



# PORT OF TOWNSVILLE LIMITED

## STATEMENT OF CORPORATE INTENT 2021-2022

Prepared by the Directors and management of Port of Townsville Limited for shareholding Ministers

The Honourable Cameron Dick MP  
Treasurer and Minister for Investment

The Honourable Mark Bailey MP  
Minister for Transport and Main Roads

***Commercial-in-Confidence***

*This document contains highly confidential material relating to the business affairs of Port of Townsville Limited. Release of its contents is subject to the provisions of the Right to Information Act 2009 (Qld). Any unauthorised disclosure of material contained in this document may diminish the commercial value of that information and would have an adverse effect on the business, commercial and financial affairs of Port of Townsville Limited.*

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# 1. PERFORMANCE AGREEMENT

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

In accordance with Chapter 1, Part 3, Section 7 of the GOC Act, this Statement of Corporate Intent represents a formal performance agreement between the Board of Port of Townsville Limited (the Port) and its shareholding Ministers with respect to the financial and non-financial performance targets specified for the financial year. This Statement of Corporate Intent represents agreement to the major activities, objectives, policies, investments and borrowings of the Port for 2021-2022.

This Statement of Corporate Intent is consistent with the Port's 2021–2026 Corporate Plan, submitted to shareholding Ministers and agreed in accordance with Chapter 3, Part 7 of the GOC Act.

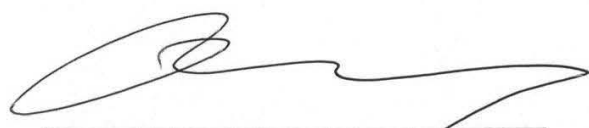
In signing this document, the Board of the Port undertakes to achieve the targets proposed in this Statement of Corporate Intent for 2021-2022.

Major changes to key assumptions that underpin the performance outcomes detailed in this Statement of Corporate Intent, and which come to the Board's attention during the year, will be brought to the attention of shareholding Ministers. Any modifications to this Statement of Corporate Intent will be dealt with in accordance with the GOC Act.

This Statement of Corporate Intent is signed by the Chair on behalf of all the directors in accordance with a unanimous decision of the Board of the Port.

  
THE HON CAMERON DICK MP  
Treasurer and Minister for Investment

11 October 2021  
Date

  
THE HON MARK BAILEY MP  
Minister for Transport and Main Roads

31/10/21  
Date



RENITA GARARD OAM  
Chair, Port of Townsville Limited

17.05.2021  
Date

2. OUR VISION, MISSION & VALUES

Vision

Australia's Port for the Future

Mission

Creating prosperity for our communities and value for our customers and shareholders, through world-leading sustainable operations

Values

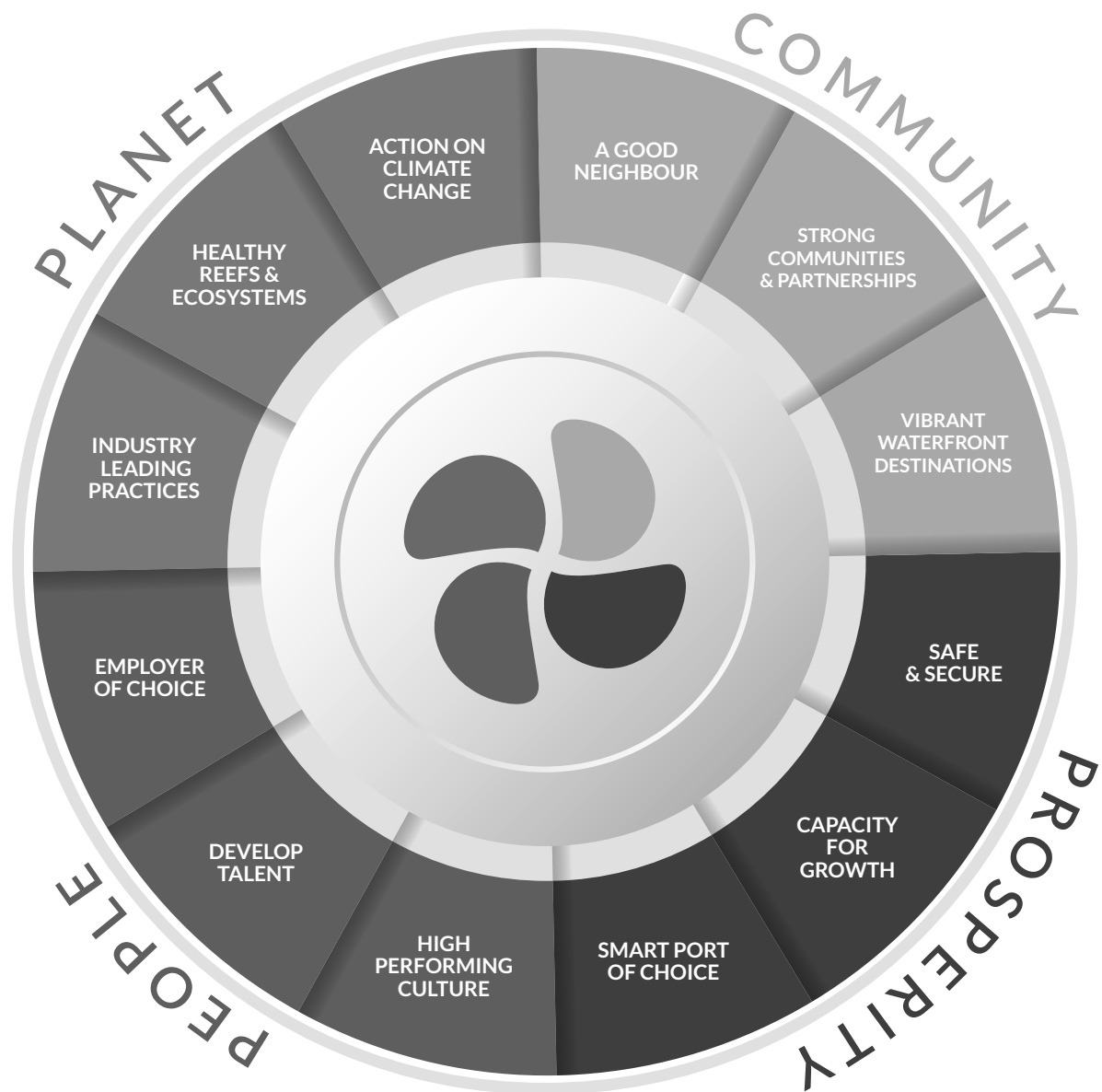
<b>P</b> ARTNERSHIPS	We build meaningful and lasting relationships
<b>O</b> PPORTUNITY	We continuously innovate
<b>R</b> ESPECT	We respect each other
<b>T</b> RUST	We do the right thing

### 3. RESPONSE TO SHAREHOLDER MANDATE /STRATEGIC EXPECTATIONS

During the term of this Statement of Corporate Intent (SCI), the Port's key strategic objectives and performance indicators have been aligned to meet shareholding Ministers' Mandate and Strategic Expectations as follows:

<b>FINANCIAL PERFORMANCE</b>	<ul style="list-style-type: none"> <li>▪ Development and implementation of strategies to deliver sustainable growth in financial returns.</li> <li>▪ Reductions in expenditure whilst maintaining reliable and efficient core delivery and service standards.</li> <li>▪ Commitment to Government's Debt Action Plan and 100% dividend policy.</li> <li>▪ Development of robust Business Cases for critical infrastructure which achieve an appropriate rate of return.</li> <li>▪ Accountability in performance by providing clear linkages between the achievement of strategic objectives, key performance targets and performance payments.</li> <li>▪ Commitment to the Government's GOC Savings and Efficiency Program through implementation of initiatives to pursue opportunities of improving revenue and earnings in combination with appropriate cost savings measures.</li> </ul>
<b>BUSINESS DEVELOPMENT</b>	<ul style="list-style-type: none"> <li>▪ Development of commercial strategies aimed at expanding and diversifying trade.</li> <li>▪ Continued work with Government and industry to implement policy and regulatory settings that will facilitate efficient and cost-effective coastal shipping for Townsville.</li> <li>▪ Investigation and pursuit of opportunities that improve supply chain efficiencies.</li> <li>▪ Long Term Planning for the Queensland Freight Strategy.</li> <li>▪ Long Term Planning for the Townsville Eastern Access Rail Corridor.</li> </ul>
<b>CAPITAL PROJECTS</b>	<ul style="list-style-type: none"> <li>▪ Delivery of the Port of Townsville Channel Upgrade Project.</li> <li>▪ Delivery of East Port for Cargo Handling</li> <li>▪ Development of a business case for a Port Rail Intermodal Terminal.</li> <li>▪ Redevelopment of the Port lands within the Townsville Priority Development Area.</li> <li>▪ Investigation into funding or financing opportunities for progressing the Port of Townsville Expansion Project.</li> </ul>
<b>JOB CREATION</b>	<ul style="list-style-type: none"> <li>▪ Commitment to being a Local Port Employing Locals.</li> <li>▪ Continued support of Northern Queensland in all procurement activities.</li> <li>▪ Compliance with the Queensland Procurement Policy and its Best Practice Principles.</li> <li>▪ Commitment to First Nation Employment on Major Projects.</li> </ul>
<b>SUSTAINABILITY</b>	<ul style="list-style-type: none"> <li>▪ Continued input into the Priority Port Master Plan for Townsville.</li> <li>▪ Compliance with Long-Term Maintenance Dredging Management Plans.</li> <li>▪ Compliance with the Sustainable Ports Development Act 2015 and Reef 2050 Long-Term Sustainability Plan.</li> <li>▪ Compliance with environmental regulators conditions for projects and operational works.</li> <li>▪ Continued implementation of the Port's Community Engagement Plans.</li> </ul>

