ANNUAL REPORT 2012/2013

PORT of TOWNSVILLE
Nexus North Queensland

GLOSSARY

The following abbreviations are used throughout this report:

Corporation: means Port of Townsville Limited.
EIS: means Environmental Impact Statement.
EMS: means Environmental Management System.
EWG: means Environmental Working Group.
FARM Committee: means the Corporation's Finance, Audit and Risk Management Committee.
GOC: means Government Owned Corporation.
GOC Act: means the *Government Owned Corporations Act 1993* (Qld).
Hi-vols: means high-volume samplers.
HR&WHS Committee: means the Corporation's Human Resources and Workplace Health and Safety Committee.
MITEZ: means Mount Isa to Townsville Economic Zone.
TEOM: means Tapered Element Oscillating Microbalance.

PUBLIC AVAILABILITY

Consistent with the Corporation'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 Report, and the Corporation's past Annual Reports, can be found at the Corporation's website at www.townsville-port.com.au.

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

INTERPRETER SERVICE STATEMENT

The Corporation 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 the Corporation on +61 7 4781 1500 or by email to community@townsville-port.com.au.

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Port of Townsville Limited (the Corporation) is a Government Owned Corporation (GOC) established in its current form on 1 July 2008 pursuant to the *Corporations Act 2011* (Cth) and *Government Owned Corporations Act 1993* (Qld) (GOC Act). The Corporation's shareholding Ministers are the Treasurer and Minister for Trade, the Honourable Tim Nicholls MP, and the Minister for Transport and Main Roads, the Honourable Scott Emerson MP.

The Corporation operates from its head office located at the Port of Townsville and is the port authority responsible for the management of the Ports of Townsville and Lucinda.

The Port of Townsville, which was initially established in 1864, is one of Queensland's most strategic assets and plays a significant role in the local, regional and State economies. It is strategically located, supporting the North West and North East Minerals Provinces and surrounding regional industrial and agricultural industries. Its principal trade catchment area encompasses the nine local Government areas of Townsville, Charters Towers, Flinders, Richmond, McKinlay, Cloncurry, Mount Isa, Burdekin and Hinchinbrook. Together these areas form a diverse corridor spanning 280,000 square kilometres (approximately 16% of Queensland's total land area) and having a population of around 250,000 people, or approximately 5.6% of the State's total population.

The Port of Townsville has a diverse mix of commodities, handling over 30 different cargo types. Current trade tonnage is dominated by nickel ore imports (35%), oil and petroleum imports (9%), cement imports (4%), mineral concentrate exports (16%), sugar exports (9%), fertilizer exports (8%) and refined mineral product exports (8%).

The Port of Townsville is a major driver of economic growth for the north Queensland region and handles more than an eighth of Queensland's international trade by value. Located in close proximity to Asian trading partners makes Townsville Port a key trade gateway for northern Australia.

The Port of Townsville achieved total trade throughput of 12.09 million tonnes in 2012-2013. The Corporation's recent demand modelling show the potential for trade to increase to 48 million tonnes by 2040.

A number of projects, which are highlighted throughout this report, have been completed and are underway to ensure that port infrastructure is capable of meeting future demand growth in a timely and efficient manner.

The Port of Lucinda, situated about 100 kilometres north of Townsville, is dedicated to the export of raw sugar from the Herbert River sugar-growing district. The Port of Lucinda offshore ship-loader and conveyor were significantly damaged in early 2011 as a result of Tropical Cyclone Yasi. The repairs, which took place over 12 months following the cyclone, were completed in time for the 2012-2013 cane harvesting season. The Port of Lucinda handled a total of 443,303 tonnes in 2012-2013.

Throughout 2012-2013, the Corporation continued to implement strategies to improve its financial strength, deliver competitive and efficient operations for customers and to meet its social responsibilities.

This Annual Report presents the fruit of the Corporation's labours - the final performance results for 2012-2013.

OUR VISION AND CORE BUSINESS

The Corporation's vision is to provide seamless movement of products across the supply chain, creating value with every connection. The Corporation's core business as set out in its constitution and the *Transport Infrastructure Act 1994* (Qld), is to:

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

OUR 2012-2013 STRATEGIC PRIORITIES

During 2012-2013 the Corporation pursued the following strategic priorities:-

FINANCIAL STRENGTH:
• Diversify revenue sources and effectively manage counter-party risks to ensure financial resilience and sustainability of operations. • Maintain transparent and competitive pricing structures that reflect value for money and deliver acceptable returns on assets. • Improve commercial returns from existing assets through efficiency reforms. • Pursue appropriate private financing structures for port expansions and developments.
COMPETITIVE & EFFICIENT OPERATIONS:
• Optimise flexibility and capability of existing transport supply chain infrastructure to meet future demand and trade growth. • Secure strategic planning approvals and actively progress port developments to ensure responsive and timely delivery of infrastructure to meet customer growth objectives. • Actively partner with customers and other service providers to ensure that freight movement across the supply chain is seamlessly integrated.
SOCIAL RESPONSIBILITY:
• Actively and transparently engage with the community and stakeholders regarding developments, operations and performance. • Develop transitional areas at the port-city interface to ensure compatibility and encourage public use of the waterfront. • Manage potential impacts from existing port operations and new projects through comprehensive and reliable management systems and environmental monitoring. • Actively partner with all stakeholders to ensure robust systems are in place to ensure the health and safety of all employees, operators and visitors at the Corporation's ports.

CHAIRMAN AND ACTING CEO'S REPORT

The Corporation has delivered another solid result for 2012-2013, despite a number of difficult challenges confronting industry and continued uncertain global economic conditions.

Weaker commodity prices coupled with a stronger Australian dollar and capital and operational cost pressures presented challenges for many of our global customers.

Despite these challenges, trade through our ports for the year totalled 12.55 million tonnes, representing only a slight reduction on the previous year, which is a testament to the commitment of our customers and the diversity of trades handled.

The 2012-2013 year has seen the completion and continuation of major capital investments in port and logistics chain infrastructure coupled with a number of supply chain iniatives that will significantly enhance capacity and efficiency of import and export activities into the future.

After four years of construction, the $217 million Townsville Port Access Road opened in 2012 taking over 500 trucks a day off the city's suburban streets. As a designated heavy vehicle route, this new road provides trucks and road trains access to the port 24 hours a day, seven days a week which has improved freight efficiency and will boost the productivity of the region's agricultural and resources industries.

The Corporation completed a $40 million upgrade of Berth 8 during the year to cater for panamax vessels and to enable the construction of a new shiploader and conveyors by Mount Isa Mines Limited (MIM) for handling bulk minerals and fertiliser.

In addition, the $85 million upgrade of Berth 10 is nearing completion, which will significantly improve capability for cruise and defence operations and provide increased capacity for commercial shipping.

Environmental approvals for Berth 12 have been secured, and planning across the logistics chain to cater for growth in bulk trades is well advanced to ensure port and rail infrastructure can be delivered in line with customers' project timelines.

The Corporation also completed an Environmental Impact Statement (EIS) for the Townsville Port Expansion Project, which will ensure capacity for the next generation of growth and position Townsville as the vital trade gateway for Northern Australia.

The Corporation has worked in close partnership with our customers and logistics chain partners over the past year to improve freight coordination. Together with the State government, supply chain partners and customers the Corporation is also investigating options to improve efficiency and capacity and to identify and prioritise investment opportunities. In 2013-2014 the benefits of these important measures will begin to flow through to our trade and financial performance.

The growth outlook for key commodities in the region remains strong, and in line with our long-term master planning and trade diversification strategy, over the coming years we will continue to invest in infrastructure to improve flexibility and efficiencies and provide capacity for growth.

As a modern city-port and a major industry vital to the growth of the region, we are committed to ensuring that our operations are sustainable and responsible. Plans to revitalise the city-port interface and reactivate the CBD waterfront and tourism precincts are well advanced. These developments will ensure that the port, as the heart of Townsville's foundation, will for the long-term remain central and pivotal to the city's growth and the community's enjoyment through an inviting and unique waterfront experience that embodies our tropical advantage.

As we enter the 2013-2014 financial year, the recommendations contained in the Independent Commission of Audit's Final Report, and the Queensland Government's response outline an exciting context for future investment and growth of our ports. We will continue to work closely with the Queensland Government and key stakeholders to ensure any decisions produce good investment outcomes for port and rail infrastructure for the benefit of the region.

For the third time in as many years, the Corporation enters the new fiscal year on a strong financial footing and in position to deliver trade growth and performance for the benefit of our shareholders, our varied stakeholders, and the regional communities of north and northwest Queensland.

We would like to take this opportunity to thank our valued customers and stakeholders, including the Townsville community which continues to proudly support our activities. We also thank our shareholding Ministers, their staff, and departments for their support, cooperation, and assistance.

We would like to acknowledge the outstanding service of outgoing CEO Mr Barry Holden, who completed his contract with the Corporation in April 2013. Mr Holden held various senior roles at the Corporation for 23 years from 1974. His leadership drove a number of major reforms that have ensured the Corporation's success and positioned the organisation strongly for the future.

Finally, we would like to acknowledge our dedicated employees, without whom none of the past financial year's achievements would have been possible. It is their commitment to giving their very best to us each and every day that is the cornerstone of the success of this Corporation.

Ross Dunning

Ross Dunning AC
Chairman

Ranee Crosby
Acting CEO

The Corporation remains committed to the sustainable growth and development of the north Queensland region by capitalising on opportunities and maximising international and domestic trade throughput leading to shareholder value. This goal will be achieved through the provision of innovative supply chain solutions that assist customers to achieve their business objectives.

Trade throughput at the Port of Townsville in the 2012-2013 financial year reached 12.09 million tonnes, a 6% reduction in throughput on the preceding year and a result reflective of sugar exports resuming from the Port of Lucinda following repairs to the jetty.

The Port of Lucinda handled 443,303 tonnes of sugar and general cargo in the reporting period, and together a total 12,538,588 tonnes of trade came over the Corporation's wharves, a 3% decrease on the 2011-2012 fiscal year.

This result was achieved notwithstanding softness in global commodity markets, the high Australian dollar and the temporary closure of Berths 8 and 10 for capital upgrade works, and serves as an indicator of both the robust nature of the regional economy and the Corporation's commitment to deliver supply chain excellence.

PORT OF TOWNSVILLE TRADE

Sum of Tonnage Commodities	2011/12	2012/13	Movement
Import			
Cement	482,254	540,158	12%
Fertiliser	96,817	118,814	23%
General Cargo	300,493	265,215	-12%
Metal Cons - Nickel	52,714	16,283	-69%
Metal Cons - Zinc	250,230	322,162	29%
Metals - Copper Anode	73,564	97,968	33%
Motor Vehicles	27,092	24,224	-11%
Nickel Ore	3,978,616	3,958,967	0%
Petroleum Products	1,111,296	1,112,298	0%
Sulphur	112,733	102,460	-9%
Sulphuric Acid	63,396	112,980	78%
IMPORT TOTAL	6,549,205	6,671,529	2%

Sum of Tonnage Commodities	2011/12	2012/13	Movement
Export			
Fertiliser	866,066	810,338	-6%
General Cargo	191,587	163,846	-15%
Livestock	10,863	2,072	-81%
Magnetite	846,523	773,177	-9%
Meat & By-Products	21,288	13,014	-39%
Metal Concentrates	1,572,681	1,732,911	10%
Refined Copper	272,221	198,633	-27%
Refined Nickel	27,967	16,998	-39%
Refined Zinc	156,889	139,109	-11%
Smelted Lead	164,430	129,623	-21%
Molasses	381,782	254,731	-33%
Contaminated Oil	8,628	6,978	-19%
Sugar	1,490,541	1,091,626	-27%
Sulphuric Acid	5,502	-	-100%
Timber	318,696	90,700	-72%
EXPORT TOTAL	6,335,662	5,423,756	-14%

PORT OF LUCINDA TRADE

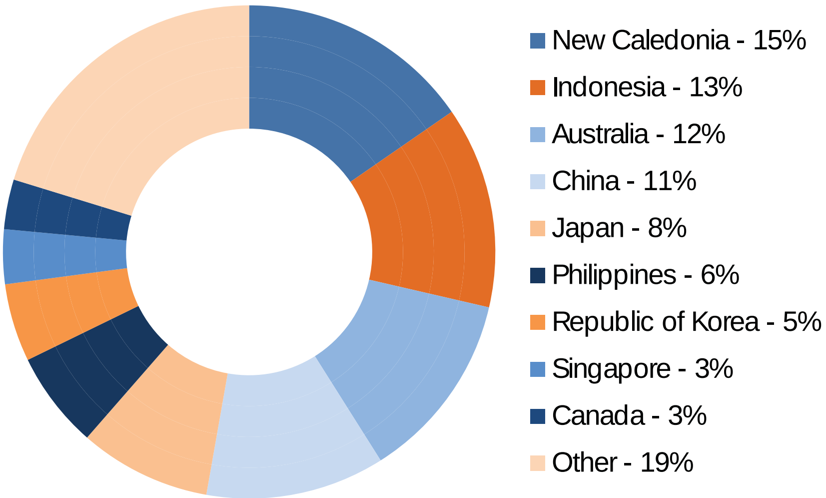
Sum of Tonnage Commodities	2011/12	2012/13	Movement
Import			
General Cargo	3,337	5,699	71%
IMPORT TOTAL	3,337	5,699	71%

Sum of Tonnage Commodities	2011/12	2012/13	Movement
Export			
General Cargo	9,522	13,501	42%
Sugar	-	424,103	100%
EXPORT TOTAL	9,522	437,604	4496%

TOTAL TRADE (TONNES)

	2011/12	2012/13	Movement
Townsville	12,884,867	12,095,285	-6%
Lucinda	12,858	443,303	3348%
TOTAL	12,897,771	12,538,588	-3%

PORT OF TOWNSVILLE TOP 10 TRADING PARTNERS



OUR PERFORMANCE

The status of the Corporation's performance during the reporting period toward achieving its financial and non-financial targets as detailed in its 2011-2012 Statement of Corporate Intent is summarised below:

Performance Indicator	2011-2012 Actual	2012-2013 Budget	2012-2013 Actual	Movement (from 2011-2012)
Financial Performance Indicators				
Operating Revenue ($M)	90.27	73.10	72.68	17.59
Operating Expenditure ($M)	48.09	38.90	38.53	9.56
Trade Income ($M)	52.38	53.78	53.25	-0.87
Property/Facilities Income ($M)	6.96	7.63	8.60	1.64
EBIT ($M)	42.88	34.20	34.43	8.45
NPAT ($M)	28.64	22.11	24.15	-4.49
Dividend ($M)	5.30	9.20	15.99	10.69
Accounting Return on Assets (EBIT) (%)	9.19	7.03	6.90	-2.29
Return on Equity (Avg Equity) (%)	8.03	6.01	6.39	-1.64
Current Ratio	1.21	0.93	0.70	0.51
Interest Cover Ratio (EBIT)	64.44	14.10	19.24	-45.20
Debt to Equity Ratio	0.03	0.15	0.16	-0.13
Capital Investments ($M)	77.26	89.95	100.13	22.87
Non-Financial Performance Indicators				
Tonnage Throughput (Millions)	12.90	12.82	12.55	-0.35
Lost Time Injury Frequency Rate	0	< 5	0	0
Reportable Environmental Breaches	0	0	0	0

BERTH 10 UPGRADE

Significant progress was achieved duirng the year on the $85 million upgrade of Berth 10 at the Port of Townsville. On completion, this facility will provide priority access for cruise and navy vessels, including the Australian Defence Force's new Canberra class Landing Helicopter Dock vessels currently under construction. The upgrade will provide increased capacity for commercial shipping including panamax capability and a large cargo hardstand area. The project also includes construction of a multi-purpose terminal building for processing of cruise passengers and navy personnel. This multi-purpose terminal will be a valuable community asset capable of accommodating major events and functions, and incorporates a cafe and meet and greet area with scenic views of the port, Magnetic Island and the city. It is anticipated that the project will be completed in the second half of 2013.

