5 years	> 5 years		
Payables	5,489,310	-	-	5,489,310	5,489,310
QTC Borrowings	7,905,924	31,623,695	79,768,176	119,297,795	84,282,074

POTL has available a business card facility with a limit of \$175,000. Loan facilities as shown in Note 10 to the accounts are provided by Queensland Treasury Corporation. New borrowings are subject to the approved Loan Program with the sanction of the Treasurer of Queensland. POTL has a Working Capital Facility available with Queensland Treasury Corporation, total available funds are \$30 million.

(c) Market Risk

As POTL does not trade in foreign currency, POTL is not materially exposed to changes in commodity prices. POTL is exposed to interest rate risk through its borrowings from Queensland Treasury Corporation and cash deposited in interest bearing accounts. POTL does not undertake any hedging in relation to interest rate risk and manages its risk as per the liquidity risk management strategy.

(d) Interest Rate Risk

POTL's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below.

	0-1 Years		Fixed Rate Maturing In 1-5 Years		Over 5 Years	
	2015	2014	2015	2014	2015	2014
Financial Assets						
Cash on Hand	-	-	-	-	-	-
Cash at Bank	4,044,530	2,647,756	-	-	-	-
Term Deposits	24,924,193	17,737,286	-	-	-	-
Receivables	-	-	-	-	-	-
Financial Liabilities						
Payables	-	-	-	-	-	-
QTC Borrowings	3,925,557	3,922,976	22,950,946	22,701,659	53,487,171	57,657,439

	Non Interest Bearing		Carrying Amount as per Balance Sheet		Weighted Average Book Rate	
	2015	2014	2015	2014	2015	2014
Financial Assets						
Cash on Hand	500	500	500	500	-	-
Cash at Bank	-	-	4,044,530	2,647,756	2.41%	2.69%
Term Deposits	-	-	24,924,193	17,737,286	2.83%	3.43%
Receivables	11,972,709	6,649,547	11,972,709	6,649,547	-	-
Financial Liabilities						
Payables	4,745,290	5,851,675	4,745,290	5,851,675	-	-
QTC Borrowings	-	-	80,363,674	84,282,074	4.82%	4.82%

In the above Financial Instruments, book value equates to net fair value, with the exception of QTC Borrowings. The market rate of QTC Borrowings as at 30 June 2015 was \$87,748,590 (30 June 2014: \$89,088,069). Borrowings recorded a market value adjustment of \$7,384,916 (2014 was \$4,805,995) principally as a result of past movements in the market value of liabilities in the Debt Pools.

(e) Sensitivity Analysis

The following interest rate sensitivity analysis depicts the outcome on operating results if interest rates would change by +/- 1% from the year end rates applicable to POTL's financial assets and liabilities.

	Carrying Amount	Interest Rate Risk			
		- 1% Increase/(Decrease) Profit Equity		+ 1% Increase/(Decrease) Profit Equity	
Financial Assets					
Cash and Cash Equivalents	28,969,223	(289,692)	289,692	289,692	(289,692)
Receivables	11,972,709	-	-	-	-
Financial Liabilities					
Payables	4,745,290	-	-	-	-
QTC Borrowings	80,363,674	803,637	(803,637)	(803,637)	803,637

POTL is not exposed to any other price or foreign exchange rate risks.

(f) Net Fair Values

The net fair value of cash and cash equivalents and non-interest bearing financial assets and financial liabilities of POTL approximates their carrying value.

Note 19. KEY MANAGEMENT PERSONNEL

(a) Details of Directors

Directors in office at 30 June 2015 are as follows:

Director	Date of Appointment	Date of Termination/Resignation
Mr P. Brady (Chairman)	20 December 2012, Re-appointed 12 December 2013	30 September 2016
Mr B. Webb	1 October 2011, Re-appointed 2 October 2014	30 September 2017
Ms D. Tim So	20 December 2012	30 September 2015
Mr I. Jessup	20 December 2012	30 September 2015
Mr A. Pidgeon	12 December 2013	30 September 2016

Note 19. KEY MANAGEMENT PERSONNEL (continued)

(b) Directors' Remuneration

All remuneration of Directors including directors' fees and board committee fees is determined by Governor in Council. In accordance with the disclosure requirements for Government Owned Corporations, details of remuneration provided to Directors during the year are as follows:-