4. STRATEGIC OBJECTIVES



## 5. KEY STRATEGIC ACTIONS

The following table outlines the Port's key actions for 2021-2022 to achieve its strategic objectives:

PLANET OBJECTIVE	PLANET INITIATIVE	ACTIONS	TARGET 2022
		2021 - 2022	
INDUSTRY LEADING PRACTICES	Drive environmental management excellence	<ul style="list-style-type: none"> <li>Integrate environmental management and sustainability across all Port systems to drive continuous improvement.</li> </ul>	<ul style="list-style-type: none"> <li>Integrated management systems externally audited</li> </ul>
	Minimise emissions from port operations and create positive outcomes	<ul style="list-style-type: none"> <li>Continue extensive monitoring programs around the Port to share knowledge of environmental conditions- including new real time air monitoring</li> <li>Review emissions profiles and identify options to minimize emissions (e.g., noise)</li> </ul>	<ul style="list-style-type: none"> <li>Real time dashboards for monitoring available on Port's website with a new real time air dashboard developed for boundary air stations.</li> <li>Emissions reduction program implementation plan and budget developed.</li> </ul>
HEALTHY REEFS & ECOSYSTEMS	Adopting industry-leading practices to protect and improve biodiversity and ecosystems	<ul style="list-style-type: none"> <li>Work with partners to focus on litter and marine debris in Townsville waterways.</li> <li>Identify 2 Port catchment improvement projects to reduce sediment loss.</li> <li>Work with partners to identify local priorities for "Reef 2050" initiatives</li> </ul>	<ul style="list-style-type: none"> <li>25,000 pieces of litter removed from port land and adjoining waterways.</li> <li>One Port catchment improvement project initiated.</li> <li>One "Reef 2050" project implementation plan and budget developed.</li> </ul>
	Foster collaborative research programs and knowledge sharing	<ul style="list-style-type: none"> <li>Implement Cleveland Bay Monitoring Programs (e.g. water quality, seagrass).</li> <li>Support research in Cleveland Bay</li> <li>Support Healthy Waters Report Card.</li> </ul>	<ul style="list-style-type: none"> <li>Cleveland Bay monitoring data available on Port's website and shared with Dry Tropics Partnership for Healthy Waters Report Card.</li> </ul>
ACTION ON CLIMATE CHANGE	Commit to be climate positive	<ul style="list-style-type: none"> <li>Implement Landscaping Master Plan at the Port of Townsville.</li> <li>Identify partners and locations for tree planting activities</li> <li>Investigate wind and solar renewable energy options for Port operations</li> </ul>	<ul style="list-style-type: none"> <li>Master Plan landscaping progressively undertaken to improve amenity within the Port.</li> <li>10,000 trees planted</li> <li>Investigations into wind and solar commenced. Implementation plan and budget developed.</li> </ul>
	Adopt sustainable design for infrastructure	<ul style="list-style-type: none"> <li>Update Planning codes and guidelines for Port development integrating sustainability and Planet objectives.</li> </ul>	<ul style="list-style-type: none"> <li>Planning codes and guidelines integrating sustainability objectives updated and in effect.</li> </ul>

COMMUNITY OBJECTIVE	COMMUNITY INITIATIVE	ACTIONS	TARGET 2022
		2021-2022	
BE A GOOD NEIGHBOUR	Create positive outcomes for the community	<ul style="list-style-type: none"> <li>Monitor and Review community survey method and results</li> <li>Port Amenity Plan staged implementation.</li> <li>Accumulated Noise modelling and action plan for Port Buffer zones</li> </ul>	<ul style="list-style-type: none"> <li>Community and Stakeholder Actions completed</li> <li>To be in the top 10 of trusted business in Townsville</li> </ul>
	Build trust through engagement and responsiveness	<ul style="list-style-type: none"> <li>Implement Community &amp; Stakeholder Plan Actions</li> <li>Build an action plan with CLG members to encourage more engagement</li> <li>Implement complaints process and actively monitor feedback</li> <li>Identify a survey metric for trusted businesses in the region</li> </ul>	
STRONG COMMUNITIES & PARTNERSHIPS	Support local industry and educational collaboration	<ul style="list-style-type: none"> <li>Community Fund 2 Round 2</li> <li>Procurement Information session held with industry</li> </ul>	<ul style="list-style-type: none"> <li>Community projects worth \$50,000 supported</li> <li>Reconciliation action plan developed</li> <li>Indigenous Procurement Policy finalised</li> </ul>
	Foster strong First Nations and multi-cultural relationships	<ul style="list-style-type: none"> <li>Reflect Reconciliation Action Plan developed</li> <li>5-year partnership with maintenance indigenous training group</li> <li>Finalise Indigenous Procurement Policy</li> </ul>	
VIBRANT WATERFRONT DESTINATIONS	Connect the community and visitors with the port waterfront	<ul style="list-style-type: none"> <li>Develop Waterfront Master Plan</li> <li>Host Australian Cruise Association Conference (subject to any COVID-19 restrictions)</li> <li>Facilitate Port tours</li> </ul>	<ul style="list-style-type: none"> <li>Waterfront Master Plan commenced</li> <li>Australian Cruise Association Conference hosted</li> <li>Port Information Display opened to the public</li> <li>Support Reef HQ redevelopment commencement</li> </ul>
	Tell the Port story	<ul style="list-style-type: none"> <li>Launch Port information display at Maritime Museum</li> </ul>	
	Create a gateway for educational tourism to showcase the Great Barrier Reef	<ul style="list-style-type: none"> <li>Work with Townsville City Council , Great Barrier Reef Marine Park Authority and Reef HQ on Reef HQ redevelopment</li> </ul>	

PEOPLE OBJECTIVE	PEOPLE INITIATIVE	ACTIONS	TARGET 2022
		2021 - 2022	
EMPLOYER OF CHOICE	Attract local talent and embrace diversity, equality and inclusion	<ul style="list-style-type: none"> <li>Develop Diversity and Inclusion strategy and program</li> </ul>	<ul style="list-style-type: none"> <li>Diversity strategy finalised and targets set</li> </ul>
	Partner to create entry level pathways to attract and retain local talent	<ul style="list-style-type: none"> <li>Partner with regional Tertiary Institutions for entry level internships and work experience</li> </ul>	<ul style="list-style-type: none"> <li>&gt;2 new entry level opportunities created</li> </ul>
DEVELOP TALENT	Instill a culture of lifelong learning	<ul style="list-style-type: none"> <li>Continued enhancement of learning systems</li> <li>Development plans online</li> </ul>	<ul style="list-style-type: none"> <li>&gt;60% of employees have attained the qualifications and developed all of the skills and competencies necessary to be fully competent in their role.</li> <li>Online learning is doubled</li> </ul>
	Grow leadership excellence	<ul style="list-style-type: none"> <li>Develop leadership development framework</li> </ul>	<ul style="list-style-type: none"> <li>Leadership development framework commenced</li> </ul>
HIGH PERFORMING CULTURE	Create a place where people thrive	<ul style="list-style-type: none"> <li>Improve employee wellbeing program</li> <li>Support intakes under the Port's Learning &amp; Development Framework</li> </ul>	<ul style="list-style-type: none"> <li>&gt;3 new L&amp;D programs approved</li> </ul>
	Align individual contributions to the Port's success	<ul style="list-style-type: none"> <li>Online performance reviews implemented</li> <li>Strategic objectives linked to individual performance plans</li> </ul>	<ul style="list-style-type: none"> <li>&gt;80% of plans completed which include appropriate strategic objectives</li> </ul>
	Drive improvement through innovation	<ul style="list-style-type: none"> <li>Develop innovation framework</li> </ul>	<ul style="list-style-type: none"> <li>Innovation framework developed</li> </ul>