BERTH 8 UPGRADE

The Corporation's $40 million investment to upgrade Berth 8 at the Port of Townsville was completed in June 2013. This work involved the construction of a new row of piles, a new wharf deck and dredging to cater for panamax size vessels. The upgrade enables Mount Isa Mines Limited (MIM) to commence works to install a new conveyor and ship-loader on the wharf as part of the relocation of the existing minerals and fertiliser export operations from Berth 7. It is anticipated that MIM's works will be complete and Berth 8 fully operational in mid 2014. Once MIM's operations are relocated to Berth 8, Berths 6 and 7 will be decommissioned and demolished due to ongoing deterioration and disrepair of the structures, enabling dredging to improve the swing basins and navigation to Berths 4 and 8 in the inner harbour.

SUTER PIER SHED DEMOLITION

The Suter Pier Shed, previously located on Berths 8 and 9 at the Port of Townsville, was removed during the reporting period to facilitate the installation MIM's new 3000-tonne per hour ship-loader on the upgraded Berth 8. The shed was built in the 1960s and had been used to house a variety of products, plant and equipment over the years. The structure also supported the Berth 9 sugar conveyor and ship-loader. The removal of the shed represents the modernisation of the Port and the move to a time where we see product spending less time stored on a wharf and more time on its way to market. Installation of a new support structure for the Berth 9 sugar conveyor and ship-loader also formed part of the project works.

BERTH 12 - BULK EXPORTS PLANNING

Environmental approvals have been secured for construction of a new outer harbour Berth 12 to cater for growth in bulk commodities. Concept studies for the logistics chain investments to support bulk commodity exports were completed during the year in partnership with key stakeholders. It is expected that a market sounding process will be undertaken in 2013-2014 to determine parties seeking capacity for bulk commodity exports and to ascertain investment interest in Berth 12 and supporting logistics chain infrastructure.

CHANNEL WIDENING

Approximately 550,000 cubic metres of dredged material was removed from the inner harbour entrance and to widen the Platypus/Sea channel bend at the Port of Townsville in late 2012 to improve navigational access for longer vessels. These works were in addition to the usual maintenance dredging undertaken by the Corporation each year.

OUR PROJECTS

PORT EXPANSION PROJECT – EIS

The Port of Townsville Master Plan commissioned in 2007 examined trade forecasts to 2030 and predicted that Port development and expansion will be necessary to meet the region's trade requirements over the next 25 years. The Plan identified the need for the Corporation to invest in improvements in the inner harbour to enable the Port to meet growth expected in general cargo, and development of additional port infrastructure in the outer harbour to meet predicted bulk minerals product growth.

In response to these findings the Corporation undertook further preliminary engineering and environmental studies to determine the optimal layout, as well as potential impacts, of a Port expansion. Those studies later culminated in the development of an EIS for the Corporation's preferred Port Expansion option which will entail the construction of up to an additional six berths and backing land reclamation as demand requires.

The EIS for the project was submitted to the State and Commonwealth governments at the end of December 2012 and subsequently advertised by the Queensland Government for public consultation at the beginning of 2013. The public comment period closed in May 2013, and the Corporation is continuing to work closely with the State and Federal governments to determine any further studies or investigations that may be required.

QUARRY

The supply of quality armour rock for the future Townsville Port Expansion Project is an essential input affecting the viability of the project. As a result, the Corporation commissioned a study in 2008 to identify a potential long-term quarry source in close proximity to the Port of Townsville. A long-term source was subsequently identified, resulting in the acquisition of two properties in close proximity to the Port during the 2012-2013 financial year. An approval under the *Commonwealth Environmental Protection and Biodiversity Act 1999* (Cth) has been obtained to enable the Corporation to quarry the armour rock when required for Port projects.

MAINTENANCE DREDGING

A significant program of maintenance dredging was undertaken during the 2012-2013 financial year to ensure safe navigation channels were maintained for the Port of Townsville. Dredged areas included the Platypus/Sea channels, the harbour entrance and the berth pockets of Berths 1, 2, 3 and 11.

BERTH 10X INVESTIGATIONS

To accommodate future growth in general cargo through the Port of Townsville, the Corporation has investigated options for the construction of new general cargo berths on the western side of the inner harbour. Such a proposal would result in the diversion of Ross Creek to the north of the Port and further extension of the existing Berth 10 structure to create up to an additional two berths for general cargo operations. Some investigative works were undertaken in 2012-2013, including preliminary design and environmental approvals investigations.

PORT SECURITY UPGRADE

The initial Port of Townsville security works were carried out in 2003 and primarily involved security fencing, entry/exit gates and surveillance cameras. Since electronic technology has advanced significantly, the electronic equipment initially installed at the Port has become obsolete. The Port Security Upgrade project, which commenced during the 2012-2013 financial year, involves the installation of modern surveillance cameras, monitors, access controls and storage systems that provide synchronisation/ recording playback of visual and audio information. Additional security cameras were also installed in recently developed areas, such as the Corporation's Nexus Business Park and Townsville Marine Precinct. It is expected that this project will be completed early in the 2013-2014 financial year.

CONCRETE REPAIR WORKS AND WRAP STEEL PILES

Works were undertaken during the reporting period on the Port of Townsville's Berths 1 and 9 to rectify concrete damage that has resulted from lower design standards, age and exposure to tropical seawater. The works have been undertaken in three stages, allowing repairs to be carried out on the most damaged areas first whilst mitigating future damage. Stages 1 and 2 were completed during 2012-2013, with the stage 3 works expected to be undertaken and completed during 2013-2014. Wrapping will also be applied to steel piles on Berth 3 to prevent corrosion damage where such protection currently does not exist.

The Corporation has ensured throughout the repair program that the works do not significantly impede customer requirements or shipping operations.

ROAD UPGRADE WORKS

In accordance with the Corporation's pavement management system a portion of road works have commenced and will be completed in 2013-2014. These works included a rebuild of Jetty Station Road, patch repairs to all roads and an upgrade of road signage and line marking for rail crossings to improve safety at these crossings.

CYCLONE YASI REPAIRS – PORT OF LUCINDA

A seawall damaged during Cyclone Yasi in 2011 has been repaired and made safe. Road works have also been carried out to provide repairs and new surfacing to the main access road.

OUR PEOPLE

WORKFORCE OVERVIEW

- Total Employees – 98 employees (95.91 full-time equivalents) across a range of disciplines including project management, engineering, planning and property management, maintenance, marine services, environment, safety, finance, business development and customer relations, human resources, legal and administrative support.
- Average Employee Turnover – 4.81%
- Male Employees – 69.70%
- Female Employees – 30.30%
- Average Age of Employees – 44
- Employees > 50 years old – 43.43%
- Voluntary Retirement Packages – Nil

EMPLOYEE RELATIONS (ER) FRAMEWORK

The Corporation has in place a comprehensive ER framework, including but not limited to:

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

WORKFORCE PLANNING

The Corporation's Workforce Plan identifies the employment challenges facing the organisation and details strategies to be implemented to ensure that the Corporation's employment profile will be capable of meeting future corporate objectives. The Corporation'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.

The Corporation promotes employee commitment and job satisfaction through the provision of an appropriate and stable organisational structure and initiatives such as flexible work practices and employee assistance programs.

TRAINING AND PROFESSIONAL DEVELOPMENT

The Corporation is proactive in encouraging and assisting employees to undertake professional development, training and further education. During 2012-2013 one employee completed a Diploma of Business. There are 16 employees who are currently undertaking study courses supported by the Corporation. The Corporation also engaged work experience students from James Cook University and Pimlico High School during the financial year.

SUCCESSION PLANNING

The Corporation's succession planning framework prepares employees to meet business talent needs over time, identifies necessary competencies to assess, develop and retain a talent pool of employees in order to ensure continuity of leadership for all critical positions and reflects the conscious decision by the Corporation to foster and promote the continual development of employees.

EQUAL OPPORTUNITY

The Corporation has an Equity Policy which aims to promote equality of opportunity by prohibiting unfair discrimination, sexual harassment and associated objectionable conduct. The policy contains information relating to equal employment opportunity, anti-discrimination, sexual harassment and prevention of harassment and bullying in the workplace.

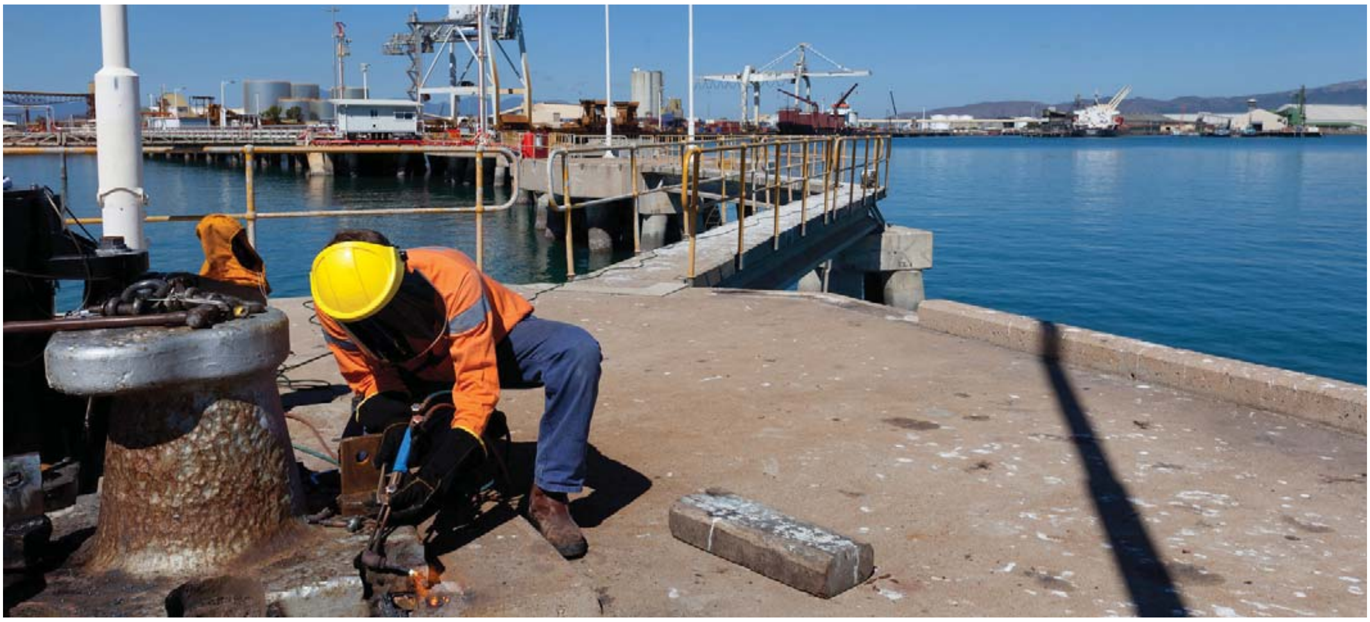
New employees are trained in the requirements of the Equity Policy and all employees are required to attend annual training as a refresher. Any reported breaches of the Corporation's Equity Policy are investigated promptly and any person found to be in breach of the policy may be subject to disciplinary action in accordance with the Corporation's disciplinary procedures.

There are currently 15 women classified at the Corporation Level 5 and above, 8 women working senior and middle management and one woman represented on the Board.

WORK HEALTH AND SAFETY

The safety of employees, contractors and visitors to the Corporation's ports is of utmost importance and a core value of the Corporation. The Corporation is committed to complying with its obligations under the *Work Health and Safety Act 2011* (Qld). The Corporation maintains a safety management system which is externally certified against AS4801:2001 'Occupational Health and Safety Management System'. This system provides a robust framework for the management of health and safety throughout the Corporation and for ensuring compliance with legal requirements.

There were no lost time injuries during the 2012-2013 financial year, and at 30 June 2013 the Corporation had achieved 777 days without a lost time injury.



OUR ENVIRONMENT

The Ports of Townsville and Lucinda operate in sensitive environments with unique, highly valued ecosystems. The Corporation is dedicated to the sustainable management of any impacts of port operations on senstive receiving environments, particularly the marine environment, and is committed to facilitating trade growth in the region in a sustainable manner.

This unwavering commitment to sound environmental practice continues to be supported by a number of monitoring programs which include, but are not limited to, monitoring of ambient marine water, marine sediment, stormwater, air and habitat monitoring. All environmental programs are tailored to ensure they are appropriate for current and future port operations.

The Corporation also works closely with port customers and regulators to promote sound environmental outcomes.

AMBIENT MARINE WATER QUALITY MONITORING

Twenty marine water samples are collected routinely every month during the wet season and every second month during the dry season from the Port of Townsville's inner and outer harbours, Platypus Channel, Marine Precinct, Ross Creek and Ross River areas and analysed for a range of heavy metals, nutrients, suspended solids and physio-chemical parameters. The marine water results for 2012-2013 were comparable with previous monitoring results.

MARINE SEDIMENT MONITORING

Almost 250 samples are collected each quarter from the Port of Townsville's inner and outer harbours, Platypus Channel, Sea Channel, Marine Precinct, Ross River and Ross Creek and tested for a range of heavy metals. The results of monitoring undertaken during 2012-2013 indicate that contaminant levels in sediments have generally remained consistent with recent years.

AIR QUALITY MONITORING

The Corporation's air quality monitoring program examines both inhalable dust and nuisance dust (dust deposition) in and around the Port of Townsville. Inhalable dust is continually monitored by a Tapered Element Oscillating Microbalance (TEOM) located at Ross Creek downwind of the majority of port operations.

The TEOM results for 2012-2013 indicate that inhalable dust levels were within the relevant state and national guidelines for the monitoring period.

High-volume samplers (hi-vols) have been installed at a number of sites to supplement the TEOM monitoring. The hi-vol results have indicated that air quality levels met the relevant state and national guidelines for the monitoring period. In addition, a number of dust deposition gauges are located around the port boundary to monitor for potential offsite impacts from port activities.

ENVIRONMENTAL INCIDENTS

An environmental incident is defined as any unplanned event or action that impacts or may impact on the environment within the Corporation's jurisdiction. All reported incidents are recorded and investigated and mitigated and corrective action taken (if required) to reduce the likelihood of future reoccurrences.

The Corporation has also implemented measures to ensure environmental incidents are addressed and reported regularly to the port community and regulatory agencies. The Corporation had no incidents during the reporting period that were reportable to the Department of Environment and Heritage Protection.

The Corporation will continue to work with port users to facilitate the implementation of improvement measures in the upcoming year to further minimise any impact of port operations on the environment.

ENVIRONMENTAL MANAGEMENT SYSTEM

Audits of the Corporation's Environmental Management System (EMS) during 2012-2013 recorded no non-conformances. The Corporation continues to review and improve the EMS in accordance with ISO14001:2004 and ensure best practice environmental management measures are in place.

SUSTAINABILITY

The Corporation continues to pursue sustainable initiatives in line with its sustainability policy and maintains the Environmental Working Group (EWG), which assists the Corporation in meeting its high environment and sustainability expectations.