Remuneration of Specified Directors	Year	Director Fees	Committee Fees	Superannuation	Total Remuneration
Mr Patrick Brady (Chairman)	2014/2015	47,995	17,488	6,221	71,703
	2013/2014	35,469	13,116	4,494	53,079
Mr B. Webb	2014/2015	24,130	10,201	3,219	37,551
	2013/2014	21,863	12,389	3,168	37,420
Mr Ian Jessup	2014/2015	24,130	8,017	3,054	35,201
	2013/2014	21,863	11,659	3,101	36,623
Ms Dominique Tim So	2014/2015	24,130	8,017	3,054	35,201
	2013/2014	21,863	11,659	3,101	36,623
Mr Allan Pidgeon	2014/2015	24,130	8,744	3,123	35,997
	2013/2014	12,753	4,372	1,584	18,709
Total Remuneration Specified Directors	2014/2015	144,515	52,466	18,670	215,653
	2013/2014	113,812	53,196	15,446	182,455
Insurance premiums to indemnify liabilities while acting as a Director	2014/2015	-	-	-	48,636
	2013/2014	-	-	-	57,840

(c) Executive Remuneration

Remuneration for the Chief Executive Officer and Senior Executives is determined by the Board, and advised to shareholding Ministers before any variation is made to remuneration arrangements.

POTL's remuneration policy provides for a review of executive salaries during June of each year with any adjustments effective 1 July. Details of executive remuneration are included in the Annual Report and Statement of Corporate Intent in accordance with legislative and policy requirements. Increases in Chief Executive Officer and Senior Executive remuneration are made and approved in accordance with the *Policy for Government Owned Corporations Chief and Senior Executives Employment Arrangements 2013*.

The senior executive remuneration strategy and practices of POTL are designed to assist with attracting, retaining and motivating high calibre individuals in senior executive positions. Shareholder guidelines and policies in relation to executive remuneration are followed.

The fixed remuneration on appointment is within a remuneration range approved by the shareholding Ministers in accordance with Queensland Treasury guidelines. Annual increases are made in accordance with the Governance Arrangements for Chief and Senior Executives.

Senior executives are eligible for a performance payment based on achievement of specific corporate, business unit and individual performance objectives, standards and achievements.

The initial standards are set by Directors and are developed from the key objectives contained in the Statement of Corporate Intent. The performance payment is contingent upon Board assessment of POTL's performance and is in line with Government requirements. The maximum performance payment is 15% of total fixed remuneration. Payments are made in cash, or if appropriate notice has been provided, paid into the employee's superannuation fund on a salary sacrifice basis. Shareholding Minister approval is obtained for POTL's policy in relation to performance payments.

Details of remuneration provided to Specified Executives at 30 June 2015 are as follows:

Remuneration of Specified Executives	Year	Short Term Benefits	Superannuation	Other Benefits (Incl motor vehicle)	Performance Payments	Termination Payments	Total Remuneration
Ms R. Crosby Chief Executive Officer	2014/2015	298,005	34,504	9,363	13,605	-	355,478
	2013/2014	304,321	24,955	6,153	18,963	-	354,392
Mr D. Sibley Chief Financial Officer	2014/2015	198,567	24,659	12,236	16,725	-	252,188
	2013/2014	200,512	28,773	12,471	12,684	-	254,440
Mr K. Gebers General Manager Infrastructure & Planning	2014/2015	194,696	18,496	-	-	-	213,192
	2013/2014	-	-	-	-	-	-
Mr J. Kalma General Manager Marine & Logistics	2014/2015	190,657	18,420	-	-	-	209,077
	2013/2014	-	-	-	-	-	-
Ms C. Brumme-Smith General Manager Trade and Property	2014/2015	208,283	26,556	-	-	-	234,839
	2013/2014	128,001	16,323	-	-	-	144,323
Total Remuneration Specified Executives	2014/2015	1,090,209	122,634	21,600	30,330	-	1,264,773
	2013/2014	632,834	70,051	18,624	31,648	-	753,155

Note 19. KEY MANAGEMENT PERSONNEL (continued)

(d) Loans to Key Management Personnel

There are no loans outstanding to POTL from key management personnel.

(e) Other Transactions with Key Management Personnel

No transactions were entered into by POTL and key management personnel other than compensation paid to key management personnel by POTL.

Note 20. RELATED PARTY TRANSACTIONS

(a) Control

POTL is a Queensland Government Owned Corporation, with all shares held by shareholding Ministers on behalf of the State of Queensland.

(b) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 19.

(c) Transactions with Related Parties

No transactions were entered into by POTL and related parties, other than those mentioned below.