PROSPERITY OBJECTIVE	PROSPERITY INITIATIVE	ACTIONS	TARGET 2022
		2021 - 2022	
SMART PORT OF CHOICE	Deliver competitive and efficient solutions that exceed the expectations of our customers	<ul style="list-style-type: none"> <li>Support the Queensland State Government's Intrastate Shipping Opportunity</li> <li>Port Pricing Review</li> </ul>	<ul style="list-style-type: none"> <li>Implement recommendations from Interstate Shipping final review</li> <li>Port pricing review 50% completed</li> </ul>
	Grow and diversify trades and services of the future	<ul style="list-style-type: none"> <li>Implement growth commodity framework</li> </ul>	<ul style="list-style-type: none"> <li>FY22 actions complete</li> </ul>
	Harness collaborative technologies that leverage supply chain innovations and improve the customer experience	<ul style="list-style-type: none"> <li>Implement enhancements to Port's Shipping System</li> <li>Implement IoT platform</li> </ul>	<ul style="list-style-type: none"> <li>3 new systems / enhancements implemented.</li> </ul>
CAPACITY FOR GROWTH	Implement best practice strategic asset management	<ul style="list-style-type: none"> <li>Develop Berth Capacity Enhancement Strategy</li> </ul>	<ul style="list-style-type: none"> <li>Strategy for establishing enhanced Berth Capacities developed</li> </ul>
		<ul style="list-style-type: none"> <li>Development Asset Management Plans for all asset classes</li> </ul>	<ul style="list-style-type: none"> <li>Asset Management Plans for all asset classes developed.</li> </ul>
	Target investment to facilitate efficient and sustainable growth across the supply chain	<ul style="list-style-type: none"> <li>Prepare East Port Precinct</li> <li>Progress Channel Upgrade Project</li> </ul>	<ul style="list-style-type: none"> <li>Preliminary design complete</li> <li>Project on budget and schedule</li> </ul>
SAFE & SECURE	Industry-leading practices to keep the port community safe	<ul style="list-style-type: none"> <li>Implementation of Safety Strategy, including refresh of safety risk tools port safety induction</li> <li>Implementation of new event management reporting system</li> </ul>	<ul style="list-style-type: none"> <li>Total Recordable Injury Frequency rate &lt;10</li> </ul>
	Security controls and future resilience protections for critical assets and people	<ul style="list-style-type: none"> <li>Resilience Measurement Index actions plan in place</li> <li>Roll out Security Awareness Training</li> <li>Security Plans in place with user interface agreements</li> </ul>	<ul style="list-style-type: none"> <li>Resilience improvement plan developed</li> <li>All employees completed Security Awareness Training</li> </ul>



## 6. KEY BUSINESS PERFORMANCE INDICATORS

The Port undertakes to provide sustainable growth and value to shareholders by capitalising on our strengths and appropriately managing key threats and weaknesses.

The budget reflects changes to internal and external operating environments that may impact our operations in the current planning period, including recognition of the significant impacts of COVID-19 on global, Australian and local economies, the budget has been prepared on a conservative basis with the assumption there will be minimal impacts on most trading sectors, but with significant impacts on the tourism/events sectors.

2019-2020 Actual	2020-2021 Budget	2020-2021 Est. Actual	Corporate financial measures	2021 -2022 Full Year	Q1	Q2	Q3	Q4
81.32	79.95	77.53	Operating Revenue (\$M)	82.30	23.98	19.64	15.74	23.94
56.19	58.20	54.92	Operating Expenditure (\$M)	58.21	13.72	16.35	13.57	14.58
66.74	66.42	64.60	Trade Income (\$M)	69.61	20.64	16.07	12.36	20.55
11.77	12.24	12.43	Property & Facilities Income (\$M)	12.48	3.05	3.26	3.09	3.09
25.13	21.75	22.61	EBIT (\$M)	25.09	10.25	3.30	2.17	9.37
13.87	11.60	12.27	NPAT (\$M)	14.01	6.82	1.35	0.99	4.86
13.51	11.60	12.13	Dividend (\$M)	14.01	0.00	0.00	0.00	14.01
3.73	2.89	2.95	Return on Assets EBIT (%)	3.02	5.01	1.62	1.06	4.51
3.05	2.10	2.18	Return on Equity (%)	2.29	4.51	0.89	0.65	3.18
3.29	1.01	2.01	Current Ratio	1.59	3.67	3.92	3.75	1.59
4.90	4.20	4.45	Interest Cover Ratio (EBIT)	4.95	8.07	2.60	1.72	7.38
0.14	0.14	0.14	Debt to Debt + Equity Ratio	0.16	0.17	0.16	0.16	0.16
52.07	79.18	57.19	Capital Investments (\$M)	68.58	10.68	19.32	18.57	20.01
Non-financial measures								
7.68	8.02	7.86	Trade Throughput (Million Tonnes)	7.98	2.70	2.00	1.44	1.83
641	625	611	Vessels to Port	618	209	155	112	142
0	0	0	Reportable Security Incidents	0	0	0	0	0
0	0	3	Reportable Environmental Breaches	0	0	0	0	0
5.68	0	5.68	Lost Time Injury Frequency Rate	0	0	0	0	0
88%	>85%	>85%	Community Satisfaction	>85%	>85%	>85%	>85%	>85%
86%	>85%	>85%	Employee Engagement Rating	>85%	>85%	>85%	>85%	>85%
140.78	147.01	144.96	Full Time Equivalents	147.97	147.97	147.97	147.97	147.97

## 7. TRADE PERFORMANCE

2019-2020 Actual	2020-2021 Budget	2020-2021 Est. Actual	Commodity	2021-2022 Budget	Quarter 2021-2022			
					Q1	Q2	Q3	Q4
<b>Imports</b>								
384,282	388,740	388,788	Cement	395,728	126,000	101,979	74,120	93,629
19,525	20,000	75,434	Chemical Products	97,745	55,270	2,715	354	39,406
103,021	99,246	121,561	Fertiliser	128,049	58,890	41,398	9,706	18,055
275,513	249,069	175,300	General Cargo	207,403	96,153	45,806	23,455	41,989
418,021	417,500	317,500	Mineral Ores & Concentrates	350,000	134,510	84,280	67,085	64,125
24,241	22,057	22,604	Motor Vehicles	22,695	5,944	5,336	5,740	5,676
871,556	952,492	1,013,309	Petroleum Products	1,073,483	331,262	265,786	228,336	248,099
105,465	92,275	100,000	Sulphur	100,000	31,990	24,020	23,890	20,100
<b>2,201,623</b>	<b>2,241,379</b>	<b>2,214,496</b>	<b>Total Imports</b>	<b>2,375,103</b>	<b>840,018</b>	<b>571,319</b>	<b>432,687</b>	<b>531,079</b>
<b>Exports</b>								
115,969	-	129,753	Chemical Products	122,253	28,277	15,648	39,818	38,510
834,937	843,375	900,000	Fertiliser	910,000	307,904	231,574	199,869	170,653
123,152	125,112	132,195	General Cargo	136,925	37,559	33,275	30,027	36,065
194,148	129,065	140,043	Livestock	181,043	47,270	44,971	45,025	43,776
2,162,678	2,003,500	1,825,288	Mineral Ores & Concentrates	1,693,119	515,148	405,581	306,587	465,803
172,683	287,018	175,000	Molasses	250,000	123,975	86,000	21,125	18,900
523,304	586,250	578,307	Refined Minerals & Metals	608,307	161,924	168,108	128,690	149,585
1,277,885	1,248,778	1,250,000	Sugar	1,200,000	421,200	296,520	169,680	312,600
588,417	551,222	500,000	Sugar - Lucinda	500,000	215,550	150,500	70,300	63,650
<b>5,993,173</b>	<b>5,774,320</b>	<b>5,630,586</b>	<b>Total Exports</b>	<b>5,601,647</b>	<b>1,858,808</b>	<b>1,432,177</b>	<b>1,011,122</b>	<b>1,299,541</b>
<b>8,194,796</b>	<b>8,015,699</b>	<b>7,860,082</b>	<b>Total Throughput</b>	<b>7,976,750</b>	<b>2,698,825</b>	<b>2,003,496</b>	<b>1,443,808</b>	<b>1,830,620</b>

Amounts shown may not add to the correct subtotal or totals due to rounding

Trade forecasts for 2021-2022 have been based on information available as at April 2021 in view of existing contracts, advice from customers, an assessment of the feasibility of new trades or increases in terms of capacity of supporting infrastructure, global market conditions for commodities as advised by QTC and long-term historical trade patterns. The Port has taken into consideration impacts on trade from COVID-19, however it must be noted that there is a level of uncertainty in the assumptions made given the scale and unknowns that continue with the pandemic.