The EWG meets regularly to identify and implement improvements to environmental and sustainability programs and activities being undertaken by port users, as well as raise awareness of cumulative impacts and broader environmental objectives within the Corporation's ports and wider community.

The Corporation was involved in a number of environmentally-conscious activities during the reporting period including its annual 'Tree Day' event. The 2012 Tree Day event resulted in the planting of 624 plants from 20 plant species in the Corporation's public Environmental Park located in South Townsville.

OUR COMMUNITY

COMMUNITY INVESTMENT

The Corporation values the contribution of regional development bodies and as such remains active in many organisations and initiatives promoting the advancement of north Queensland. This is illustrated by the extensive community engagement activities undertaken in the reporting period, including:

Executive planning positions held with:

- Mount Isa to Townsville Economic Zone Inc. (MITEZ)
- North Queensland Resources Supply Chain Steering Committee

Collaboration initiatives with and ongoing advice to:

- James Cook University
- Townsville Enterprise Limited
- Townsville Chamber of Commerce
- Queensland Rail Limited
- State and Federal Government agencies
- Townsville City Council
- Regional shire councils

In addition to the aforementioned, the Corporation made the following sponsorships, donations and other commitments of more than $5,000 during the 2012-2013 financial year:

SPONSORSHIPS

<u>Townsville Enterprise Limited</u>

The Corporation continued to support Townsville Enterprise Limited, north Queensland's peak promotion and marking organisation, in 2012-2013 through sponsorships totalling $30,900.

Townsville Enterprise Limited promotes economic growth and industry development in the Townsville region through advocacy at all levels of government.

MITEZ

The Corporation continued its annual $15,000 membership of economic development group MITEZ during the reporting period.

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.

James Cook University

The Corporation continued to support the skilling of north Queensland during the financial year through its $2,500 James Cook University-based scholarship program.

This program is designed to encourage students in the fields relevant to the Corporation and highlight the Corporation as a potential employer. The Corporation also recognised scholarly excellence among tertiary students through sponsorship of seven James Cook University academic prizes.

DONATIONS

Maritime Museum of Townsville

The Corporation is a major benefactor / sponsor of the Maritime Museum of Townsville and continued this support in the reporting period with donations to the value of $25,000.

Headspace Townsville

Headspace Townsville was chosen as the benefactor of the Corporation's 2012 charity golf day. This event raised more than $22,000 for local youth mental health programs. The cost to the Corporation to facilitate the event was $6,178.

INDUSTRY AND TRADE ENGAGEMENT

Mount Isa Mining Expo

The Corporation attended the Mount Isa Mining Expo as a presenter and principal sponsor of the Mining the North West Industry Breakfast during the reporting period at a cost of $6,093. The exhibition, which focuses on mining developments in the Mount Isa and Carpentaria regions, afforded the Corporation the opportunity to improve prospective client and customer relationships and explore potential business development opportunities.

CORPORATE ENTERTAINMENT

The Corporation's employee Christmas party was the only corporate entertainment and hospitality event held in the reporting period that incurred a cost of more than $5,000.

The event, held to celebrate the calendar year in review and boost employee morale and team building, cost $11,514.

OUR GOVERNANCE

CORPORATE GOVERNANCE STRUCTURE

State of Queensland
Minister for Transport & Main Roads
The Hon. Scott Emerson MP
Treasurer and Minister for Trade
The Hon. Tim Nicholls MP

Board of Directors
Mr Ross Dunning AC (Chairman)
Mr Jeffrey Coleman
Mr Brad Webb
Mr Ian Jessup
Ms Dominique Tim So
Mr Patrick Brady

Company Secretaries
Ms Ranee Crosby
Ms Esther Slocombe

Finance, Audit & Risk Management Committee
Mr Jeffrey Coleman (Chair)
Mr Ross Dunning
Mr Ian Jessup

Strategy & Business Improvement Committee
Mr Bradley Webb (Chair)
Mr Ross Dunning
Mr Patrick Brady
Ms Dominique Tim So

Human Resources & Workplace Health & Safety Committee
Mr Ross Dunning (Chair)
Ms Dominique Tim So
Mr Ian Jessup

Major Projects Committee
Mr Ross Dunning (Chair)
Mr Bradley Webb
Mr Jeffrey Coleman
Mr Patrick Brady

Acting Chief Executive Officer
Ms Ranee Crosby

Consultant – Major Projects
Mr Barry Berwick

- Delivery of Major Projects including:
  - Berth 10 Upgrade
  - Berth 8 Upgrade

Acting GM – Operations
Mr Martin Gledhill

- Port Operations
- Engineering
- Port Maintenance
- Capital Works
- Environmental Management
- Workplace Health & Safety
- Marine Services
- Port Security

Acting GM – Commercial
Mr David Sibley

- Commercial and Financial Management
- Business Development & Customer Relations
- Marketing
- Public Relations & Community Engagement
- Strategic Planning
- Port Planning & Property Management
- Governance &Legal
- Human Resources
- Information Management
- Information & Communication Technology

STRUCTURE OF THE BOARD AND EXECUTIVES

The Corporation's Board of Directors comprises six non-executive Directors who have been appointed by the Governor in Council (on the recommendation of shareholding Ministers) in accordance with the GOC Act.

Directors' name and tenure details as at 30 June 2013 are shown below:

Name	Position	Initial appointment	Last re-appointed	Appointment expiry
Mr Ross Dunning AC	Chair	1 October 2007	1 October 2010	30 September 2013
Mr Brad Webb	Director	1 October 2011	Not Applicable	30 September 2014
Mr Jeffrey Coleman	Director	1 October 2011	Not Applicable	30 September 2014
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 Patrick Brady	Director	20 December 2012	Not Applicable	30 September 2015

BOARD COMMITTEES

The Corporation has four Board committees as follows:

1. Finance, Audit and Risk Management (FARM) Committee

Chair – Mr Jeffrey Coleman
Members – Mr Ross Dunning AC, Mr Ian Jessup

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

2. Human Resource and Workplace Health and Safety (HR&WHS) Committee

Chair – Mr Ross Dunning AC
Members – Ms Dominique Tim So, 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 consistent with the Corporation's business needs and objectives, commercial profile, and relevant legislation.

OUR GOVERNANCE CONTINUED

3. Strategy and Business Improvement Committee

Chair – Mr Bradley Webb
Members – Mr Ross Dunning AC, 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 the Corporation's ports.

4. Major Projects Committee

Chair – Mr Ross Dunning AC
Members – Mr Bradley Webb, Mr Jeffrey Coleman, Mr Patrick Brady

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 the Corporation in a timely, efficient, and cost effective manner.

During the reporting period, the Committees observed the terms of their Charters and have had due regard to Queensland Treasury's Audit Committee Guidelines.

The qualifications of Directors on each Board Committee are detailed on pages 28 to 30 of this report. Board Committee Charters can be viewed on the Corporation's website at http://www.townsville-port.com.au/release-of-information.

BOARD AND COMMITTEE ATTENDANCES

Director	Board Meetings		Finance and Risk Management Committee		Strategy and Business Improvement Committee		Human Resources & Workplace Health and Safety Committee		Major Projects Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Mr Ross Dunning AC	11	11	5	5	4	4	5	5	5	5
Mr Jeffrey Coleman	11	9	3	3	0	0	2	2	5	5
Mr Bradley Webb	11	9	1	1	4	4	1	1	2	2
Mr Ian Jessup	4	4	2	2	0	0	2	2	0	0
Ms Dominique Tim So	4	4	0	0	2	2	2	2	0	0
Mr Patrick Brady	4	4	0	0	2	2	0	0	2	2

DIRECTOR AND EXECUTIVE REMUNERATION

The Corporation'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 Government Guidelines.

In accordance with the disclosure requirements for GOCs, details of Directors' remuneration for the reporting period are located on page 81 of this report.

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 the Corporation 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 the Corporation's best interests. On this basis, all members of the Board are considered to be independent.

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

PLANNING AND PERFORMANCE REPORTING

The Corporation 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 the Corporation's performance against agreed targets can be monitored. Moreover, the annual reports are published so the Corporation's performance can be communicated to other stakeholders. This annual report provides an overview of the Corporation's performance against its SCI for the 2012-2013 reporting period.

DIVIDEND POLICY

The GOC Act requires the Board to recommend the payment of a dividend. The Corporation's dividend policy takes into account the return its shareholders expect on their investment. After consultation with shareholding Ministers during the financial period, the Board recommended a dividend of 80% of the Corporation's adjusted net profit after tax (NPAT) for 2012-2013.

OUR GOVERNANCE CONTINUED

RISK MANAGEMENT

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

The framework has been communicated to all employees and is displayed on the Corporation'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 quarterly basis to identify, assess, and manage risks impacting the Corporation. Where necessary, risk mitigation strategies are developed and implemented by the Committee to prevent and/or reduce the occurrence of risks, including fraud/corruption. The status of implementation is reported to the FARM Committee on a quarterly basis.

Strategic business risks and progress on the implementation of risk mitigation measures are also reported and monitored by the Board on a quarterly basis.

AUDITS

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

Internal auditors are contracted to carry out the Corporation's internal audit function. During the reporting period audits were conducted by the Corporation's internal auditors in respect to the following matters:

- major projects;
- human resources;
- maintenance;
- right to information and information privacy; and
- computer assisted techniques – accounts receivables.

There were no significant issues raised during these audits, with all recommendations for improvement currently being implemented by the Corporation.

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

BUSINESS MANAGEMENT SYSTEMS

The Corporation 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), Occupational Health and Safety (AS4801-2001) and Environment (ISO14001:2004).

PUBLIC INTEREST DISCLOSURES

The Corporation 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 the Corporation's website at http://www.townsville-port.

com.au/release-of-information. The Corporation did not receive any actual or purported public interest disclosures during the reporting period.

PRIVACY

The Corporation has implemented Privacy Plan consistent with the eleven Information Privacy Principals 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 the Corporation. A copy of the Plan is also available on the Corporation's website at http://www.townsville-port.com.au/release-of-information.

The Corporation 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, the Corporation has a publication scheme on its website which makes a number of the Corporation's internal policies and procedures publicly available.

The Corporation did not receive or process any Right to Information applications during the reporting period.

SUMMARY OF DIRECTIONS AND NOTIFICATIONS GIVEN UNDER THE GOC ACT

In accordance with section 114 of the GOC Act and section 24AA of the *Acts Interpretation Act 1954* (Qld), the Corporation was notified by its shareholding Ministers during the reporting period that the following government policies will no longer apply to the Corporation, its subsidiaries and controlled entities:

Government Policy	Date Notified
Purchasing Carbon Offsets for Queensland Government Air Travel	30 January 2013
QFleet ClimateSmart Policy	30 January 2013
Sport and Recreation Sponsorships Policy	30 January 2013

OVERSEAS TRAVEL FOR THE PERIOD 1 JULY 2012 TO 30 JUNE 2013

The Corporation's Directors and officers are subject to the Guidelines for Overseas Travel for Official Purposes issued by the Office of Public Service Merit and Equity and the GOCs Air Travel Policy (March 2008) issued by Queensland Treasury.

In accordance with the disclosure requirements for GOCs, the Corporation advises that there was no overseas travel undertaken by any of the Corporation's Directors and officers during the reporting period.

ANNUAL FINANCIAL STATEMENTS

DIRECTORS' REPORT
for the year ending 30 June 2013

The Port of Townsville Limited Board (L-R)
Front: Ms Dominique Tim So, Mr Ross Dunning AC (Chairman), Mr Brad Webb.
Back: Mr Jeff Coleman, Mr Ian Jessup, Mr Patrick Brady.

The Directors present their report together with the financial statements of Port of Townsville Limited ("the Corporation") for the year ended 30 June 2013 and the auditor's report thereon.

DIRECTORS

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

CHAIRMAN

Mr Ross Dunning AC, B.Eng (Hons), B.Com, FCILT, FAIM, FIEAust, FIRSE, MAICD. Non-executive Chairman.

Initial appointment 1 October 2007, Last re-appointed 1 October 2010, Term of Office - to 30 September 2013.

Experience and Expertise

Mr Dunning is currently Chairman of the Corporation, a non-executive Director of Queensland Energy Resources Limited, a non-executive Director of Engenco Pty Ltd, and Indec Consulting. Mr Dunning undertakes consulting work in the areas of project management and commercial corporate activity, particularly related to rail, ports and transport.

Mr Dunning attended the University of Queensland obtaining a Civil Engineering degree with Honours in 1963 and successfully completed a Bachelor of Commerce degree from the same university in 1979. From 2008 to 2012 he was Central Co-ordinator for the Dalrymple Bay Coal Chain.

Mr Dunning was awarded the Companion of the Order of Australia (AC) in the 2002 Australia Day Honours List. He is a Fellow of the Chartered Institute of Transport, a Fellow of the Institution of Engineers Australia, a Registered Professional Engineer of Queensland, a Fellow of the Australian Institute of Management, a Fellow of the Institution of Railway Signal Engineers and a member of the Australian Institute of Company Directors.

Special Responsibilities

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

DIRECTOR

Mr Jeffrey Coleman B.Bus CPA MAICD Non-executive director

Appointed 1 October 2011, Term of Office - to 30 September 2014

Experience and Expertise

Mr Coleman has significant experience in the port industry, with thirteen years as a senior executive of the Port of Brisbane Corporation, nine of those years as Chief Executive Officer.

During that time, the Port of Brisbane experienced significant growth in trade, revenue and profitability and delivered a successful capital investment programme of more than $1.2 billion to become one of Australia's largest port corporation with assets of more than $2.5 billion. Brisbane was an industry leader in sustainable business practice, property development and growth. Mr Coleman was also Chair of Ports Australia Limited, which is the peak industry body of the Australian Port industry.

Prior to joining the port industry, Mr Coleman had a successful career in the banking and finance industry in Australia and New Zealand. Mr Coleman is a director of Port of Portland Pty Limited and has held board positions with Australia Trade Coast Limited, Brisbane Airport Holdings Limited and Bundaberg Port Corporation Pty Ltd.

Special Responsibilities

Chairman of the Finance, Audit and Risk Management (FARM) Committee.
Member of the Major Projects Committee.

DIRECTOR

Mr Bradley Webb Non-executive director

Appointed 1 October 2011, Term of Office - to 30 September 2014

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 70 businesses, many of which are accommodated in buildings designed and constructed to suit customer requirements. Property investment and construction is BM Webb Group's core business, although there are now a number of sub-businesses that service the local community, including BM Webb Concrete, BM Webb Quarry and BM Webb Precast.

Mr Webb has achieved numerous construction, corporate, environmental, humanitarian and personal awards, including Townsville Citizen of the Year in 2003 and special recognition from General Peter John Cosgrove AC MC, for providing food to the community as part of the Cyclone Larry Recovery Taskforce in 2006.

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. In addition to being a Director of the Corporation Mr Webb is currently Director of Queensland Country Credit Union and founding Chairman of Food Relief NQ.

Special Responsibilities

Chairman of the Strategy and Business Improvement Committee
Member of the Major Projects Committee.

DIRECTOR

Ms Dominique Tim So B.Com/LLB Non-executive director

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

Experience and Expertise

Ms Tim So holds a Bachelor of Commerce and Laws, and has practiced 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 is admitted as a Solicitor of the High Court of Australia, and the Supreme Court of Queensland, and is a board member of the Townsville Hospital Foundation.