(d) Transactions with State of Queensland Controlled Entities

All transactions between POTL and other Government Owned Corporations are on an arm's length commercial basis. Port of Townsville Limited, as a Government Owned Corporation, has had arm's length transactions with other government agencies.

	2015 \$	2014 \$
Revenue		
Queensland Treasury Corporation: - Interest Revenue	719,763	379,021
Expenses		
Queensland Audit Office (QAO) - Audit fees	70,000	48,500
Queensland Transport - Crown boat harbour mooring fees	902	51,472
QR Limited:		
- Track Maintenance	28,843	25,736
Queensland Treasury Corporation:		
- Loan interest expense	3,885,262	3,461,894
- Competitive Neutrality Fee	1,128,682	1,140,246
- Financial Advisory Services	5,500	5,300
Office of State Revenue:		
- Payroll Tax	596,074	521,607
- Land Tax	1,811,292	1,893,410
WorkCover Queensland - Workers Compensation	167,808	161,827
Ergon Energy - Electricity	621,297	589,097
Contributions to QSuper on behalf of employees	1,068,787	993,179
Assets		
Queensland Treasury Corporation: - Short Term Investment	24,924,193	17,737,286
Liabilities		
Queensland Treasury Corporation: - Financial Liabilities	80,363,674	84,282,074
Provision for Dividend to Queensland Treasury	13,095,181	7,715,423

(e) Outstanding Balances arising from Transactions with Related Parties

No allowances for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

(f) Guarantees

As at 30 June 2015 there were no guarantees provided by POTL on behalf of a related party.

Note 21. EVENTS OCCURRING AFTER THE YEAR END DATE

With a view to divesting itself of non-core responsibilities, POTL has resigned as appointed manager of the Picnic Bay Jetty, effective 1 July 2015. As the amount remaining in the maintenance provision is to be transferred to Department of Transport and Main Roads, the funds have been reclassified as a Trade Payable at reporting date as the amount will be paid in the first quarter of 2015-2016.

No other events have arisen since 30 June 2015 that has significantly affected, or may significantly affect:

- POTL's operations in future financial years, or
- the results of those operations in future financial years, or
- POTL's state of affairs in future financial years.

2015
\$

2014
\$

Note 22. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

(a) Reconciliation of Operating Result from Continuing Operations After Income Tax Expense to Net Cash Inflow from Operating Activities

Operating Result for the Year	17,829,705	18,257,251
Depreciation	14,894,109	13,501,769
(Profit) Loss on Disposal of Non-Current Assets	(19,810)	247,567
Net Revaluation Increments - Non-Current Assets	(775,441)	(7,831,973)
<u>Changes in Assets and Liabilities</u>		
(Increase) Decrease in Trade Debtors	(5,868,187)	8,907,354
(Increase) Decrease in Prepayments	30,168	(133,233)
Increase (Decrease) in Trade and Other Payables	(608,838)	(12,165,562)
Increase (Decrease) in Provisions	110,438	273,025
Increase (Decrease) in Provision for Taxation and Deferred Tax balances	7,256,104	(7,781,638)
Net Cash Inflow from Operating Activities	32,848,248	13,274,560

In the Directors' opinion:

- (a) the financial statements and associated notes are in accordance with the *Corporations Act 2001* (Cth) including:
- (i) complying with Accounting Standards and Interpretations, the Corporations Regulations 2001 (Cth) and other mandatory professional reporting requirements,
 - (ii) giving a true and fair view of the financial position of POTL as at 30 June 2015 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that POTL will be able to pay its debts as and when they become due and payable.

Note 1(b) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors.



Mr Patrick Brady
Chairman

Townsville
25 August 2015



Mr Ian Jessup
Director

Townsville
25 August 2015

To the Board of Port of Townsville Limited

REPORT ON THE FINANCIAL REPORT

I have audited the accompanying financial report of Port of Townsville Limited, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Statements

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporates the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

In conducting the audit, the independence requirements of the *Corporations Act 2001* have been complied with. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Port of Townsville Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Auditor's Opinion

In my opinion -

- (a) the financial report of Port of Townsville Limited is in accordance with the *Corporations Act 2001*, including
 - (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

OTHER MATTERS - ELECTRONIC PRESENTATION OF THE AUDITED FINANCIAL REPORT

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



Mr David Adams FCPA
as Delegate of the Auditor-General of Queensland

25 August 2015



Queensland Audit Office
Brisbane





PORT of TOWNSVILLE

Nexus North Queensland

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