Total trade throughput in 2019-2020 was 8,194,796 tonnes, and the 2020-2021 estimated actual throughput is 7,860,082 tonnes. The forecast for 2021-2022 is 7,976,750 tonnes, an increase of around 116,000 tonnes from the current financial year estimated actual.

### MAJOR FORECAST CHANGES

The major forecast increases in trade for 2021-2022 compared with 2020-2021 estimated actual include:

- Imports of petroleum products rising by 110,174 tonnes
- Exports of refined zinc increasing by 30,000 tonnes
- Exports of molasses rising by 75,000 tonnes

The major forecast decreases in 2021-2022 compared with 2020-2021 estimated actual include:

- Exports of mineral ores and concentrates falling by 132,169 tonnes

## **IMPORTS**

Petroleum imports are increasing slightly in 2021-2022 primarily due to an emerging Galilee Basin mining project and a proportion of its fuel requirements being imported through Port of Townsville.

The uncertainty around COVID-19 impacted general cargo imports to some degree and we have forecast a modest increase of 32,000 tonnes in the coming financial year. Provision has been included for some containerised project cargo for the Galilee Basin.

Motor vehicles, cement, fertiliser, chemical products and sulphur are at similar volumes to 2020-2021 as a result of a conservative economic outlook.

Imports of mineral concentrates/ores includes a marginal increase of 12,500 tonnes as inputs to refining processes are reintroduced to the forecast given the extension of the Copper refinery.

## **EXPORTS**

Exports of fertiliser are increasing marginally in 2021-2022 as exports of silicon fertiliser ramp up.

General cargo, chemical products and sugar exports are at similar volumes to 2020-2021 as a result of a conservative economic outlook.

Exports of refined minerals/metals includes a marginal increase to the forecast given the extension of the Copper refinery.

A sizeable increase is expected in molasses exports in 2021-2022 to match historical levels. Seasonal drought conditions in 2020-2021 saw a dramatic fall in exports to fill domestic feedstock demand.

An increase of 29% has been forecast for live cattle exports given restocking after a good wet season. The high volumes of previous years are not expected to eventuate until the national herd numbers recover.

Mineral concentrate exports are forecast to decline in 2021-2022. Cautious output levels from existing customers are expected to contribute to this fall in addition to a number of miners supplying domestic refineries in lieu of exporting concentrates.

## 8. KEY ASSUMPTIONS AND RISKS

The key assumptions underpinning the Port's strategic planning and financials for 2021-2022 include:

- On 11 March 2020 the World Health Organisation made the assessment that COVID-19 be characterised as a pandemic. The Port is continuing to closely monitor and respond to the situation and will keep shareholding Ministers informed of the impacts on the performance targets set out in this document.
- Trade tonnage throughput forecasts have been based on customer contracts (where applicable), advice from customers, an assessment of the feasibility of new trades or increases in terms of capacity of supporting infrastructure, global market conditions for commodities as advised by QTC and long-term historical trade patterns.
- An allowance has been made for overall increases in Port charges of 2.5% per year for the forecast period to 2025-2026.
- Capital expenditure includes \$68.58 million in 2021-2022 and \$216.74 million over the five years to 2025-2026 to complete a number of major projects and upgrades considered essential for continued growth and reliability, safety and efficiency of core assets. Further detail on capital expenditure can be found in this SCI and the 2021-2026 Corporate Plan.
- Operating expenditure includes continued delivery of core services and maintenance with a strong emphasis on achieving efficiency and productivity savings and reducing discretionary spending and non-core operations.
- Wage increases were put on hold for 2020-2021 with increases to be applied in 2021-2022 – 3% in July 2021 and 3% in January 2022. Wage increases in the budget period are fully offset by efficiency and productivity improvements savings.
- Interest rate on borrowings has been calculated based on QTC portfolio linked loan of [REDACTED] and Competitive Neutrality Fee of [REDACTED]. Interest on investments has utilised [REDACTED] per annum, consistent with QTC capital guarantee cash fund annual effective rate as at January 2020.

The Port will report to our shareholding Ministers quarterly, half-yearly and annually on our operational performance in accordance with the GOC Act and shareholding Ministers' expectations.

The Port will also keep shareholding Ministers continually informed of any significant operational and financial issues affecting our operational performance, including its ability to meet the key performance results set out in this SCI.

KEY ASSUMPTIONS	Budget 2020-2021	Budget 2021-2022
<b>Economic Indices</b>		
Consumer Price Index %	2.0%	2.0%
Wage Growth%	3%	3%
Dividend Payout Ratio <sup>1</sup>	100%	100%
<b>Other</b>		
Port Charges Rate Increases	0%	2.5%
Key operating cost inputs	2.0%	2.0%

The Key Risks that may impact the Port's ability to achieve its strategic objectives and key performance targets during 2021-2022 include:

BUSINESS DRIVERS	KEY RISKS	MITIGATION MEASURES
<b>Economic Conditions</b>	<ul style="list-style-type: none"> <li>▪ Fluctuating commodity prices</li> <li>▪ Over-supply of commodities in the global marketplace</li> <li>▪ Short-term constraints on energy and water resources</li> <li>▪ Existing coastal shipping regulatory regime</li> <li>▪ Decrease in demand for imported goods</li> </ul>	<ul style="list-style-type: none"> <li>▪ Trade diversification</li> <li>▪ Improved cost planning and control</li> <li>▪ Redevelopment of surplus non-performing lands</li> <li>▪ Northern Australia Agenda</li> <li>▪ Continued input into policies and regulatory settings that promote efficient and cost-effective coastal shipping</li> </ul>
<b>Supply Chain Capacity</b>	<ul style="list-style-type: none"> <li>▪ Channel size constraints</li> <li>▪ Port capacity constraints</li> <li>▪ Constraints on funding options for critical infrastructure projects</li> <li>▪ Increasing customs and quarantine requirements</li> <li>▪ Supply chain inefficiencies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Channel Upgrade Project</li> <li>▪ Port Expansion Project</li> <li>▪ Investigations into funding and financing opportunities</li> <li>▪ Implementation of cost-effective and risk-based customs and quarantine controls</li> <li>▪ Continued implementation of efficient rail and road initiatives with relevant industry participants</li> </ul>
<b>Environmental &amp; Social Conditions</b>	<ul style="list-style-type: none"> <li>▪ Delays and cost due to increasing regulatory requirements with respect to dredging and major project approval processes</li> <li>▪ Delays or cessation to operations and projects due to lack of community support</li> <li>▪ Delays to operations and projects due to outside influences (weather, slow supply, etc)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Compliance with the Port's Long-Term Maintenance Dredging Management Plan</li> <li>▪ Compliance with the Port's Priority Port Master Plan</li> <li>▪ Compliance with environmental approvals</li> <li>▪ Expansion of environmental monitoring programs</li> <li>▪ Redevelopment and management of Port/City Interface by creating urban buffer zones to improve amenity</li> <li>▪ Community donations and sponsorships</li> <li>▪ Proactive community engagement</li> <li>▪ Compliance with the Qld Procurement Policy and Best Practice Principles</li> </ul>

Further information on the Port's key risks and mitigation measures can be found in the Port's 2021-2026 Corporate Plan.

## 9. CAPITAL EXPENDITURE

PROJECT	PROJECT DESCRIPTION	2021-2022 \$M	Total Budget	Board Approved	Shareholder Approved
Channel Capacity Upgrade	Widening of the existing navigational channels to allow larger vessels safe access.	65.32	232.00	Y	Y
ICT Plant and Equipment	Minor asset replacements and acquisitions and minor ICT assets.	0.31		Y	NA
Infrastructure Works	New and/or capital maintenance works of infrastructure assets.	0.60		Y	NA
Roads	Road and infrastructure works associated with new development	1.00		Y	NA
Wharves	New and/or capital maintenance works of wharf assets.	0.84		Y	NA
Other	Minor asset replacements and acquisitions and minor infrastructure works around the Port of Townsville and Lucinda	0.51		Y	NA
<b>Total</b>		<b>68.58</b>			

\*Works associated with a single coordinated project.

INVESTMENT THRESHOLDS	\$M
Shareholding Minister Notification	3.0
Shareholding Minister Approval	10.0

## 10. CAPITAL STRUCTURE

### Borrowings

FACILITY	2020-2021	2021-2022	Change
QTC – Portfolio Link Loan (\$M)	\$96.14	\$121.14	\$25.00
Total (\$M)	\$96.14	\$121.14	\$25.00

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

A Working Capital Facility of \$30 million has been maintained through QTC to provide flexibility in managing any cash flow adjustments for major capital works.