Special Responsibilities

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

DIRECTOR

Mr Patrick Brady B.Eng (Hons), MAICD Non-executive director

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

Experience and Expertise

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

Mr Brady has a Bachelor of Engineering (Hons), is a Member of the Australian 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 Association (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 from 2007 to 2008. Mr Brady currently sits on the Townsville CBD Taskforce Committee.

Special Responsibilities

Member of the Major Projects Committee.
Member of the Strategy and Business Improvement Committee.

DIRECTOR

Mr Ian Jessup B.Econ 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. Mr Jessup is a partner in North Queensland accountancy firm, Jessups, and a Principal of BRI Ferrier North Queensland.

Mr Jessup is Deputy Chancellor of James Cook University and is involved in governance of a number of other community organisations.

Mr Jessup was born, raised and educated in Townsville before commencing his professional career. Before entering public accountancy, Mr Jessup was an accountant with a number of Townsville businesses.

Special Responsibilities

Member of the Human Resources and Workplace Health and Safety (HRWH&S) Committee.
Member of the Finance, Audit and Risk Management (FARM) Committee.

DEPUTY CHAIRMAN

Prof. Stephen Graw RFD BCom LLB(Qld), SJD(Syd) FTIA Solicitor(Qld). Non-executive Deputy Chairman

Initial appointment 1 July 2001, Last re-appointed 1 July 2009, Term of Office - to 30 September 2012.

Experience and Expertise

Professor Graw is Professor of Law and Head of the School of Law at James Cook University (JCU) in Townsville. Specialising in corporate, commercial and taxation law, Professor Graw has written and co-written five textbooks and holds degrees in Commerce and Law from the University of Queensland and a Doctorate in Judicial Studies from the University of Sydney.

He is a co-opted member of the Executive of the Australasian Law Teachers Association, Deputy Chairman of the Council of Australian Law Deans and a member of the UniSuper Consultative Committee. Professor Graw also sits as Deputy Chairman on the Council of Saints Catholic College, chairs the Military Advisory Committee to the Jezzine Barracks Community Trust, is the patron of two community organisations and holds the rank of Brigadier in the Standby Army Reserve.

Special Responsibilities

Deputy Chairman of the Board.
Chairman of the Finance, Audit and Risk Management (FARM) Committee.
Member of the Major Projects Committee.
Member of the Human Resources and Workplace Health and Safety (HRWH&S) Committee.

DIRECTOR

The Hon. Cr. Tony McGrady AM Non-executive director

Initial appointment 7 May 2009, Last re-appointed 1 October 2011, Term of Office - to 30 September 2012.

Experience and Expertise

Cr McGrady was elected to the office of Mayor of Mount Isa in 2012, a position he previously held prior to his election to State Parliament in 1989 representing the seat of Mount Isa. Cr McGrady has held the portfolios of Minister for Mines and Energy, Minister for Police and Corrective Services, Minister for State Development and Innovation and Speaker of the Queensland Parliament. Cr McGrady resigned from Parliament in 2006.

He was previously a Director of the then Townsville Harbour Board from 1973 to 1989. Cr McGrady currently sits on the Advisory Board of Alligator Energy, which has interests in the Northern Territory.

Special Responsibilities

Chairman of the Business Development and Environmental Management Committee.

DIRECTOR

Ms Di Zetlin BA (Hons) UQ GAICD Non-executive director

Appointed 1 July 2009, Term of Office - to 30 September 2012

Experience and Expertise

Ms Zetlin is a Lecturer in the School of Political Science and International Studies at the University of Queensland. Her teaching and research expertise is in conflict resolution and employment matters.

Ms Zetlin served on the Higher Education Council of the National Board of Employment, Education and Training in the 1990s and was a member of the Women's Employment, Education and Training Advisory Group of the Commonwealth Minister for Employment, Education and Training. She has been General Secretary of the Federated Australian University Staff Association and President of the National Tertiary Education Union, and has served a number of terms as Senator of the University of Queensland Senate. Ms Zetlin was appointed to the Board on 1 July 2009, having previously been a Director of Ports Corporation of Queensland since 1999 and Chairman of its Strategic Planning and Risk Committee.

Special Responsibilities

Member of the Finance, Audit and Risk Management (FARM) Committee.

DIRECTOR

Mr Rabieh Krayem MAHRI FAIM MAICD Non-executive director

Appointed 1 October 2009, Term of Office - to 30 September 2012

Experience and Expertise

Mr Krayem has more than 10 years experience in the recruitment industry where his abilities have seen associated companies experience significant growth in both geographic service coverage and revenues.

Up until July 2013, Mr Krayem was Managing Director of international recruitment and labour hire specialists Humanis Group Limited. Mr Krayem recognises the value of strong networks and can count some of Australia's leading members of business, government and community as his peers. Moreover, his local knowledge and diverse business background, couple with a gift to unite and focus collaborative efforts to achieve common outcomes for both enterprise and community, means he is well placed to serve the port and its key role in the Townsville regional economy.

Special Responsibilities

Member of the Human Resources and Workplace Health and Safety (HRWH&S) Committee.
Member of the Finance, Audit and Risk Management (FARM) Committee.

DIRECTOR

Ms Natalie Scopelliti FAIM Non-executive director

Appointed 2 February 2012, Term of Office - to 30 September 2014. Resigned 16 December 2012.

Experience and Expertise

Ms Scopelliti owns and runs a national training and development company with her business partners. Challenge National and etrainu have a national and international footprint focused on changing the way people learn using technology to deliver people and business solutions in more effective and innovative ways. Ms Scopelliti has built a Townsville and Brisbane based technology and training company to be a national and international entity with a strong foundation in using innovation in the digital and on line space to deliver solutions for business.

Ms Scopelliti has gained a breadth of business experience in her various roles including training; compliance; human resource management; community and corporate engagement; sales; business improvement and systems management; and change management. Ms Scopelliti has sat on various Queensland and Territory based regulator and advisory committees and was previously the Marketing Manager and PR Manager of the North Queensland Cowboys and special projects consultant to Queensland based CHR Group. Ms Scopelliti is a Fellow of the Australian Institute of Management.

Special Responsibilities

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

COMPANY SECRETARIES

The Corporation has appointed two company secretaries - Ms Esther Slocombe and Ms Ranee Crosby.

Ms Esther Slocombe B.Com - LLB (Hons), GAICD
Ms Slocombe commenced employment with the Corporation in October 2007 and is currently the Corporation's Manager Governance and Legal Services and Company Secretary. Prior to joining the Corporation she held a position of legal practitioner in a private legal practice in Townsville for 3 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 and Graduate of the Australian Institute of Company Directors (GAICD).

Ms Ranee Crosby LLB, GAICD
With more than 17 years' experience in the port and shipping industry, Ms Crosby oversees the Corporation's commercial arrangements, port planning and development, corporate governance and support services. Ms Crosby is currently acting Chief Executive Officer of the Corporation, stepping into the role in April 2013. Prior to this role her substantive position was as General Manager Commercial and she has held various executive positions in property management, corporate governance, port planning and environmental management, gaining extensive knowledge of port operations and processes.

Ms Crosby holds a Bachelor of Laws degree and is a graduate of the Australian Institute of Company Directors. Ms Crosby is an appointed member of the James Cook University Council where she is also Deputy Chairperson of the Remuneration and HR Committee and a member of the Finance Committee and Estate Committee.

Ms Crosby is Chair of the Australian Institute of Company Directors Townsville Committee and is an Executive Member of the Townsville Chamber of Commerce.

DIRECTORS' REPORT
for the year ending 30 June 2013

MEETINGS OF DIRECTORS

The number of meetings of the Corporation's Board of Directors and of each board committee held during the year ended 30 June 2013, and the number of meetings attended by each Director were:

Director	Board Meetings		FARM Committee		Strategy & Business Improvement Committee		HR & WHS Committee		Major Projects Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Mr Ross Dunning AC	11	11	5	5	4	4	5	5	5	5
Mr Jeff Coleman	11	9	3	3	N/A	N/A	2	2	5	5
Mr Brad Webb	11	9	1	1	4	4	1	1	2	2
Mr Ian Jessup	4	4	2	2	N/A	N/A	2	2	N/A	N/A
Ms Dominique Tim So	4	4	N/A	N/A	2	2	2	2	N/A	N/A
Mr Patrick Brady	4	4	N/A	N/A	2	2	N/A	N/A	2	2
Prof. Stephen Graw	3	3	1	1	N/A	N/A	2	1	2	2
Hon. Tony McGrady AM	3	3	N/A	N/A	N/A	N/A	N/A	N/A	2	2
Mr Rabieh Krayem	3	3	1	1	N/A	N/A	2	2	N/A	N/A
Ms Di Zetlin	3	3	1	1	N/A	N/A	N/A	N/A	N/A	N/A
Ms Natalie Scopelliti	7	7	1	1	1	1	1	1	N/A	N/A

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Note 22 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 the Corporation, directly or indirectly, including any director (whether executive or otherwise) of the Corporation.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the year, a policy was held to insure all directors and officers of the Corporation 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 the Corporation. All issued shares are held by the shareholding Ministers on behalf of the Queensland Government.

PRINCIPAL ACTIVITIES

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

The Corporation'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;
- making land available for the establishment, management and operation of effective and efficient port facilities and port services at its ports by other persons or other purposes consistent with the operation of its ports;
- provide or arrange for the provision of ancillary services or works necessary or convenient for the effective and efficient operation of its ports;
- keep appropriate levels of safety and security in the provision and operation of the port facilities and port services;
- provide other services incidental to the performance of the Corporation's other functions, or likely to enhance the usage of its ports;
- perform any other functions and exercise any other powers conferred on the Corporation under the *Transport Infrastructure Act 1994* (Qld), the *Government Owned Corporations Act 1993* (Qld) and Regulations or another Act or under the Corporation's Statement of Corporate Intent or Corporate Plan
- provide port services and ancillary services:
    - o whether in or outside its ports; and
    - o whether in or outside Australia; and
    - o whether for another port or for other parties; and
- carry out any activity that is incidental to the attainment of the objectives set out above.

REVIEW OF OPERATIONS

During the year construction of the Berth 10 Upgrade and Passenger Terminal continued. State Government, Federal Government, Townsville City Council and Department of Defence funding was received over the past three years for the works associated with upgrading the facilities on Berth 10. The Corporation is reviewing expressions of interest received for the future management of the Passenger Terminal building and associated café.

It is expected the facility will be officially open in October 2013. The upgraded Berth 10 structure is expected to be utilised for commercial operations when not in use by cruise or navy vessels.

Finalisation of works associated with the upgrade of Berth 8 occurred in June 2013. This project has facilitated the relocation of existing Berth 7 operations, with Mount Isa Mines Limited able to commence works on installing a new conveyor and ship-loader on the wharf. It is expected that MIM's operations will be fully relocated and operational on Berth 8 by mid 2014. The completed relocation will then allow the decommissioning and demolition of Berths 6 and 7 as a result of ongoing deterioration of the supporting structures.

As part of the works associated with the upgrade of Berth 8, the Suter Pier Shed located on Berths 8 and 9 was removed to facilitate MIM's new ship-loader. This shed was originally built in the 1960s and was utilised over the years to house a variety of products, and plant and equipment. The removal of the shed represented a modernisation of the Port and a move towards more efficient use of the wharf areat. New support structures for the Berth 9 conveyor and ship-loader also formed part of the project works as the shed was originally part of supporting infrastructure.

The Corporation has continued to progress planning and environmental approvals for the Berth 10B and 10C inner harbour works to meet medium term general cargo growth requirements. The outcome of investigations could mean the diversion of Ross Creek to the north of the Port and further extension of the existing Berth 10 to create potentially an additional two berths for general cargo operations.

The Port of Townsville Master Plan process in 2007 predicted that Port development and expansion will be necessary to meet the region's trade requirements over the next 25 years. As a result of this, the Corporation undertook engineering and environmental studies to determine the optimal layout and impacts of a Port expansion. These studies culminated into an EIS for the Corporation's preferred Port Expansion option. The EIS was submitted to State and Commonwealth governments at the end of December 2012 and advertised by Queensland government for public consultation in early 2013. The Corporation is currently undertaking stakeholder and community engagement briefings to ensure adequate consultation occurs throughout the EIS process and to highlight the importance and benefits of the project to the region.

The 2013 year saw the Corporation achieve trade volumes of 12.55 million tonnes (2012: 12.8 million tonnes) representing a decrease of 3% from the previous year.

The Corporation's net profit for the year after income tax is $24,149,718 (2012: $28,635,598), representing a decrease of 15.67% from the previous year. This decrease is due to the grant funding effects on profit or loss of $1,894,000 (2012: $15,274,000), in addition to the decreased trade volumes affecting user charges and asset revaluation effects on current year being significantly lower than previous years.

Profit from continuing operations was $34,159,188 (2012: $42,205,659) representing a decrease of 19.06% from last year.

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

		2013	2012
Return on Assets	Net Profit After Tax / Total End of Year Assets	4.48%	6.24%
Return on Equity	Net Profit After Tax / Total End of Year Equity	6.19%	8.03%
Interest Cover Ratio	Earnings Before Interest and Tax / Total Finance costs (inclusive of capitalised costs)	19.24	63.57
Debt to Equity	Total Debt / Total Equity	0.16	0.03

DIVIDENDS

Directors recommend the payment of a final dividend of 80% of adjusted profits. The final dividend amounts to $15,991,333 (2012: $5,296,070).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

As part of the Agreement for the Berth 8 Upgrade project, a variation for extension of time has been approved by the Corporation. The contractor, Seymour Whyte Smithbridge is entitled to payment of funds for expenditure incurred due to additional time early in the project. The financial implications are that payments will occur in 2013-2014, while the expenditure has been brought to account at 30 June 2013.

The Queensland Government has approved a two stage, transition model to devolve port pilotage services from Maritime Safety Queensland (MSQ) to government owned port corporations. It is anticipated that the government will introduce the Bill to the Legislative Assembly in August 2013, with expected month of finalisation, proclamation and Gazettal in October 2013. At this stage, the transaction will occur as a Machinery of Government change and it is expected to be a contribution by owners (the State of Queensland) to the Corporation for the net assets and liabilities of the relevant pilots for Townsville, Lucinda, and to service Abbot Point.

Except for the items discussed above, no other matter or circumstance has arisen since 30 June 2013 that has significantly affected, or may significantly affect:

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

ENVIRONMENTAL REGULATION

The Corporation'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, air, noise and land pollution and the handling of dangerous goods in relation to these operations.

Environmental legislation and regulations that the Corporation is subject to are as follows:

Coastal Protection and Management Act 1995 (Qld); *Great Barrier Reef Marine Park Act 1993* (Cth); *Environmental Protection Act 1994* (Qld); *Environment Protection (Sea Dumping) Act 1981* (Cth); *Fisheries Act 1994* (Qld); *Environment Protection Biodiversity Conservation Act 1999* (Cth); *Marine Parks Act 2004* (Qld); *National Environmental Protection Council Act 1994* (Cth); *National Environment Protection Council (Queensland) Act 1994* (Qld); *Quarantine Act 1908* (Cth); *Nature Conservation Act 1992* (Qld); *Transport Operations (Marine Pollution) Act 1995* (Qld); *Soil Conservation Act 1986* (Qld); *Vegetation Management Act 1999* (Qld); *National Greenhouse and Energy Reporting Act 2007* (Cth); *Protection of the Sea (Prevention of Pollution from Ships) Act 1983* (Cth); *Land Protection (Pest and Stock Route Management) Act 2002* (Qld); *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth); *Aboriginal Cultural Heritage Act 2003* (Qld); *Torres Strait Islander Cultural Heritage Act 2003* (Qld).

All environmental performance obligations are reported to the Financial, Audit & Risk Management (FARM) Committee and are, from time to time, subject to government agency, internal and external professional agency audit, as well as ongoing review to ensure compliance.

The Corporation is not aware of any matter that requires disclosure by any significant environmental regulation in respect to its operating activities.

DIRECTORS' REPORT
for the year ending 30 June 2013

The Corporation also commissioned Queensland Treasury Corporation (QTC) in early 2009 to undertake a carbon emissions and energy consumption audit in respect to the Corporation's operations and facilities to determine whether the Corporation is required to report under the *National Greenhouse and Energy Reporting Act 2007* (Cth). Preliminary measurements have concluded that the Corporation's carbon emissions and energy consumption is well below the thresholds outlined in the Act and therefore the Corporation does not trigger the requirement to report. Despite this result, the Corporation is continuing to develop and implement strategies to reduce the Corporation's current carbon emissions and energy consumption levels in line with best practice and community expectations.

As part of pursuing initiatives in line with its sustainability policy, the Corporation maintains the Environmental Working Group which assists the Corporation in meeting its high environment and sustainability expectations. The group meets regularly to identify and implement improvements to environmental and sustainability programs and initiatives, as well as awareness of cumulative impacts and broader environmental objectives within the port and wider community.

The Corporation is continuing to develop and implement waste management strategies to meet recent legislative changes and best practice and community expectations. The Corporation's environmental monitoring programs have been reviewed and expanded to ensure they are appropriate for the current and future port operations. In addition, the Corporation was involved in a number of environmentally conscious activities during the reporting period including Tree Day and school education programs.

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 the Corporation, or to intervene in any proceedings to which the Corporation 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 the Corporation 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

The Corporation 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.

Ross Dunning

Mr R.W.Dunning AC
Chairman
19 August 2013

Mr J. Coleman
Director
19 August 2013

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 2013, 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.

O. C. Clare

QUEENSLAND
28 AUG 2013
AUDIT OFFICE

O C Clare FCPA
as Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane

PURPOSE AND SCOPE

Port of Townsville Limited (the Corporation) 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

The Corporation 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 the Corporation were a statutory body. The Corporation 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 the Corporation's financial performance for the year and its financial position at year end to a variety of information users including:-
    - its shareholding Ministers - the Treasurer and Minister for Trade, and Minister for Transport and Main Roads.
    - 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 the Corporation's operations and its principal activities is included in the Directors Report on pages 27 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 the Corporation. 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 ending 30 June 2013

	Notes	2013 $	2012 $
Revenues from Continuing Operations			
User Charges	2	61,845,766	59,341,686
Grants and Other Contributions		1,894,000	15,274,000
Interest Received		549,176	1,564,988
Other Revenue	2	4,234,845	1,896,975
Reversal of Prior Year Write-Downs on Assets	2	4,004,143	-
Fair Value Gains on Investment Properties	2	156,409	12,226,591
		72,684,338	90,304,240
Expenses from Continuing Operations			
Employee Related Expenses	2	10,563,296	9,757,876
Supplies and Services	2	15,635,891	19,476,532
Depreciation and Amortisation Expense	2	10,390,900	11,732,937
Finance Costs	2	275,587	674,503
Other Expenses	2	1,659,476	1,575,726
Asset Revaluation Write-downs	2	-	4,881,008
		38,525,150	48,098,581
Operating Result from Continuing Operations Before Income Tax Expense		34,159,188	42,205,659
Income Tax Expense	3	(10,009,470)	(13,570,061)
Operating Result from Continuing Operations After Income Tax Expense		24,149,718	28,635,598
Operating Result for the Year		24,149,718	28,635,598
Other Comprehensive Income			
Items that will not be reclassified subsequently to Operating Result: Increase / (Decrease) in Revaluation Surpluses (net of tax effect)	16	14,310,149	(6,918,725)
Total Comprehensive Income		38,459,866	21,716,873

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 2013

	Notes	2013 $	2012 $
Current Assets			
Cash and Cash Equivalents	4	16,404,864	34,213,743
Trade and Other Receivables	5	15,572,051	12,119,849
Other Assets	6	538,543	625,984
Inventories	7	36,878	-
Non-Current Assets Held for Sale	8	390,000	1,380,000
Total Current Assets		32,942,336	48,339,576
Non-Current Assets			
Property, Plant and Equipment	9	471,042,475	376,150,447
Investment Properties	10	34,813,261	34,645,195
Total Non-Current Assets		505,855,736	410,795,642
TOTAL ASSETS		538,798,072	459,135,218
Current Liabilities			
Trade and Other Payables	11	16,255,345	11,734,184
Financial Liabilities	12	2,659,038	5,236,110
Current Tax Liabilities		7,483,535	2,643,248
Provisions	13	18,110,752	8,343,342
Other Liabilities	14	2,290,391	14,417,560
Total Current Liabilities		46,799,060	42,374,444
Non-Current Liabilities			
Financial Liabilities	12	59,782,351	7,147,672
Deferred Tax Liabilities	3(d)	10,455,279	10,778,229
Provisions	13	1,135,214	1,097,685
Other Liabilities	14	30,592,500	31,807,500
Total Non-Current Liabilities		101,965,344	50,831,086
TOTAL LIABILITIES		148,764,404	93,205,530
NET ASSETS		390,033,668	365,929,688
Equity			
Contributed Equity	15	101,746,168	101,746,168
Accumulated Surplus		110,719,864	100,926,033
Asset Revaluation Surplus	16	177,567,636	163,257,487
TOTAL EQUITY		390,033,668	365,929,688

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

STATEMENT OF CHANGES IN EQUITY
for the year ending 30 June 2013

	Notes	2013 $	2012 $
Contributed Equity			
Balance at beginning of the year		101,746,168	101,746,168
Balance at the end of the year		101,746,168	101,746,168
Accumulated Surplus			
Balance at beginning of the year		100,926,033	75,791,202
Operating result for the year		24,149,718	28,635,598
Transfer from reserves on disposal / derecognition of property, plant and equipment		2,336,351	1,795,303
Deferred tax adjustment for disposals of property, plant and equipment		(700,905)	-
Dividends provided for	17	(15,991,333)	(5,296,070)
Balance at the end of the year		110,719,864	100,926,033
Asset Revaluation Surplus			
Balance at beginning of the year		163,257,487	170,176,213
Other Comprehensive Income (net of income tax)	16	22,779,421	(8,088,592)
Deferred tax adjustment for revaluations		(6,132,921)	2,965,169
Transfer to accumulated surplus on disposal / derecognition of property, plant and equipment		(2,336,351)	(1,795,303)
Balance at the end of the year		177,567,636	163,257,487

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

STATEMENT OF CASH FLOWS
for the year ending 30 June 2013

	Notes	2013 $	2012 $
Cash Flows from Operating Activities			
Receipts from Customers		65,243,726	55,590,650
Grants and Other Contributions		4,314,000	29,974,000
Payments to Suppliers and Employees		(23,132,214)	(22,814,909)
GST collected from Customers		5,485,497	8,031,006
GST paid to Suppliers		(9,780,153)	(10,388,206)
GST collected from the Australian Taxation Office		4,431,919	4,525,304
GST paid to the Australian Taxation Office		-	(3,844,152)
Interest Received		549,176	1,564,988
Interest Paid/Competitive Neutrality Fee		(1,564,716)	(678,154)
Income Tax Equivalents Refunds		5,325,161	-
Income Tax Equivalents Paid		(17,651,121)	(35,425,138)
Net Cash Inflow from Operating Activities	25(b)	33,221,273	26,535,389
Cash Flows from Investing Activities			
Payment for Property, Plant and Equipment		(100,129,202)	(77,258,631)
Proceeds from Sale of Property, Plant and Equipment		4,337,514	5,773,342
Net Cash Outflow from Investing Activities		(95,791,689)	(71,485,289)
Cash Flows from Financing Activities			
Proceeds from Borrowings		56,000,000	5,000,000
Repayment of Borrowings		(5,942,394)	(498,970)
Dividends Paid		(5,296,070)	-
Net Cash Inflow (outflow) from Financing Activities		44,761,536	4,501,030
Net (Decrease) / Increase in Cash and Cash Equivalents		(17,808,879)	(40,448,870)
Cash and Cash Equivalents at Beginning of the Financial Year		34,213,743	74,662,613
Cash and Cash Equivalents at End of Financial Year	25(a)	16,404,864	34,213,743

The above statement of cash flows 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 19 August 2013. The Directors have the power to amend and reissue the financial statement.

The following is a summary of the material accounting policies adopted by the Corporation in the preparation of the financial statements.

(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), *Financial Accountability Act 2009* (Qld), *Financial and Performance Management Standard 2009* (Qld), Australian Accounting Standards, other authoritative pronouncements of 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.

Functional and Presentation Currency

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

Rounding of Amounts

The Corporation 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.

Changes to Presentation

To allow the financial statements to more accurately reflect the Corporation's chart of accounts structure, certain comparative amounts have been reclassified to conform with the current year's presentation of the following:

- Gain or Loss on Sale of Property, Plant & Equipment - no longer netted off and is now shown separately in relevant components of Other Revenue or Other Expenses. For the comparatives for 2012, $824,024 Net loss on sale is now split into a $34,512 gain and $858,536 loss as per Note 21.
- Employee Benefits - Annual Leave - now classified as a Provision, not Payables. For the 2012 comparatives, $454,592 has moved from payables to provisions. Refer to Note 10 and Note 12.

(B) STATEMENT OF COMPLIANCE

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ending 30 June 2013

NOTE 1. CONTINUED.

Standards and Interpretations in issue not yet adopted

The Corporation has not adopted Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective for the annual reporting period ended 30 June 2013.

These are outlined below:

Title	Operative for reporting
AASB 9 Financial Instruments and the relevant Amendments to Australian Accounting Standards arising from AASB 9 The Corporation does not expect there to be any impact from these amendments.	30 June 2016
AASB 10 Consolidated Financial Statements The Corporation does not expect there to be any impact from these amendments.	30 June 2014
AASB 11 Joint Arrangements The Corporation does not expect there to be any impact from these amendments.	30 June 2014
AASB 12 Disclosure of Interests in Other Entities The Corporation does not expect there to be any impact from these amendments.	30 June 2014
AASB 127 Separate Financial Statements The Corporation does not expect there to be any impact from these amendments.	30 June 2014
AASB 128 Investments in Associates and Joint Ventures (2011) The Corporation does not expect there to be any impact from these amendments.	30 June 2014
AASB 119 Employee Benefits (2011), AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 The Corporation does not expect the amendments to impact the financials due to the liability of defined benefits plans being held on a whole-of-Government basis and reported in the whole-of-Government financial statements.	30 June 2014
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements The Corporation does not anticipate any significant impact on disclosures.	30 June 2014
AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards. The Corporation does not expect there to be any impact of these amendments.	30 June 2014
AASB 13 Fair Value Measurement, AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 The Corporation has commenced reviewing fair value methodologies for all items measured at fair value to determine whether those methodologies comply with AASB 13. While the review is yet to be completed, the Corporation does not anticipate any substantial changes based on the fair value methodologies currently used. The Corporation does not intend to adopt the new standard before its operative date, therefore it will be first applied in the reporting period ending 30 June 2014.	30 June 2014

NOTE 1. CONTINUED.

Title	Operative for reporting
AASB 2012-2 and 2012-3 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities and associated Disclosures The Corporation does not expect there to be any impact from these amendments.	30 June 2014
AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle The Corporation does not expect there to be any impact from these amendments.	30 June 2014
AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments The Corporation does not expect there to be any impact from these amendments.	30 June 2014
Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine and AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20 The Corporation does not expect there to be any impact from these amendments.	30 June 2014
Interpretation 21 levies The Corporation does not expect there to be any impact from these amendments.	30 June 2015

(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 9
Valuation of investment properties	Note 10
Provision for impairment of receivables	Note 5
Provision for long service leave	Note 13
Assessment of Useful Lives	Note 9
Captialisation Rate for Capitalised Finance Costs	Note 2

(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.

The Corporation recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Corporation and specific criteria have been met for each of the Corporation'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. The Corporation bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

NOTE 1. CONTINUED.

Cargo Charges / Berthage

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

Rentals

Rental revenue 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.

Pilotage Transfer Service Revenue

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

Charges for Services

Revenue from rendering of service is recognised on delivery of service to the customer.

Interest Income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Corporation 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.

Government Grants

Government grants are not recognised until there is reasonable assurance the Corporation will comply with the conditions attaching to them and that the grants will be received. Grant funding related to assets may be offset against the cost of bringing the assets to their present location and condition (to the extent that the offset does not exceed their cost), in presenting the carrying value of the assets on the statement of financial position (capital approach). Alternatively, the funding may be recognised gross as deferred income in the statement of financial position and subsequently recognised in profit or loss on a systematic basis (income approach). Where the net value of the asset cost less grant monies deducted over the period of construction is reflective of the final impaired value, the Corporation will adopt the capital approach to grant funding.

Where government grants have been grossed up for the effects of income tax and GST, the taxation component will be recognised as revenue.

(E) TAXATION

As a Government Owned Corporation, the Corporation is not subject to Commonwealth income tax but as from 1 July 2001 the Corporation has been required to pay tax equivalents under the National Tax Equivalents Regime. The Corporation, 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 are recognised for temporary differences at the tax rates

NOTE 1. CONTINUED.

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 the Corporation 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 cash flow statement 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 the Corporation'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 the Corporation 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

NOTE 1. CONTINUED.

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.

(H) INVENTORIES

Inventories held for distribution are measured at cost adjusted, where applicable, for any loss of service potential. Inventories held for sale are measured at the lower of cost and net realisable value.

(I) NON-CURRENT ASSETS HELD FOR SALE

Non-current 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. Fair value is determined by an independent valuer.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

Non-current assets held for sale consist of those assets that management has determined are available for immediate sale in their present condition, for which their sale is highly probable within the next twelve months. A number of parcels of lands along Ross River were identified in 2011-2012 to be transferred to the State in the current year for the construction of boat ramps following relocation of tenants to the Townsville Marine Precinct. While majority of the sales occurred in the current year, there are a number of parcels remaining to be sold. See Note 8 for details.

NOTE 1. CONTINUED.

(J) INVESTMENTS AND OTHER FINANCIAL ASSETS

Classification

The Corporation classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

(i) Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. The Corporation did not hold any such assets during the year.

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

(iii) Held-to-Maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Corporation's management has the positive intention and ability to hold to maturity. If the Corporation were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-Sale Financial Assets

The Corporation does not hold any financial assets for sale.

Recognition and Derecognition

Regular purchases and sales of financial assets are recognised on trade-date (the date on which the Corporation commits to purchase or sell the asset). Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Corporation has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent Measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

NOTE 1. CONTINUED.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when the Corporation's right to receive payment is established

Impairment

The Corporation assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(K) 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.

Actual cost is used for the initial recording of all acquisition of assets controlled and administered by the Corporation. Assets acquired at no cost or for nominal considerations are recognised at their fair value at date of acquisition. Subsequent costs are 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 the Corporation and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the asset ready for use.

Where assets are constructed by the Corporation, 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 and a useful life of more than three years are recognised as an asset. All other items of property, plant and equipment are expensed on acquisition.

Asset Class	$
Channels and Swing Basins	10,000
Land	1
Wharves	10,000
Breakwaters	10,000
Buildings	10,000

NOTE 1. CONTINUED.