## 11. COMMUNITY SERVICE OBLIGATIONS

The Port has no declared Community Service Obligations.

## 12. STATEMENT OF COMPLIANCE

The Port, including its subsidiaries, will comply with all relevant policies and guidelines as issued by the shareholders and Government, and formal directions as received from time to time. The Port will also comply with and support the government's Hydrogen Strategy and the Queensland Procurement Policy and Best Practice Principles.

## 13. FINANCIAL STATEMENTS

2019-2020 Actual	2020-2021 Budget	2020-2021 Est. Actual	Income Statement	2021-2022 Budget	Sept	Dec	Mar	Jun
			<b>Operating Revenue</b>					
66,743,898	66,420,763	64,604,106	Trade Income	69,614,659	20,636,684	16,068,628	12,362,742	20,546,606
11,773,215	12,242,767	12,432,706	Property & Facilities	12,484,593	3,048,074	3,259,352	3,087,953	3,089,213
1,000,315	1,056,280	145,240	Interest Received	923,370	232,740	232,740	227,680	230,210
1,295,679	229,520	348,630	Other Revenue	278,009	58,784	83,336	58,995	76,894
509,620	-	-	Revaluation & Impairment Adjustments	-	-	-	-	-
<b>81,322,727</b>	<b>79,949,330</b>	<b>77,530,681</b>		<b>83,300,630</b>	<b>23,976,282</b>	<b>19,644,056</b>	<b>15,737,370</b>	<b>23,942,923</b>
			<b>Operating Expenditure</b>					
18,474,630	19,121,203	18,851,347	Employee Related Expenses	20,061,103	5,194,897	4,997,738	4,908,200	4,960,269
19,064,494	22,444,564	20,316,206	Supplies & Services	21,501,716	5,081,412	5,025,268	5,226,351	6,168,686
15,506,810	13,646,316	12,928,081	Depreciation & Amortisation	13,682,383	3,420,596	3,420,596	3,420,596	3,420,596
-	-	-	Impairments/Writedowns	-	-	-	-	-
2,617,148	2,885,089	2,758,634	Taxes & Government Charges	2,880,433	525	2,878,858	525	525
531,070	100,995	69,302	Other Expenses	86,050	25,004	23,373	12,146	25,528
<b>56,194,153</b>	<b>58,198,167</b>	<b>54,923,570</b>		<b>58,211,686</b>	<b>13,722,433</b>	<b>16,345,832</b>	<b>13,567,817</b>	<b>14,575,603</b>
<b>25,128,574</b>	<b>21,751,163</b>	<b>22,607,111</b>	<b>Earnings before Interest and Tax (EBIT)</b>	<b>25,088,944</b>	<b>10,253,849</b>	<b>3,298,223</b>	<b>2,169,554</b>	<b>9,367,320</b>
5,258,265	5,174,003	5,077,797	Finance Costs	5,071,179	1,269,917	1,267,087	1,264,257	1,269,917
<b>19,870,309</b>	<b>16,577,160</b>	<b>17,529,314</b>	<b>Net Profit before Tax</b>	<b>20,017,765</b>	<b>8,983,932</b>	<b>2,031,136</b>	<b>905,296</b>	<b>8,097,403</b>
6,000,360	4,973,148	5,258,794	Income Tax Equivalent	6,005,329	2,165,500	680,054	(79,735)	3,239,510
<b>13,869,949</b>	<b>11,604,012</b>	<b>12,270,520</b>	<b>Net Profit After Tax (NPAT)</b>	<b>14,012,436</b>	<b>6,818,432</b>	<b>1,351,082</b>	<b>985,031</b>	<b>4,857,892</b>
13,513,216	11,604,012	12,130,520	Dividend	14,012,436	-	-	-	14,012,436
<b>356,733</b>	<b>-</b>	<b>140,000</b>		<b>-</b>	<b>6,818,432</b>	<b>1,351,082</b>	<b>985,031</b>	<b>(9,154,544)</b>



2019-2020 Actual	2020-2021 Budget	2020-2021 Est. Actual	Statement of Cash Flows	2021-2022 Budget	Sept	Dec	Mar	Jun
<b><u>Cashflows from Operating Activities</u></b>								
79,435,315	77,013,228	76,081,705	Receipts from Customers	81,573,358	24,199,411	22,499,453	16,381,596	18,492,899
(38,607,677)	(45,159,412)	(45,025,686)	Payments to Suppliers & Employees	(43,236,202)	(16,076,242)	(7,870,879)	(8,745,348)	(10,543,732)
-	35,000,000	45,000,000	Contributed Capital	20,000,000	10,000,000	-	10,000,000	-
179,535	-	-	Tax Refund	675,873	-	-	675,873	-
(3,809,279)	(7,775,819)	(7,512,291)	Income Tax Equivalents	(6,205,019)	(2,264,308)	(1,762,904)	(1,107,241)	(1,070,566)
1,000,315	1,056,280	145,240	Interest received	923,370	232,740	232,740	227,680	230,210
<b>38,198,209</b>	<b>60,134,277</b>	<b>68,688,968</b>		<b>53,731,381</b>	<b>16,091,600</b>	<b>13,098,410</b>	<b>17,432,560</b>	<b>7,108,810</b>
<b><u>Cashflows from Investing Activities</u></b>								
(52,074,694)	(79,184,030)	(57,191,779)	Capital Expenditure	(68,581,450)	(10,680,906)	(19,320,132)	(18,566,301)	(20,014,112)
258,332	55,000	195,960	Sales of fixed assets	75,000	-	25,000	-	50,000
31,982,491	46,777,847	9,671,874	Advances to Queensland Treasury	7,653,022	(29,177,729)	19,834,894	(37,756,501)	(23,399,206)
<b>(19,833,871)</b>	<b>(32,351,183)</b>	<b>(47,323,945)</b>		<b>(60,853,428)</b>	<b>(39,858,635)</b>	<b>539,762</b>	<b>(56,322,802)</b>	<b>(43,363,318)</b>
<b><u>Cashflows from Financing Activities</u></b>								
-	-	-	Loan Raisings	25,000,000	25,000,000	-	-	-
-	-	-	Redemption on Loans	-	-	-	-	-
(5,229,409)	(5,016,749)	(4,941,763)	Finance Costs	(5,747,434)	(1,232,965)	(1,507,653)	(1,504,823)	(1,501,993)
(13,205,003)	(13,513,216)	(13,513,216)	Dividend	(12,130,520)	-	(12,130,520)	-	-
<b>(18,434,412)</b>	<b>(18,529,966)</b>	<b>(18,454,979)</b>		<b>7,122,047</b>	<b>23,767,035</b>	<b>(13,638,172)</b>	<b>(1,504,823)</b>	<b>(1,501,993)</b>
<b>(70,074)</b>	<b>9,253,128</b>	<b>2,910,043</b>	<b>Net cash inflow/(outflow)</b>	<b>0</b>	<b>-</b>	<b>(0)</b>	<b>(40,395,064)</b>	<b>(37,756,500)</b>
12,160,032	(6,336,974)	12,089,957	Opening Cash Balance	15,000,000	15,000,000	15,000,000	55,395,064	52,756,501
(70,075)	9,253,128	2,910,043	Net cash inflow/ (outflow)	0	-	(0)	(40,395,064)	(37,756,500)
<b>12,089,957</b>	<b>2,916,155</b>	<b>15,000,000</b>	<b>Closing Cash Balance</b>	<b>15,000,000</b>	<b>15,000,000</b>	<b>15,000,000</b>	<b>15,000,000</b>	<b>15,000,000</b>