Asset Class	$
Small Boat Harbours	10,000
Infrastructure	10,000
Plant and Equipment	5,000
Intangibles	100,000

Channels and swing basins, wharves, buildings, infrastructure, small boat harbours and facilities, breakwaters and land are shown at fair value. Fair value is estimated using an income approach based on discounted cash flows. The fair value of an asset or group of assets forming a cash generating unit 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 value 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 made in assessing fair value are discussed in Note 9.

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.

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 the Corporation's policy to transfer the amounts included in the asset revaluation surplus in respect of those assets to accumulated surplus.

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 the Corporation commencing from the time the asset is held ready for use. For depreciation purposes, complex assets have been broken down into major 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 the Corporation'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.

Intangibles must be identifiable in order to distinguish

NOTE 1. CONTINUED.

them from goodwill. An intangible asset is indefinable when it Is separable i.e. capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the entity intends to do so; or arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights or obligations.

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.

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

	2013	2012
Channels, Swing Basins, and Wharves	1.0%-10%	1.0%-6.7%
Plant, Equipment	0.5% - 66.67%	1.0% - 66.67%
Infrastructure & Small Boat Harbour	1.0% - 20%	1.0% - 6.67%
Buildings	1.67% - 5.0 %	1.67% - 5.0%
Breakwaters	1.0%	1.0%
Intangibles	7.22% - 25%	7.22% - 25%

(L) IMPAIRMENT OF NON-CURRENT ASSETS

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss 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). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(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 the Corporation (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 cost for subsequent accounting.

When the use of a property changes such that it

NOTE 1. CONTINUED.

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.

Investment properties under construction are included in the Investment Property category, rather than work in progress. Consequently, investment properties under construction are also now measured at fair value. In determining a fair value for a property under construction, a value is determined as at reporting date for an equivalent property, and this value is adjusted proportionately to reflect the percentage of completion and remaining costs to complete construction at reporting date.

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 the Corporation 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

Wages and Salaries, Annual Leave

Liabilities for wages and salaries, including non monetary benefits and annual leave expected to be settled 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

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.

Long Service Leave

The liability for long service leave is 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

NOTE 1. CONTINUED.

using market yields at the reporting date on national government bonds with terms to maturity 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 the Corporation has an unconditional right to defer settlement for at least 12 months, otherwise they are presented as non current.

Superannuation

A number of employees of the Corporation 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 the Corporation 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) BORROWINGS

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 the Corporation has an unconditional right to defer settlement for the liability for at least 12 months after the year end date.

(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 the Corporation 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.

NOTE 1. CONTINUED.

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) LEASES

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(T) DIVIDENDS

Provision is made for the amount of any dividend determined or recommended by Directors, being appropriately authorised and no longer at the discretion of the Corporation, on or before the end of the financial year but not distributed at balance date.

(U) 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.

(V) SEGMENT REPORTING

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environment.

The Corporation operates predominantly in one industry being that of seaport management and control. It operates predominantly in one geographic segment being the Townsville region.

NOTES TO THE FINANCIAL STATEMENTS

for the year ending 30 June 2013

NOTE 2. OPERATING RESULT BEFORE INCOME TAX EXPENSE	2013 $	2012 $
User Charges		
Cargo Charges	38,152,132	37,738,195
Berthage	13,640,380	12,971,922
Properties and Facilities	8,596,809	6,966,956
Miscellaneous Trade Revenue	2,000	-
Infrastructure Recovery Charges	83,015	86,526
Safety and Security Charges	152,145	224,241
Utilities and Consumables	332,843	396,308
Pilot Transfer Service	886,442	957,538
TOTAL	61,845,766	59,341,686
Other Revenue		
Proceeds from sale of Property, Plant & Equipment	4,257,961	173,342
Carrying Value of Disposed Property, Plant & Equipment	(21,746)	(138,830)
Carrying Value of Assets Held for Sale	(900,000)	-
Gain on Sale of Property, Plant & Equipment	3,336,215	34,512
Other Revenue	898,630	1,862,463
TOTAL	4,234,845	1,896,975
Reversal of Prior Year Write-Downs on Assets		
Channels	-	-
Wharves	2,912,862	-
Buildings	96,464	-
Infrastructure	405,580	-
Land	589,237	-
TOTAL	4,004,143	-

Additional detail of asset revaluations can be found in Note 9 for Property Plant and Equipment and Note 10 for Investment Properties.

	2013 $	2012 $
Fair Value Gains on Investment Properties		
Land	-	2,311,619
Buildings	156,409	9,914,972
TOTAL	156,409	12,226,591

Additional detail of asset revaluations can be found in Note 9 for Property Plant and Equipment and Note 10 for Investment Properties.

NOTE 2. OPERATING RESULT BEFORE INCOME TAX EXPENSE (CONTINUED).	2013 $	2012 $
Employee Related Expenses		
Salaries & Wages	7,963,382	7,040,077
Annual Leave	584,647	516,726
Long Service Leave	73,211	272,053
Superannuation	932,417	883,625
Payroll Tax	483,639	435,930
Fringe Benefits Tax	70,772	70,993
Workers Compensation	150,692	163,935
Other Employee Related Expenses	304,537	374,537
TOTAL	10,563,296	9,757,876
Supplies and Services		
Payments to Contractors	5,578,630	8,774,744
Payments to Consultants: -		
Professional/Technical	939,875	1,176,448
Human Resource Management	-	14,742
Finance/Accounting	27,450	206,765
Other Supplies and Services	9,089,937	9,303,833
TOTAL	15,635,891	19,476,532
Depreciation and Amortisation Expense		
Channels and Swing Basins	2,701,893	2,741,839
Wharves	3,505,028	3,464,004
Breakwaters	768,662	761,378
Buildings	431,075	490,711
Small Boat Harbours	215,571	237,999
Plant and Equipment	640,656	1,075,304
Infrastructure	1,893,515	2,739,031
Intangibles	234,500	222,670
TOTAL	10,390,900	11,732,936
Finance Costs		
Loan Interest	1,265,293	489,635
Competitive Neutrality Fee	524,505	184,868
Capitalised Finance Costs	(1,514,210)	-
TOTAL	275,587	674,504

The capitalisation rate used to determine the amount of finance costs to be capitalised is the weighted average interest rate applicable to the Corporation's outstanding borrowings during the year, in this case 2.52%, (2012 - 0.00%)

NOTE 2. OPERATING RESULT BEFORE INCOME TAX EXPENSE (CONTINUED).	2013 $	2012 $
Other Expenses		
Proceeds from sale of Property, Plant & Equipment	79,553	-
Carrying Value of Disposed Property, Plant & Equipment	(652,688)	(858,536)
Carrying Value of Assets Held for Sale	(90,000)	-
Loss on Sale of Property, Plant & Equipment	(663,136)	(858,536)
Land Tax	779,669	491,533
Internal Management Review Fees	167,172	175,657
Audit Fees - year end financial statement review	49,500	50,000
TOTAL	1,659,476	1,575,726
Asset Revaluation Write-downs		
Property Plant and Equipment		
Land	-	10,008
Non-current Assets Held for Sale	-	4,490,000
Investment Properties		
Investment Properties - Land	-	320,000
Investment Properties - Buildings	-	61,000
TOTAL	-	4,881,008

Additional detail of asset revaluations can be found in Note 9 for Property Plant and Equipment and Note 10 for Investment Properties.

NOTE 3. INCOME TAX EQUIVALENTS	2013 $	2012 $
(a) Income tax equivalents expense		
Current Tax/(Revenue)	17,166,247	20,528,857
Deferred Tax/(Revenue)	(7,156,777)	(6,958,797)
TOTAL	10,009,470	13,570,060
Income Tax Equivalents Expense is attributable to:		
Profit from Operations	10,251,188	12,667,180
Under/(Over) Provision in Prior Years	(241,718)	902,880
TOTAL	10,009,470	13,570,060
Deferred Income Tax (Revenue) Expense included in Income Tax Expense comprises:		
Decrease/(Increase) in Deferred Tax Assets	713,333	21,062,972
(Decrease)/Increase in Deferred Tax Liabilities	(7,870,110)	(28,021,769)
TOTAL	(7,156,777)	(6,958,797)

NOTES TO THE FINANCIAL STATEMENTS
for the year ending 30 June 2013

NOTE 3. INCOME TAX EQUIVALENTS (CONTINUED).	2013 $	2012 $
(b) Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable		
Profit from Operations before Income Tax Expense	34,159,188	42,205,659
Tax at the rate of 30% (2012 - 30%)	10,247,756	12,661,698
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	3,432	5,482
	10,251,188	12,667,180
Under/(Over) Provision in Prior Years	(241,718)	902,880
Income Tax Equivalents Expense	10,009,470	13,570,060
(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	(700,905)	-
Net deferred tax - debited/(credited) direct to equity as a result of net increment in Revaluation Surpluses	(6,132,921)	2,965,169
TOTAL	(6,833,826)	2,965,169

(d) Additional Disclosure Notes		
Deferred Tax Assets		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Allowance for doubtful debts	17,592	41,784
Accrued audit fees	16,335	15,000
Provision for litigation / compensation	392,763	716,868
Provision for annual leave	136,852	136,378
Provision for long service leave - current	20,327	41,462
Provision for long service leave - non current	321,494	310,234
Provision for maintenance Picnic Bay Jetty - non current	19,071	19,071
Provision for competitive neutrality fee	80,360	13,640
Accrued superannuation	2,986	4,186
Deferred grant revenue	9,000,000	7,019,448
Work in progress	4,813,831	7,216,875

NOTE 3. INCOME TAX EQUIVALENTS (CONTINUED).	2013 $	2012 $
Total Deferred Tax Assets	14,821,611	15,534,945
Set-off of deferred tax liabilities pursuant to set-off provisions	(14,821,611)	(15,534,945)
Net Deferred Tax Assets	-	-
Movements:		
Opening balance at 1 July	15,534,944	36,597,916
Contributions from owners	-	-
Credited/(charged) to the income statement	(713,333)	(21,062,972)
As at 30 June	14,821,611	15,534,944
Deferred tax assets expected to be recovered within 12 months	9,787,561	7,988,765
Deferred tax assets expected to be recovered after more than 12 months	5,034,049	7,546,179
TOTAL	14,821,611	15,534,944
Deferred Tax Liabilities		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Prepayments	4,896	960
Investment properties	10,244,508	10,392,900
Property, plant and equipment	15,027,485	15,919,313
Total Deferred Tax Liabilities	25,276,889	26,313,173
Set-off of deferred tax liabilities pursuant to set-off provisions	(14,821,611)	(15,534,945)
Net Deferred Tax Liabilities	10,455,279	10,778,228
Movements:		
Opening balance at 1 July	26,313,173	57,300,108
Credited/(charged) to the income statement	(7,870,110)	(28,021,766)
Contributions from owners	-	-
Credited/(charged) to equity	6,833,826	(2,965,169)
As at 30 June	25,276,889	26,313,173
The Deferred tax liability includes amounts recognised directly in equity as follows:		
Revaluation of Property, Plant and Equipment	76,100,416	69,967,494

NOTE 4. CASH AND CASH EQUIVALENTS	2013 $	2012 $
Cash on Hand	1,250	1,450
Cash at Bank	5,168,929	30,777,390
Cash Management Fund	11,234,685	3,434,902
TOTAL	16,404,864	34,213,743

(A) INTEREST RATE RISK EXPOSURE

The Corporation's exposure to interest rate risk is discussed in Note 21. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above. The Corporation'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 21.

NOTE 5. TRADE AND OTHER RECEIVABLES	2013 $	2012 $
Trade Receivables	15,630,690	12,259,128
Allowance for Impairment	(58,639)	(139,279)
TOTAL	15,572,051	12,119,849
The ageing of trade receivables is as follows:		
0 - 30 days	14,860,920	11,751,605
30 - 60 days	364,306	284,574
Over 60 days	346,825	83,670
TOTAL	15,572,051	12,119,849

(A) IMPAIRED TRADE RECEIVABLES

As at 30 June 2013 current trade receivables of the Corporation with a nominal value of $58,639 (2012: $139,279) were impaired and fully provided for. The allowance for impairment is due to a number of events including one external customer in bankruptcy proceedings and another with administrators appointed.

	2013 $	2012 $
Opening Balance	139,279	-
Increase/decrease in allowance for impairment	(80,639)	139,279
Closing balance	58,639	139,279
The ageing of these receivables is as follows:		
Up to 3 months	-	58,181
3 to 6 months	-	81,098
Over 6 months	58,639	-
TOTAL	58,639	139,279

NOTE 5. (CONTINUED).

(B) PAST DUE BUT NOT IMPAIRED

As of 30 June 2013 trade receivables of $652,492 (2012 - $228,965) 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:

	2013 $	2012 $
Up to 3 months	483,179	225,724
3 to 6 months	169,313	2,951
Over 6 months	-	290
TOTAL	652,492	228,965

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. The Corporation does not hold any collateral in relation to these receivables.

NOTE 6. OTHER ASSETS	2013 $	2012 $
Prepayments	538,543	625,984

NOTE 7. INVENTORIES	2013 $	2012 $
Inventories		
Raw materials and stores	36,878	-

NOTE 8. NON-CURRENT ASSETS HELD FOR SALE	2013 $	2012 $
After a review of the Corporation'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 the current year ($990,000), there are 3 parcels remaining to be sold ($390,000).		
Land		
Opening Balance	1,380,000	10,090,000
Transferred in from Property, Plant and Equipment	-	1,380,000
Net Gain / (Loss) from fair value adjustment	-	(4,490,000)
Assets Sold	(990,000)	(5,600,000)
Closing balance	390,000	1,380,000

NOTE 9. PROPERTY, PLANT & EQUIPMENT

(A) VALUATIONS

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 or group of assets forming a cash generating unit 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 the Corporation's assets, changes in the economic environment can cause fluctuations in fair value between periods. As a result, valuations and indexing by independent valuers 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. An income based valuation was undertaken by the Corporation as at 30 June 2013 using the following key assumptions:

- The Corporation has established the Cash Generating Units (CGU's) of Shipping Operations, Property Management and Port of Lucinda. 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.

- Revenue cash flows assume a discount rate equal to the relevant Corporate Weighted Average Cost of Capital (WACC), with a corresponding CPI of the same period 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 16%, but a sympathetic increase of 1% in both indices has a sensitivity of 1%.

- 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 first year projected trade rate results in 0.74% change in fair value.

- An annually reviewed weighted depreciation rate on WDV is used to calculate depreciation and tax implications by CGU. A 1% change in depreciation impacts fair value by 0.35%

Rates by CGU	Accounting	Tax
Shipping Operations	3.10%	2.74%
Property Management	0.0%	2.36%
Port of Lucinda	4.7%	3.95%

- Due to the nature of the Corporations 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 1.03%.

- 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.

- Assets are not valued above their recoverable value.

NOTE 9. (CONTINUED).

(B) 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 revalue were stated on the historical cost basis, the carrying amounts would be as follows:

	2013 $	2012 $
Channels and Swing basins	39,594,450	41,014,290
Land	21,686,738	17,138,311
Wharves	82,364,906	35,584,389
Breakwaters	1,361,087	1,699,788
Buildings	9,766,642	9,693,260
Small Boat Harbours	6,467,911	6,623,421
Infrastructure	42,188,687	26,539,941
TOTAL	203,430,421	138,293,400

(C) 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 the Corporation. 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. 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 and residual value of the depreciable asset, having regard to such factors as asset usage and the rate of technical and commercial obsolescence.

	2013 Fair Value $	2013 Accumulated Depreciation / Amortisation $	2013 Carrying Amount $
Channels and Swing Basins			
At Valuation 2013	284,572,765	175,779,124	108,793,641
At Valuation 2012	270,024,479	164,401,107	105,623,372
Land			
At Valuation 2013	66,857,720	-	66,857,720
At Valuation 2012	57,472,864	-	57,472,864
Wharves			
At Valuation 2013	298,177,422	185,617,519	112,559,903
At Valuation 2012	170,856,694	113,851,894	57,004,800
Breakwaters			
At Valuation 2013	80,875,277	30,079,820	50,795,456
At Valuation 2012	76,864,493	27,810,084	49,054,409
Buildings			
At Valuation 2013	18,921,046	9,151,613	9,769,433
At Valuation 2012	18,808,222	9,259,350	9,548,871

NOTE 9. (CONTINUED).	2013 Fair Value $	2013 Accumulated Depreciation / Amortisation $	2013 Carrying Amount $
Small Boat Harbours			
At Valuation 2013	13,863,681	4,572,558	9,291,123
At Valuation 2012	11,527,610	3,182,066	8,345,544
Infrastructure			
At Valuation 2013	89,170,603	32,953,754	56,216,850
At Valuation 2012	96,069,960	58,961,918	37,108,042
Plant and Equipment			
At 2013 cost	14,731,900	9,465,506	5,266,394
At 2012 cost	13,224,163	9,289,133	3,935,030
Intangibles			
At 2013 cost	1,384,250	1,139,040	245,210
At 2012 cost	1,122,569	904,540	218,029
*Capital Works in Progress			
At 2013 cost	51,246,744	-	51,246,744
At 2012 cost	47,839,486	-	47,839,486
TOTAL 2013	919,801,409	448,758,934	471,042,475
TOTAL 2012	763,810,539	387,660,092	376,150,447

*Capital Works in Progress	2013 $	2012 $
Harbour Works	46,023,759	42,447,796
Eastern Port Development	3,397,054	4,746,447
Equipment	1,825,961	645,244
TOTAL	51,246,774	47,839,487

NOTES TO THE FINANCIAL STATEMENTS

for the year ending 30 June 2013

NOTE 9. (CONTINUED).								
2012-2013 Reconciliation of Carrying Amounts	Carrying Amount at 1 July 2012 $	Additions $	Disposals & Derecognitions $	Transfers $	Recognised in Statement of Comprehensive Income $	Recognised in Revaluation Surplus $	Depreciation Expense $	Carrying Amount at 30 June 2013 $
Channels and Swing Basins	105,623,372	502,315	-	-	-	5,369,847	(2,701,893)	108,793,641
Land	57,472,864	4,558,427	-	-	589,237	4,237,191	-	66,857,720
Wharves	57,004,800	50,570,369	-	-	2,912,862	5,576,901	(3,505,028)	112,559,903
Breakwaters	49,054,409	2,543	-	-	-	2,507,167	(768,662)	50,795,456
Buildings	9,548,871	326,412	(553,934)	-	96,464	782,694	(431,075)	9,769,433
Infrastructure	37,108,042	17,450,609	(261)	-	405,580	3,146,394	(1,893,515)	56,216,850
Small Boat Harbours	8,345,544	1,924	-	-	-	1,159,226	(215,571)	9,291,123
Plant & Equipment	3,935,030	2,092,259	(120,240)	-	-	-	(640,656)	5,266,394
Intangibles	218,029	261,681	-	-	-	-	(234,500)	245,210
Capital Works in Progress	47,839,487	24,362,663	-	-	-	-	-	51,246,744
- Transfers to / from Investment Properties	-	-	-	(11,656)	-	-	-	-
- Transfers to / from Unearned Revenue	-	-	-	(16,103,749)	-	-	-	-
- Adjustments relating to AASB120 treatment of grant funding	-	-	-	(4,840,000)	-	-	-	-
TOTAL	376,150,448	100,129,202	(674,434)	(20,955,406)	4,004,143	22,779,421	(10,390,900)	471,042,475

NOTES TO THE FINANCIAL STATEMENTS

for the year ending 30 June 2013

NOTE 9. (CONTINUED).

2011-2012 Reconciliation of Carrying Amounts	Carrying Amount at 1 July 2011 $	Additions $	Disposals & Derecognitions $	Transfers $	Recognised in Statement of Comprehensive Income $	Recognised in Revaluation Surplus $	Depreciation Expense $	Carrying Amount at 30 June 2012 $
Channels and Swing Basins	104,633,448	5,754,490	-	-	-	(2,022,725)	(2,741,840)	105,623,372
Land	58,024,700	3,165,939	-	(2,380,000)	(10,008)	(1,327,769)	-	57,472,864
Wharves	57,663,988	3,817,911	-	-	-	(1,013,094)	(3,464,004)	57,004,800
Breakwaters	43,095,596	7,897,685	-	-	-	(1,177,496)	(761,378)	49,054,409
Buildings	9,695,984	1,005,794	(93,066)	-	-	(569,129)	(490,711)	9,548,872
Infrastructure	31,856,724	9,063,406	(260,860)	-	-	(812,196)	(2,739,031)	37,108,043
Small Boat Harbours	3,804,980	6,008,098	(63,352)	-	-	(1,166,186)	(237,999)	8,345,541
Plant & Equipment	4,731,663	859,459	(140,089)	(440,699)	-	-	(1,075,304)	3,935,030
Intangibles	-	-	-	440,699	-	-	(222,670)	218,029
Capital Works in Progress	26,452,920	39,685,849	-	-	-	-	-	47,839,487
- Transfers to / from Investment Properties	-	-	-	5,756,969	-	-	-	-
- Transfers to / from Unearned Revenue	-	-	-	(24,056,251)	-	-	-	-
TOTAL	339,960,003	77,258,631	(557,367)	(20,679,282)	(10,008)	(8,088,595)	(11,732,937)	376,150,447

NOTE 10. INVESTMENT PROPERTIES	2013 $	2012 $
Land	19,016,000	19,016,000
Buildings	15,797,261	15,627,000
Work in Progress	-	2,195
TOTAL	34,813,261	34,645,195
Land		
Opening balance at 1 July	19,016,000	12,731,000
Acquisitions	-	3,293,381
Net gain (loss) from fair value adjustment	-	1,991,619
Transfers to/from property plant and equipment	-	1,000,000
Closing balance at 30 June	19,016,000	19,016,000
Buildings		
Opening balance at 1 July	15,627,000	1,548,000
Acquisitions	13,852	4,665,028
Net gain (loss) from fair value adjustment	156,409	9,853,972
Disposals	-	(440,000)
Closing balance at 30 June	15,797,261	15,627,000
Work in Progress		
Opening balance at 1 July	2,196	26,417,573
Transfers to property plant and equipment	-	(5,756,969)
Acquisitions	(2,196)	(7,958,409)
Work in Progress transferred to unearned revenue	-	(12,700,000)
Closing balance at 30 June	-	2,196

Land with a total value of $151,477 (2012: $150,416) is subject to Deeds of Grant in Trust (DOGIT) or reserve provisions. The land is retained by the Crown, however, the Corporation administers and accrues economic benefits from the land.

NOTE 10. (CONTINUED).

(A) AMOUNTS RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME FOR INVESTMENT PROPERTIES

	2013 $	2012 $
Rental income	517,483	506,893
Direct operating expenses from property that generate rental income	(138,208)	(93,064)
Direct operating expenses from property that did not generate rental income	(99,966)	(11,115)
Net gain (loss) from fair value adjustment	156,409	11,845,591
Comprehensive Income	435,718	12,248,305

(B) VALUATION BASIS

The basis of the valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. The 2013 revaluations were based on desktop assessments made by AssetVal Pty Ltd. An independent valuation of investment properties was performed by AssetVal Pty Ltd as at 30 June 2010.

NOTE 11. TRADE AND OTHER PAYABLES	2013 $	2012 $
Current		
Trade Payables	16,026,774	11,518,493
Retention	227,237	214,641
Trust Fund Deposits	1,335	1,050
TOTAL	16,255,345	11,734,184

(A) RISK EXPOSURE

Information about the Corporation's exposure to foreign exchange risk is provided in Note 21.

NOTE 12. FINANCIAL LIABILITIES	2013 $	2012 $
Current	2,659,038	5,236,110
Non-Current	59,782,351	7,147,672
TOTAL	62,441,389	12,383,782

(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 $247,331 (2012 - $995,108) principally as a result of past movements in the market value of liabilities in the Debt Pools giving a market debt outstanding of $62,194,057 (2012 was $8,378,890).

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

NOTE 13. PROVISIONS	2013 $	2012 $
Current		
Dividend	15,991,333	5,296,070
Fringe Benefits Tax	18,410	19,447
Competitive Neutrality Fee	267,868	45,466
Employee Benefits - Long Service Leave	67,758	138,206
Employee Benefits - Annual Leave	456,174	454,591
Litigation / Compensation	1,309,209	2,389,561
TOTAL	18,110,752	8,343,342
Non-Current		
Picnic Bay Jetty Maintenance	63,569	63,569
Employee Benefits - Long Service Leave	1,071,645	1,034,114
TOTAL	1,135,214	1,097,683

(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. Based on past experience, the Corporation does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months. The Corporation believes the non-current amount reflects leave that is not expected to be taken or paid within the next 12 months.

(B) LITIGATION / COMPENSATION

There are a number of ongoing legal proceedings involving the Corporation at reporting date. Provisions have been taken up for some of these exposures based on the Board's determination. Based on information at year end, it was determined that all amounts will be payable in the coming year.

NOTE 13. (CONTINUED).

(C) MOVEMENTS IN PROVISIONS

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

	Dividend $	Picnic Bay Jetty Maintenance $	Fringe Benefits Tax $	Competitive Neutrality Fee $	Employee Benefits - Long Service Leave $	Employee Benefits - Annual Leave $	Litigation / Compensation $
Current							
Carrying amount at start of year	5,296,070	-	19,447	45,466	138,206	454,591	2,389,561
Charged/ (credited) to the income statement							
- additional provisions recognised	15,991,333	-	72,607	524,505	40,157	599,998	-
Amounts used during the period	(5,296,070)	-	(73,644)	(302,103)	(110,604)	(598,415)	(1,080,352)
Carrying amount at end of year	15,991,333	-	18,410	267,868	67,758	456,174	1,309,209
Non-Current							
Carrying amount at start of year		63,569			1,034,114		
Charged/ (credited) to the Income Statement							
- additional provisions recognised		-			91,483		
Amounts used during the period		-			(53,951)		
Carrying amount at end of year		63,569			1,071,645		

NOTES TO THE FINANCIAL STATEMENTS
for the year ending 30 June 2013

NOTE 14. OTHER LIABILITIES	2013 $	2012 $
Current		
Properties and facilities revenue	1,650,391	306,538
Other revenue	640,000	7,273
TOTAL current unearned revenue	2,290,391	313,811
Unearned grant revenue		
Opening balance 1 July	14,103,749	11,585,808
Monies received	2,000,000	14,700,000
Transferred to Investment Properties work in progress	-	(12,700,000)
Transferred to Property Plant and Equipment work in progress	(16,103,749)	(24,056,251)
Transferred to/from non-current unearned grant revenue	-	24,574,192
TOTAL unearned grant revenue	-	14,103,749
TOTAL Current Unearned Revenue	2,290,391	14,417,560
Non-Current		
Properties and facilities revenue	30,592,500	31,807,500

The Berth 10 upgrade project will provide 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 will not be recognised until the project is completed, which is anticipated to be December 2013. 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 million covers the period 2011 to 2031 for this staging area which is located in the Corporation's Nexus Business Park. The balance at reporting date is $1,792,500.

NOTE 15. CONTRIBUTED EQUITY	2013 $	2012 $
Authorised capital - 500,000,000 ordinary shares of $1 each	500,000,000	500,000,000
Issued capital		
Opening balance at 1 July - 101,746,168 (2012: 101,746,168) ordinary shares of $1 each fully paid	101,746,168	101,746,168
Share redemption	-	-
Issue of shares	-	-
Amount at the reporting date - 101,746,168 (2012: 101,746,168) ordinary shares of $1 each fully paid	101,746,168	101,746,168

(A) ISSUED CAPITAL - ORDINARY SHARES

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

(B) CAPITAL RISK MANAGEMENT

The Corporation'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, the Corporation may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

NOTE 16. RESERVES AND RETAINED EARNINGS

(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(k). 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.

Movements in Asset Revaluation Surplus were as follows:

	2013 $	2012 $
Balance 1 July	163,257,487	170,176,213
Property Revaluation increment/(decrement) - gross	22,779,421	(8,088,593)
Realisation of disposed / derecognised assets	(2,336,351)	(1,795,303)
Deferred tax	(6,132,921)	2,965,169
Balance 30 June	177,567,636	163,257,486
Balances of Asset Revaluation Surplus by category are as follows:		
Channels and Swing basins	58,576,763	54,817,870
Land	32,226,272	29,784,028
Wharves	29,333,681	25,429,850
Breakwaters	31,674,887	29,919,870
Buildings	3,982,936	4,540,071
Small Boat Harbours	2,756,928	1,945,469
Plant and Equipment	458,985	463,521
Infrastructure	16,683,341	14,482,965
Investment Properties	1,873,843	1,873,843
TOTAL	177,567,636	163,257,487

(B) RETAINED EARNINGS

Movements in Retained Earnings were as follows:

	2013 $	2012 $
Balance 1 July	100,926,033	75,791,202
Realisation of disposed / derecognised assets	2,336,351	1,795,303
Deferred tax adjustment for disposed assets	(700,905)	-
Operating result from continuing operations	24,149,718	28,635,598
Dividends provided for	(15,991,333)	(5,296,070)
Balance 30 June	110,719,864	100,926,033

NOTES TO THE FINANCIAL STATEMENTS
for the year ending 30 June 2013

NOTE 17. DIVIDENDS

(A) ORDINARY SHARES

Dividends provided are based on 80% of net profit after an adjustment for the effect on net profit for upwards revaluations and extraordinary items, in consultation with the shareholding Ministers.

	2013 $	2012 $
Dividends provided for or paid	15,991,333	5,296,070
Dividends per share	0.157	0.052

(B) EARNINGS PER SHARE

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

	2013 $	2012 $
Profit attributable to equity holders	19,989,166	21,290,015
Number of Shares	101,746,168	101,746,168
Earnings per share	0.196	0.209

NOTE 18. LEASING ACTIVITIES

(A) GENERAL DESCRIPTION

The Corporation 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.

(B) FUTURE MINIMUM LEASE PAYMENTS RECEIVABLE

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

	2013 $	2012 $
Not later than one year	6,948,711	5,181,533
Later than one year but not later than five years	30,288,253	23,123,552
TOTAL	37,236,964	28,305,084

NOTE 19. COMMITMENTS

(A) CAPITAL EXPENDITURE COMMITMENTS (GST INCLUSIVE)

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

	2013 $	2012 $
Property Plant and Equipment	12,257,353	85,273,507
TOTAL	12,257,353	85,273,507

(B) OPERATING COMMITMENTS (GST INCLUSIVE)

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

	2013 $	2012 $
Not later than one year	1,215,799	1,360,228
TOTAL	1,215,799	1,360,228

NOTE 20. CONTINGENT ASSETS/LIABILITIES

The contingent liability listed below represents items that, at 30 June 2013, are not recognised in the Statement of Financial Position as there is either significant uncertainty regarding the necessity for the Corporation to receive or make payments in respect of them, or in this case, the amount to be paid is unquantifiable or uncertain in nature or amount.