2019-2020 Actual	2020-2021 Budget	2020-2021 Est. Actual	Statement of Financial Position	2021-2022 Budget	Quarter 2021-2022			
					Sept	Dec	Mar	Jun
Current Assets								
12,089,957	15,000,000	15,000,000	Cash & Cash Equivalents	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
40,724,103	289,342	31,052,229	GOC Advance Facility	23,399,206	60,229,958	40,395,064	37,756,501	23,399,206
13,711,934	14,261,543	13,699,298	Trade & Other Receivables	13,248,474	12,274,785	9,174,913	8,316,272	13,248,474
-	865,099	-	Current Tax Receivable	524,578	981,909	981,909	306,036	524,578
-	-	-	Non-Current Assets held for Sale	-	-	-	-	-
1,128,914	1,150,390	2,122,005	Other Current Assets	2,159,741	1,713,246	2,976,991	2,558,014	2,159,741
67,654,908	31,566,374	61,873,532		54,332,000	90,199,899	68,528,877	63,936,822	54,332,000
Non-Current Assets								
609,116,863	687,358,634	683,596,698	Property Plant and Equipment	752,787,295	690,854,034	706,752,235	721,897,863	752,787,295
3,845,847	3,633,423	3,633,423	Right of Use Assets	3,420,999	3,633,423	3,633,423	3,633,423	3,420,999
51,737,048	51,716,848	51,737,048	Investment Properties	51,716,848	51,737,048	51,737,048	51,737,048	51,716,848
664,699,758	742,708,905	738,967,169		807,925,142	746,224,505	762,122,707	777,268,334	807,925,142
732,354,666	774,275,279	800,840,701	TOTAL ASSETS	862,257,142	836,424,404	830,651,584	841,205,156	862,257,142
Current Liabilities								
12,389,767	11,751,106	10,359,019	Trade & Other Payables	11,909,160	3,453,223	8,360,941	7,878,816	11,909,160
355,785	391,269	391,269	Lease Liabilities- Current	398,213	391,269	391,269	391,269	398,213
3,172,877	-	306,036	Current Tax Liabilities	-	918,624	959,044	951,230	-
13,513,216	11,604,011	12,130,520	Dividends Payable	14,012,435	12,130,520	-	-	14,012,435
-	-	-	Financial Liabilities- Current	-	-	-	-	-
3,564,528	3,670,947	3,670,947	Provisions- Current	3,780,558	3,716,162	3,761,377	3,806,592	3,780,558
3,928,706	3,977,910	3,977,910	Other Current Liabilities	4,030,968	3,991,174	4,004,439	4,017,704	4,030,968
36,924,879	31,395,242	30,835,700		34,131,334	24,600,972	17,477,070	17,045,611	34,131,334
Non-Current Liabilities								
96,137,543	96,137,543	96,137,543	Financial Liabilities- NC	121,137,543	121,137,543	121,137,543	121,137,543	121,137,543
3,567,302	3,531,818	3,531,818	Lease Liabilities- NC	3,594,501	3,531,818	3,531,818	3,531,818	3,594,501
775,232	798,489	798,489	Provisions- NC	822,444	798,489	798,489	798,489	822,444
43,638,212	48,558,467	53,232,207	Deferred Tax Liabilities	58,358,674	53,232,207	53,232,207	53,232,207	58,358,674
21,629,167	20,304,750	20,328,750	Other Non-current Liabilities	19,026,325	20,328,750	20,328,750	20,328,750	19,026,325
165,747,456	169,331,068	174,028,808		202,939,487	199,028,808	199,028,808	199,028,808	202,939,487
202,672,335	200,726,310	204,864,508	TOTAL LIABILITIES	237,070,821	223,629,780	216,505,878	216,074,419	237,070,821
529,682,329	573,548,968	595,976,192	NET ASSETS	625,186,320	612,794,624	614,145,706	625,130,738	625,186,320
Equity								
145,451,539	145,719,955	145,790,545	Retained Profits	146,088,111	152,894,675	154,245,757	155,230,788	146,088,112
221,351,084	229,949,308	242,305,943	Reserves	251,218,505	242,020,244	242,020,244	242,020,245	251,218,502
162,879,706	197,879,705	207,879,705	Issued Shares	227,879,705	217,879,705	217,879,705	227,879,705	227,879,706
529,682,329	573,548,968	595,976,192	TOTAL EQUITY	625,186,320	612,794,624	614,145,706	625,130,738	625,186,320

## ATTACHMENTS: SPONSORSHIP, ADVERTISING, CORPORATE ENTERTAINMENT, DONATIONS AND OTHER ACTIVITIES

DETAIL	DESCRIPTION / BENEFIT	2020-2021 BUDGET (\$)	2020-2021 EST. ACTUAL (\$)	2021-2022 BUDGET (\$)
<b>SPONSORSHIPS</b>				
James Cook University Scholarships	To promote employment within the north Queensland region and the Port as a potential employer.	1,800	-	1,800
Australian Cruise Association	To promote Townsville as a premium destination for cruise vessels and support tourism for the community.	12,500	12,500	-
Total over \$5,000		14,300	12,500	1,800
Other Sponsorships (total) below \$5,000		28,300	4,700	6,000
TOTAL		42,600	17,200	7,800
<b>MEMBERSHIPS</b>				
Dry Tropics Healthy Waters	To partner in the improvement of our catchments and reef through pooling information and understanding the water health for Townsville and the Great Barrier Reef World Heritage Area.	25,625	25,000	25,500
Townsville Enterprise Limited	To increase our profile within the industry to promote trade.	37,189	36,282	37,000
Queensland Ports Association	To participate, along with other Queensland ports, in common issues and activities and to share information where appropriate in the interests of the State's economic development.	9,225	9,000	9,200
Ports Australia	To participate in Australia's peak representative body for Australian ports and marine authorities.	39,006	38,055	38,900
MITEZ	To support the diversification of new industries, expansion of new markets and promotion of existing investment opportunities in the region.	15,400	15,000	15,300
Shipping Australia	Membership provides the opportunity to help shape and promote the policies of the shipping industry in Australia and internationally. Membership provides a forum for the exchange of information with governments and other bodies influencing policy on matters relating to the shipping industry.	3,731	3,640	3,800
AIVP - Port City Sustainability Membership	Membership provides support to improve relations between cities and ports through dialogue and cooperation, promoting sustainable development projects that meet community hopes and aspirations.	-	-	6,200
Total over \$5,000		130,176	126,977	135,900
Other Membership (total) below \$5,000		12,223	15,766	17,175
TOTAL		142,399	142,753	153,075
<b>CORPORATE ENTERTAINMENT &amp; EVENTS</b>				
Employee End of Year Function	Year in review, recognition / appreciation of employee efforts, employee morale and increase team building.	9,200	-	9,200
Total over \$5,000		9,200	-	9,200
Other (total) < 5,000		15,810	7,718	14,400
TOTAL		25,010	7,718	23,600

DETAIL	DESCRIPTION / BENEFIT	2020-2021 BUDGET (\$)	2020-2021 EST. ACTUAL (\$)	2021-2022 BUDGET (\$)
<b>DONATIONS</b>				
Maritime Museum	To support community endeavours and promote the Port of Townsville's historical significance to the area.	25,000	25,000	25,000
Community Organisations	Community Fund created under Port Vision 2050 designed to support a broad range of local initiatives that align with the Port's strategic vision to create improved sustainability in our key areas of Planet, Community, People and Prosperity.	-	46,902	50,000
Total over \$5,000		25,000	71,902	75,000
Other (total) below \$5,000		3,500	598	-
<b>TOTAL</b>		<b>28,500</b>	<b>72,500</b>	<b>75,000</b>
<b>ADVERTISING</b>				
Channel Upgrade	Advertising and merchandise to promote channel upgrade project.	20,000	-	-
Schools Program	Design of new school engagement materials for use on port tours and as part of curriculum	5,000	5,000	5,000
Community Port Tours	Advertising costs for community Port tours and costs towards a community Port open day to promote the Port and its relationship with the community.	19,500	1,500	1,200
Quayside Terminal	Advertising of Quayside Terminal facilities for public and private events.	-	-	1,500
Corporate Merchandise	Merchandise to promote the port at community events and trade expos.	13,000	13,000	13,300
Townsville Bulletin / Austereo News	Placement of the "What's Happening at the Port" updates throughout the year, as well as ad hoc advertising.	24,390	24,390	24,390
Total over \$5,000		81,890	43,890	45,390
Other (total) below \$5,000		21,410	17,359	22,010
<b>TOTAL (5)</b>		<b>103,300</b>	<b>61,249</b>	<b>67,400</b>
<b>TOTAL</b>		<b>341,809</b>	<b>301,420</b>	<b>323,875</b>

## ATTACHMENTS: CORPORATE ENTERTAINMENT

Detail	Description / Benefit	2020-2021 Budget (\$)	2020-2021 Est. Actual (\$)	2021-2022 Budget (\$)
Under \$5,000				
Business Meetings				1,200
Community Information Sessions	Sessions to provide information particularly on Magnetic Island on the Channel Upgrade project and dredging program.			1,000
Golf Day	Annual charity Golf day with all proceeds donated to a local charity.			4,500
Port Advisory Body (PAB)				1,100
Stakeholder Functions				6,600
<b>TOTAL</b>		<b>15,810</b>	<b>7,966</b>	<b>14,400</b>

# EMPLOYMENT & INDUSTRIAL RELATIONS PLAN

## 1. Strategic Framework and Outcomes

Our Employment and Industrial Relations objective is to position the Port as an Employer of Choice in Townsville. We will do this by creating a positive and inclusive environment for our diverse workforce: skilled and high-performing people committed to realising their full potential and contributing to the achievement of the Port's business objectives.

Strategies and key actions to be implemented during 2021 – 2022 are as follows:

STRATEGY	PERFORMANCE OUTCOME	ACTIONS	PERFORMANCE TARGET
Employer of Choice	Attract local talent and embrace diversity, equality and inclusion	Implement diversity and inclusion strategy and program Diversity targets agreed	Diversity and inclusion strategy implemented
Employer of Choice	Partner to create entry level pathways to attract and retain local talent	Create 1 new entry level position	1 new entry level position filled
Develop Talent	Instil a culture of lifelong learning	Continued enhancement of learning systems Development plans online Online learning enhancements	60% of employees have developed the talent to meet their role requirements 1.5% of work hours dedicated to learning activities Online learning is doubled
High Performing Culture	Align individual contributions to the Port's success	Online performance review implemented Strategic objectives linked to individual performance plans	100% of plans include appropriate strategic objectives

## 2. Significant and Emerging Issues

The key issues related to industrial relations and human resources during 2021-2022 are detailed below.

### i. Employment Security and Economic Sustainability

We are committed to ensuring that our structure is fit for purpose and flexible enough to respond to dynamic and changing internal and external environments. We will strive to maintain employee numbers at levels that meet our operational and capital works program.

### ii. Attracting and Retaining Employees

We are committed to attracting a large and diverse talent pool to meet future needs. Our recruitment process is rigorous, fair and consistent and hiring decisions are based on cultural fit and leadership/behavioural capabilities, in addition to technical skills and experience.

We are committed to developing our employees to ensure that they have the technical, professional and leadership skills to meet future demands and advances in technology. This starts with ensuring that all new employees receive a comprehensive induction including mandatory and compliance training so that they can become productive in their new role as quickly and safely as possible.

Employees' ongoing development needs are identified through the annual performance review process. Employees and their supervisor identify training gaps and performance improvements; and prepare a plan aimed at further development in their current role, as well as growth for future roles so that our employees may realise their full potential at the Port.

Development activities include on-the-job development through secondments, higher duties, projects and stretch assignments; as well as more formal classroom and online learning.

Succession planning identifies high potential employees for senior positions, with career plans including development activities specifically targeting future promotion.

Our Learning and Development policies have been updated to reflect the Port's commitment to these processes. The

implementation of a new Learning Management System (LMS) is well underway, with a new training records management system in place and integrated module for online performance reviews and development planning to be implemented first quarter of the plan period.

We are committed to fostering a positive work environment and culture that offers employees flexible work arrangements and other non-financial benefits to enhance their wellbeing. Flexible work practices include flexible work hours and part time arrangements; formalised individual flexibility arrangements, option to purchase additional annual leave, paid parental leave, study leave, leave without pay and special leave (includes Defence Reserve leave, emergency service leave and blood products donation leave). Working from home arrangements have also been introduced as an additional flexible working option for eligible employees.

### iii. Workplace Relations

We are focused on maintaining good workplace relations to ensure that employees are committed to achieving our strategic objectives. Our regular employee engagement surveys are important to providing our employees an opportunity to voice their opinions so that we can identify actions important to improving overall workplace culture and communication between management and the workforce.

We will continue to implement strategies to improve workplace relations, some of the key actions for 2021 – 2022 include:

- Monitoring of all terms and conditions contained within relevant Modern Awards and the Enterprise Agreements including agreed productivity initiatives; and
- Employee industrial relations consultation committees to identify any negative workplace and organisational issues, with formulation and implementation of strategies to mitigate any of these issues.

### iv. Enterprise Bargaining

The Port's main industrial instruments are its four Enterprise Agreements:

- Port of Townsville Port Services Enterprise Agreement 2020
- Port of Townsville Administrative, Technical, Supervisory and Professional Employees' Enterprise Agreement 2020
- Port of Townsville Maintenance Employees' Enterprise Agreement 2016
- Port of Townsville Marine Pilots Enterprise Agreement 2017

The table below summarises key information relating to these agreements.

Agreement	Coverage	Expiry Date
Port of Townsville Port Services Enterprise Agreement 2020	17 employees Port Services Officers Pilot Launch Masters	30 June 2024
Port of Townsville Administrative, Technical, Supervisory and Professional Employees Enterprise Agreement 2020	67 employees Administration Professional Support Services Professional Technical Supervisors/Managers	30 June 2024
Port of Townsville Maintenance Employees Enterprise Agreement 2016	17 employees Tradesperson Operator Labourers Leading Hand Storeperson Area Officer - Lucinda	30 November 2020
Port of Townsville Marine Pilots Enterprise Agreement 2017	11 employees Marine Pilots	31 October 2021

The Port expects to have Fair Work Commission approval of the Port of Townsville Maintenance Employees' Enterprise Agreement prior to this plan period, noting that the Agreement will be renamed Port of Townsville Maintenance and Security

Employees Enterprise Agreement to include seventeen (17) security guards and four (4) gardeners who are currently employed under Awards.

The Marine Pilots Enterprise Agreement is due for renewal during the plan period. The bargaining framework is currently being drafted for submission.

We will provide quarterly reports to shareholding Ministers on the progress of initiatives and efficiency measures related to these enterprise agreements.

### 3. Director/Senior Executive Remuneration

Our directors and senior executives are remunerated in accordance with their terms of appointment and remuneration policies approved by shareholding Ministers.

Our Policy for Recruitment and Remuneration of Chief and Senior Executives approved by shareholding Ministers governs the terms and conditions of employment and nature of chief and senior executive remuneration and performance payments. This policy provides for a review of senior executive remuneration in June each year with any adjustments effective 1 July each year.

This policy also provides for performance payments to senior executives of up to 15% of TFR, subject to meeting pre-determined performance targets for the business and individual performance targets. Any such performance payments are to be notified to shareholding Ministers within one (1) month of being paid.

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

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

#### Non-Executive Directors' (including Chair) Remuneration as at 5 March 2021

Given Name	Director Fees \$	Committee Fees \$	Other Benefits \$	Super \$	Total \$
R. Garard (Chair)	50,000	4,372	-	5,165	59,537
B. Webb (Director)	25,750	8,744	-	3,277	37,771
S. Hanran (Director)	25,750	10,203	-	3,416	39,369
M. Reynolds (Director)	25,750	10,203	-	3,416	39,369
C. Navarro (Director)	25,750	10,203	-	3,416	39,369
Total	153,000	43,725		18,689	215,415



## Senior Executive Remuneration as at 5 March 2021

CEO / Senior Executive	Base Salary <sup>1</sup>	Employer Superannuation Contribution <sup>2</sup>	Motor Vehicle <sup>3</sup>	Car Park <sup>4</sup>	Other Personal Benefits <sup>5</sup>	Total Fixed Remuneration <sup>6</sup>	Other Non-personal Benefits <sup>7</sup>	Performance Payment <sup>8</sup>
Chief Executive Officer*	335,870	36,106	-	-	-	371,976	0	Up to 15% of TFR
Chief Financial Officer	243,500	23,132	-	-	-	266,632	0	Up to 15% of TFR
Chief Operating Officer	242,215	23,010	-	-	-	265,225	0	Up to 15% of TFR
General Manager Infrastructure & Environment	236,816	29,684	-	-	-	262,500	0	Up to 15% of TFR
General Manager Business Strategy & Sustainability	235,870	22,997	-	-	-	258,867	0	Up to 15% of TFR
Manager Marine Pilots	307,661	29,228	15,510	-	-	352,399	0	

\*Employer Superannuation based on salary as at 01 July (Defined Benefits Member).

1. Includes salary sacrifice items plus cash salary. No salary increase was awarded for executive positions, in line with the GOC Wages Policy Addendum 2020.
2. Employer contributions to superannuation (other than by salary sacrifice).
3. Value of a motor vehicle for business and personal use (other than by salary sacrifice).
4. Value of car park if car park is a personal benefit to the Executive (other than by salary sacrifice).
5. Includes, but is not limited to, general/expense allowances, subscriptions, home telephone/communication expenses, FBT not elsewhere included, etc. (other than by salary sacrifice).
6. Sum of columns 1-5.
7. Include the value of non-personal benefits provided to the Executive to assist in the performance of their duties.

## 4. Employment Conditions

Our four (4) certified Enterprise Agreements were negotiated in accordance with the Fair Work Act 2009 (Cth) (Fair Work Act). These Agreements provide for benefits equal to the National Employment Standards including basic rates of pay and casual loadings, maximum ordinary hours of work, request for flexible working arrangements, parental leave, annual leave, personal/carer's leave, and compassionate leave, community service leave, public holidays and notice of termination and redundancy pay.

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

The Port Authority Award 2020 would have application but for the operation of our agreements and is utilised for the "better off overall test" for the agreements under the Fair Work Act. We comply with the relevant Government Policies and Guidelines on Agreement making in Government Owned Corporations.