- The demolition provision for Berth 7 scheduled to commence in the financial year 2014-2015 as a result of deterioration of the structure.

NOTE 21. FINANCIAL RISK MANAGEMENT

The Corporation has exposure to credit risk, liquidity risk, market risk and interest rate risk from its use of financial instruments. This note presents information about the Corporation'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 the Corporation, 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 the Corporation's activities. The Corporation, 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 Finance, Audit and Risk Management (FARM) Committee oversees how management monitors compliance with the Corporation's risk management policies and procedures and reviews the adequacy of the risk management framework in relation the risks faced by the Corporation. The FARM Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the FARM Committee.

NOTE 21. (CONTINUED).

(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. The Corporation has major customers, of which the top five contribute 64% of revenue. Ageing of past due trade and other receivables is shown in Note 5.

(B) LIQUIDITY RISK

The Corporation is exposed to liquidity risk in respect of its payables and borrowings from Queensland Treasury Corporation for capital works. The Corporation manages liquidity risk through the use of a liquidity management strategy which aims to reduce the exposure to risk by ensuring the Corporation 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 the Corporation's corporate planning period.

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

	2013					2012				
	Payable in					Payable in				
	<1 year	1-5 years	>5 years	Total Contractual Cash Flows	Carrying Amount	<1 year	1-5 years	>5 years	Total Contractual Cash Flows	Carrying Amount
Payables	16,255,345	-	-	16,255,345	16,255,345	11,734,188	-	-	11,734,188	11,734,188
QTC Borrowings	5,604,281	22,397,193	61,542,289	89,543,743	62,441,389	715,258	8,529,683	3,313,188	12,558,129	7,383,781
QTC Working Capital Facility	-	-	-	-	-	5,004,274	-	-	5,004,274	5,000,000

(C) MARKET RISK

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

NOTE 21. (CONTINUED).

(D) INTEREST RATE RISK

The Corporation'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.

Fixed Rate Maturing In						
	0-1 Years		1-5 Years		Over 5 Years	
	2013	2012	2013	2012	2013	2012
Financial Assets						
Cash on Hand	-	-	-	-	-	-
Cash at Bank	5,168,929	30,777,390	-	-	-	-
Term Deposits	11,234,685	3,434,902	-	-	-	-
Receivables	-	-	-	-	-	-
Financial Liabilities						
Payables	-	-	-	-	-	-
QTC Borrowings	5,604,281	5,236,110	28,840,617	849,791	27,996,491	6,297,881

	Non Interest Bearing		Carrying Amount as per Balance Sheet		Weighted Average Book Rate	
	2013	2012	2013	2012	2013	2012
Financial Assets						
Cash on Hand	1,250	1,450	1,250	1,450	-	-
Cash at Bank	-	-	5,168,929	30,777,390	2.89%	4.45%
Term Deposits	-	-	11,234,685	3,434,902	3.62%	4.08%
Receivables	15,572,051	12,119,849	15,572,051	12,119,849	-	-
Financial Liabilities						
Payables	16,255,345	11,734,188	16,255,345	11,734,188	-	-
QTC Borrowings	-	-	62,441,389	12,383,782	4.81%	6.45%

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 2013 was $62,194,057 (30 June 2012: $8,378,890).

Borrowings recorded a market value adjustment of $247,331 (2011 was $995,108) principally as a result of past movements in the market value of liabilities in the Debt Pools.

NOTE 21. (CONTINUED).

(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 the Corporation's financial assets and liabilities.

		Interest Rate Risk			
	Carrying Amount	-1% Increase / (Decrease)		+1% Increase / (Decrease)	
		Profit	Equity	Profit	Equity
Financial Assets					
Cash and Cash Equivalents	16,404,864	(164,049)	164,049	164,049	(164,049)
Receivables	15,572,051	-	-	-	-
Financial Liabilities					
Payables	16,255,345	-	-	-	-
QTC Borrowings	62,441,389	624,414	(624,414)	(624,414)	624,414

The Corporation 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 the Corporation approximates their carrying value. See Note 1(f).

NOTE 22. KEY MANAGEMENT PERSONNEL

(A) DETAILS OF DIRECTORS

Directors in office at 30 June 2013 are as follows:

Director	Date of Appointment	Date of Termination/ Resignation
Mr R. Dunning AC (Chairman)	1 October 2007, Re-appointed 1 October 2010	30 September 2013
Mr B.Webb	1 October 2011	30 September 2014
Mr J.Coleman	1 October 2011	30 September 2014
Ms D.Tim So	20 December 2012	30 September 2015
Mr P.Brady	20 December 2012	30 September 2015
Mr I.Jessup	20 December 2012	30 September 2015

NOTE 22. (CONTINUED).

(B) DIRECTORS' REMUNERATION

All remuneration of Directors including directors' fees and board committee fees is determined by the 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 R. Dunning AC (Chairman)	2012/2013 2011/2012	45,187 44,635	20,771 21,001	4,952 5,907	70,910 71,543
Mr B. Webb	2012/2013 2011/2012	21,863 16,139	9,838 3,227	2,853 1,743	34,554 21,109
Mr J. Coleman	2012/2013 2011/2012	21,863 16,139	9,838 6,454	2,853 2,033	34,554 24,626
Ms Dominique Tim So - appointed 20 December 2012	2012/2013 2011/2012	10,932 -	4,372 -	1,377 -	16,681 -
Mr Patrick Brady - appointed 20 December 2012	2012/2013 2011/2012	10,932 -	4,372 -	1,377 -	16,681 -
Mr Ian Jessup - appointed 20 December 2012	2012/2013 2011/2012	10,932 -	4,372 -	1,377 -	16,681 -
Ms D. Zetlin - term of office ended 30 September 2012	2012/2013 2011/2012	5,466 21,553	2,186 7,496	689 2,614	8,340 31,663
Prof. S. Graw (Deputy Chairman) - term of office ended 30 September 2012	2012/2013 2011/2012	5,466 21,599	3,644 13,189	820 3,131	9,929 37,919
Hon. T. McGrady AM - term of office ended 30 September 2012	2012/2013 2011/2012	5,466 21,565	2,186 7,626	689 2,627	8,340 31,818
Mr R. Krayem - term of office ended 30 September 2012	2012/2013 2011/2012	5,466 21,587	2,308 8,537	700 2,711	8,473 32,835
Ms N. Scopelliti - resigned 16 December 2012	2012/2013 2011/2012	10,932 8,966	4,372 1,793	1,377 968	16,681 11,727
Total Remuneration Specified Directors	2012/2013 2011/2012	154,502 172,184	68,258 69,324	19,065 21,736	241,825 263,241
Insurance premiums to indemnify liabilities while acting as a Director	2012/2013 2011/2012	- -	- -	- -	48,130 49,954

NOTES TO THE FINANCIAL STATEMENTS
for the year ending 30 June 2013

NOTE 22. (CONTINUED).

(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.

The Corporation'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 Government Owned Corporations Governance Arrangements for Chief and Senior Executives (issued May 2008, updated February 2009).

The senior executive remuneration strategy and practices of the Corporation 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 the Corporation'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 the Corporation's policy in relation to performance payments.

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 * Acting 18 March 2013 to current. Substantive position General Manager Commercial	2012/2013 2011/2012	230,372 206,265	22,375 22,632	5,263 5,263	- 9,928	- -	258,010 244,088
Mr D. Sibley General Manager Commercial * Acting 8 April 2013 to current. Substantive position Manager Finance and Corporate Services	2012/2013 2011/2012	143,331 121,112	21,575 17,965	12,236 12,236	13,628 7,555	- -	190,769 158,867
Mr M. O'Halloran General Manager Major Projects * On leave no pay from 25 December 2012 to current	2012/2013 2011/2012	100,799 196,694	11,216 18,903	3,903 7,356	19,840 9,968	- -	135,759 232,921
Mr M. Gledhill General Manager Operations * Acting 14 March 2013 to current. Substantive position Manager Engineering	2012/2013 2011/2012	164,652 146,693	20,435 17,294	8,609 8,609	16,808 5,576	- -	210,503 178,172

NOTE 22. (CONTINUED).

Remuneration of Specified Executives continued.	Year	Short Term Benefits	Superannuation	"Other Benefits (Incl motor vehicle)"	Performance Payments	Termination Payments	Total Remuneration
Former Executives							
Mr B. Holden Chief Executive Officer * Resigned 30 April 2013	2012/2013 2011/2012	232,603 267,492	53,119 37,651	10,197 12,331	56,983 15,478	521,689 -	874,591 332,951
Mr C. Masters General Manager Operations * Resigned 15 March 2013	2012/2013 2011/2012	157,612 195,473	20,892 17,959	- -	21,826 4,067	103,042 -	303,372 217,499
Mr M. Marke General Manager Business Development * Resigned 28 August 2012	2012/2013 2011/2012	30,304 177,961	4,807 19,388	1,737 11,289	- 8,534	146,537 -	183,384 217,171
Total Remuneration Specified Executives	2012/2013 2011/2012	1,059,674 1,311,689	154,417 151,792	41,944 57,084	129,085 61,104	771,268 -	2,156,389 1,581,669

(D) LOANS TO KEY MANAGEMENT PERSONNEL

There are no loans outstanding to the Corporation from key management personnel.

(E) OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

NOTE 23. RELATED PARTY TRANSACTIONS

(A) CONTROL

The Corporation 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 22.

(C) TRANSACTIONS WITH RELATED PARTIES

From time to time Directors and Director related entities may have commercial dealings with the Corporation. These transactions are conducted on arms length terms and conditions. Directors declare their interest on commercial dealings at Board meetings.

In the ordinary course of business conducted under normal terms and conditions, the Corporation has dealt with:

NOTE 23. (CONTINUED).

- James Cook University, of which Ms R. Crosby and Mr I. Jessup are members of the Board, and former Director Professor S. Graw is the Head of the School of Law. The Corporation made payments for academic prizes of $1,800, scholarships of $2,500 and payment for an Annual Seagrass Survey of $24,897 during the year.

- UDP Consulting, of which Mr P. Brady is a director/owner. The Corporation made payments for Quarry access $4,290 and Townsville Waterfront Master Plan $1,540

- MacDonnells Law, of which Ms D. Tim So was an employee. The Corporation made payments in relation to the Townsville Port Inner Harbour Project (TPIX) $1,088, legal fees associated with issues surrounding supplier arrangements $47,540, and general legal advice $13,100.

(D) TRANSACTIONS WITH STATE OF QUEENSLAND CONTROLLED ENTITIES

Government Owned Corporations operate in a commercial environment and deliver a range of services across diverse industries such as energy, transport and funds management. All transactions between the Corporation 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.

	2013 $	2012 $
Revenue		
Queensland Treasury Corporation: - Interest Revenue	496,554	1,523,779
Expenses		
Queensland Audit Office (QAO) - Audit fees	49,500	50,000
Queensland Transport - Crown boat harbour mooring fees	49,733	49,089
QR Limited:		
- Track Maintenance	27,353	27,473
- Deviation works on Port lands	400,000	-
Queensland Treasury Corporation:		
- Loan interest expense	190,833	489,635
- Competitive Neutrality Fee	80,762	184,868
Office of State Revenue:		
- Payroll Tax	500,386	435,930
- Land Tax	667,894	491,533
Commissioner of Land Tax	111,775	-
WorkCover Queensland - Workers Compensation	150,692	163,935
Ergon Energy - Electricity	437,142	430,396
Contributions to QSuper on behalf of employees	877,420	835,640
Assets		
Queensland Treasury Corporation: - Short Term Investment	11,234,685	3,434,902
Liabilities		
Queensland Treasury Corporation: - Financial Liabilities	62,441,389	12,383,782
Provision for Dividend to Queensland Treasury	15,991,333	5,296,070

(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 2013 there were no guarantees provided by Port of Townsville Limited on behalf of a related party.

NOTE 24. EVENTS OCCURRING AFTER THE YEAR END DATE

As part of the Agreement for the Berth 8 Upgrade project, a variation for extension of time has been approved by the Corporation. The contractor, Seymour Whyte Smithbridge is entitled to payment of funds for expenditure incurred due to addition time early in the project. The financial implications are that payments will occur in 2013-2014, while the expenditure has been brought to account at 30 June 2013.

The Queensland Government has approved a two stage, transition model to devolve port pilotage services from Maritime Safety Queensland (MSQ) to government owned port corporations. It is anticipated that the government will introduce the Bill to the Legislative Assembly in August 2013, with expected month of finalisation, proclamation and Gazettal in October 2013. At this stage, the transaction will occur as a Machinery of Government change and it is expected to be a contribution by owners (the State of Queensland) to the Corporation for the net assets and liabilities of the relevant pilots for Townsville, Lucinda, and to service Abbot Point.

Except for the items discussed above, no other matter or circumstance has arisen since 30 June 2013 that has significantly affected, or may significantly affect:

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

NOTE 25. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

(A) RECONCILIATION OF CASH

For the purposes of this cash flow statement, cash includes cash on hand and at bank and investments, in money market instruments, readily convertible to cash at the investor's option. Cash at the end of the year is shown in the Statement of Financial Position as:-

	2013 $	2012 $
Cash on Hand	1,250	1,450
Cash at Bank	5,168,929	30,777,390
Cash Management Fund	11,234,685	3,434,902
TOTAL	16,404,864	34,213,743

NOTE 25. (CONTINUED).

(B) RECONCILIATION OF OPERATING RESULT FROM CONTINUING OPERATIONS AFTER INCOME TAX EXPENSE TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2013 $	2012 $
Operating Result for the Year	24,149,718	28,635,598
Depreciation	10,390,900	11,732,936
Profit (Loss) on Disposal of Non-Current Assets	(2,673,080)	824,024
Net Revaluation Increments - Non-Current Assets	(4,160,551)	(7,345,584)
Changes in Assets and Liabilities		
(Increase) Decrease in Trade Debtors	1,350,920	(3,584,748)
(Increase) Decrease in Prepayments	87,441	(184,398)
Increase (Decrease) in Trade and Other Payables	7,282,737	20,044,629
Increase (Decrease) in Provisions	(890,320)	(1,731,991)
Increase (Decrease) in Provision for Taxation and Deferred Tax balances	(2,316,490)	(21,855,077)
Net Cash Inflow from Operating Activities	33,221,273	26,535,389

(C) FINANCING FACILITIES

The Corporation has available a business card facility with a limit of $175,000. Loan facilities as shown in Note 12 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. The Corporation has a Working Capital Facility available with Queensland Treasury Corporation, total available funds are $10 million.

DIRECTORS' DECLARATION
for the year ending 30 June 2013

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; and

(ii) giving a true and fair view of the financial position of the Corporation as at 30 June 2013 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Corporation 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 R.W.Dunning AC
Chairman

Townsville
19 August 2013

Mr J. Coleman
Director

Townsville
19 August 2013

INDEPENDENT AUDITOR'S REPORT
for the year ending 30 June 2013

To the Members 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 2013, 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 Report

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* (Cth) 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 (b), the directors also state, in accordance with Accounting Standard 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's 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* (Qld) 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* (Cth) have been complied with. I confirm that the independence declaration required by the *Corporations Act 2001* (Cth), 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* (Cth), including:

   (i) giving a true and fair view of the company's financial position as at 30 June 2013 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 (b).

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.

O. C. Clare

O C Clare FCPA
as Delgate of the
Auditor-General of Queensland

QUEENSLAND
28 AUG 2013
AUDIT OFFICE

Queensland Audit Office
Brisbane