We also engage some employees on a contractual basis. There are currently five (5) employees on senior executive contracts. These include the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, General Manager Strategy and Sustainability and the General Manager Environment and Infrastructure.

There are currently three (3) employees (electricians) on employee contracts and seven (7) employees on senior employee contracts that exceed the limit of remuneration set by the Enterprise Agreements.

The seventeen (17) employees (casual Maritime Security Guards) on individual employment agreements under the Modern

Security Services Industry Award 2010 and four (4) employees (gardeners) on individual employment agreements under the Modern Gardening and Landscaping Award 2020 will be covered under the Maintenance and Security Services Agreement once this takes effect.

The remaining employees are covered by the four (4) Enterprise Agreements outlined at 2 (iv) above.

We do not have any gain sharing schemes.

## 5. Enterprise Bargaining and Productivity Initiatives

No industrial action was taken during 2020-2021 and none is expected during 2021-2022.

We continually review all employment conditions and policies with the objective of:

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

We continue to maintain good relationships with employees and unions.

## 6. Type of Employment and Workforce Planning

The Port has a Workforce Plan which identifies the employment challenges facing the organisation and details strategies to be implemented to ensure that our employment profile will be capable of meeting future corporate objectives in accordance with shareholding Ministers' directives. The table below outlines current employee numbers (as FTE's) as at 22 February 2021.

Employment Category	2020-2021 Qtr 1	2021-2022 Budget
Permanent	98.56	104.12
Temporary	13	10.6
CEO and Senior Executives	5	5
Apprentices (in house)	0	0
Trainees (in house)	0	0
Casual	16.07	16.25
Other	11	12
<b>Total Directly Employed Workforce</b>	<b>143.63</b>	<b>147.97</b>
Apprentices (Group)	0	0
Trainees (Group)	0	0
Contractor & Labour Hire (trade/technical)	0	0
Contractor & Labour Hire (professional/administrative/technical)	0	0
Other	0	0
<b>Total Indirectly Employed Workforce</b>	<b>0</b>	<b>0</b>
<b>Total Workforce</b>	<b>143.63</b>	<b>147.97</b>

At the time of writing the full time equivalent (FTE) number is 143.75 with a forecast increase to 147.97 in 2021-2022. This is inclusive of a forecasted head FTE of 15.21 for the Channel Upgrade project in 2020-2021.

Category	FTE
All employees	143.63
CEO and Direct Reports	5/3%
Employees covered by an award/EA/Agreement made under the <i>Fair Work Act 2009 (Cth)</i>	127.63/89%
Employees under other arrangements (including common law contracts)	11/8%

Workforce Profile Snapshot: The Port currently employs 148 people across a wide range of occupations/disciplines:

Male Employees (%)	66%
Female Employees (%)	34%
Average Age of Employees	49
Over 50 years (%)	51%
Voluntary Retirement Packages	0
Women (number)	51
Women POTL5 or above	25
Women Working in Senior and Middle Management	10
Female Representation on Board (%)	25%
Average length of service	7.4 years
% employees <5yrs	53%

### **Future Employment Requirements**

The Port will continue to undertake workforce planning to ensure employment and skill levels are sufficient to ensure that our objectives can be achieved.

The number of employees and basic skills required of employees are unlikely to change markedly over the plan period.

## **7. Work Health & Safety**

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

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

We have recently published an updated Diversity and Inclusion Policy and Anti-Discrimination and Harassment Procedure which aim to promote equality of opportunity by prohibiting unfair discrimination, sexual harassment and associated objectionable conduct. These documents contain information relating to EEO, Anti-Discrimination, Sexual Harassment and Prevention of Harassment and Bullying. New employees are trained in this Policy during induction and all employees are required to attend annual training in relation to this Policy. Any reported breaches of the Port'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 Port's Disciplinary Procedure. We also have eleven trained Contact Officers located throughout the Port.

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

## **9. Redundancy Provisions**

We are committed to providing redundancy provisions in accordance with Division 11 of the Fair Work Act and as prescribed by the certified Enterprise Agreements. Under the Agreements redundancy payment is calculated on the basis of three weeks' salary per year of service. Employees with at least one (1) year service but less than two (2) years' service shall be entitled to a minimum redundancy payment of four (4) weeks. Accrued Recreation and Long Service Leave is paid out on termination if the entitlement exists.

## **10. Superannuation**

We apply the Superannuation Guarantee (Administration) Act 1992 (Cth) (as varied) and associated legislation in respect to employees' entitlement to superannuation. As we use QSuper as our default superannuation fund, it does not have access to any surplus from defined benefit funds. An employee who chooses to have their employer superannuation contributions made to the QSuper Scheme has two (2) options, either contributory or non-contributory.

**Contributory**

Employees may contribute up to 5% of their base wage to the scheme. We then contribute up to an additional 3.25% of the employee's base wage bringing the employer contribution up to 12.75%. This contributory option is only available for employees using QSuper as their Superannuation fund. There are currently ninety-seven (97) employees utilising the contributory option.

**Non-Contributory**

Employees who decide not to make contributions will have an amount as determined by the Superannuation Guarantee Legislation paid into the QSuper Accumulation Plan by the Port. This amount is currently 9.5% of the base wage.

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

**11. Consultative Arrangements**

Port of Townsville Limited has undertaken consultation on this plan with employees, shareholding Ministers' Departments, QTC and the Public Sector Industrial Relations - Office of Industrial Relations. Consultation with relevant industrial organisations will occur as part of the enterprise bargaining process.

## ANNEXURE B: DEFINITIONS & ACRONYM

TERM	DEFINITION
<b>The Port</b>	Port of Townsville Limited ACN 130 077 673
<b>Operating Revenue</b>	Total amount of revenue from business operations.
<b>Operating Expenditure</b>	Total amount of expenses incurred through business operations.
<b>Trade Income</b>	Total amount of trade income from business operations.
<b>Property &amp; Facilities Income</b>	Total amount of income generated from the lease/hire of the business's property and facilities.
<b>EBIT</b>	Earnings before interest and taxes calculated as revenue minus expenses, excluding tax and interest.
<b>NPAT</b>	Net profit after tax.
<b>Dividend</b>	Money paid by the business to its shareholders out of profit.
<b>Return on Assets EBIT</b>	EBIT divided by total assets.
<b>Return on Equity</b>	Net assets minus liabilities showing shareholder equity.
<b>Current Ratio</b>	Current assets divided by current liabilities.
<b>Interest Cover Ratio (EBIT)</b>	EBIT divided by interest expense.
<b>Debt to Equity Ratio</b>	Total liabilities divided by shareholder's equity.
<b>Debt to Debt + Equity Ratio</b>	Total Debt divided by Total Debt plus shareholder's equity.
<b>Capital Investments</b>	Total amount spent on current investments.
<b>Trade Throughput</b>	The total amount of imports and exports through the Ports of Townsville and Lucinda.
<b>Vessels to Port</b>	Total number of commercial, cruise and defence vessels visiting the Ports of Townsville and Lucinda.
<b>Reportable Security Incidents</b>	Total number of security incidents required to be reported under legislation.
<b>Reportable Environmental Breaches</b>	Total number of environmental incidents required to be reported under legislation and/or under an environmental approval.
<b>Lost Time Injury Frequency Rate</b>	Number of lost time injuries occurring in the workplace per 1 million hours worked.
<b>Community Satisfaction</b>	Percentage of the local community satisfied with the Port's operations.
<b>Employee Engagement Rating</b>	Percentage of employees satisfied with the Port's workplace engagement.
<b>Full Time Equivalent</b>	Ratio of the total number of paid hours during a period (part-time, full-time, contracted) by the number of workings hours in a particular period.

ACRONYM	MEANING
<b>CU</b>	Channel Upgrade Project
<b>EAP</b>	Employee Assistance Program
<b>EMS</b>	Environmental Management System
<b>Fair Work Act</b>	<i>Fair Work Act 2009 (Cth)</i>
<b>FTE</b>	Full Time Equivalents
<b>GOC Act</b>	<i>Government Owned Corporations Act 1993 (Qld)</i>
<b>LTIRF</b>	Lost Time Injury Frequency Rate
<b>Mtpa</b>	Million Tonnes Per Annum
<b>PDE</b>	Performance Development Evaluation
<b>PS Act</b>	<i>Public Service Act 2008 (Qld)</i>
<b>QTC</b>	Queensland Treasury Corporation
<b>SCI</b>	Statement of Corporate Intent 2020-2021
<b>SMS</b>	Safety Management System
<b>TEUs</b>	Twenty-Foot Equivalents Units
<b>TFR</b>	Total Fixed Remuneration