



# PORT OF TOWNSVILLE LIMITED

## STATEMENT OF CORPORATE INTENT 2022-2023

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 2022-2023.

This Statement of Corporate Intent is consistent with the Port's 2022 – 2027 Corporate Plan, submitted to shareholding Ministers and agreed in accordance with Chapter 3, Part 7 of the GOC Act.

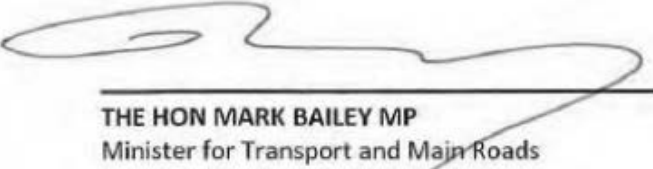
In signing this document, the Board of the Port undertakes to achieve the targets proposed in this Statement of Corporate Intent for 2022-2023.

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 Trade and Investment

9 March, 2023  
 Date

  
**THE HON MARK BAILEY MP**  
 Minister for Transport and Main Roads

16/2/23  
 Date

  
**CHAIR**

09/08/2022  
 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

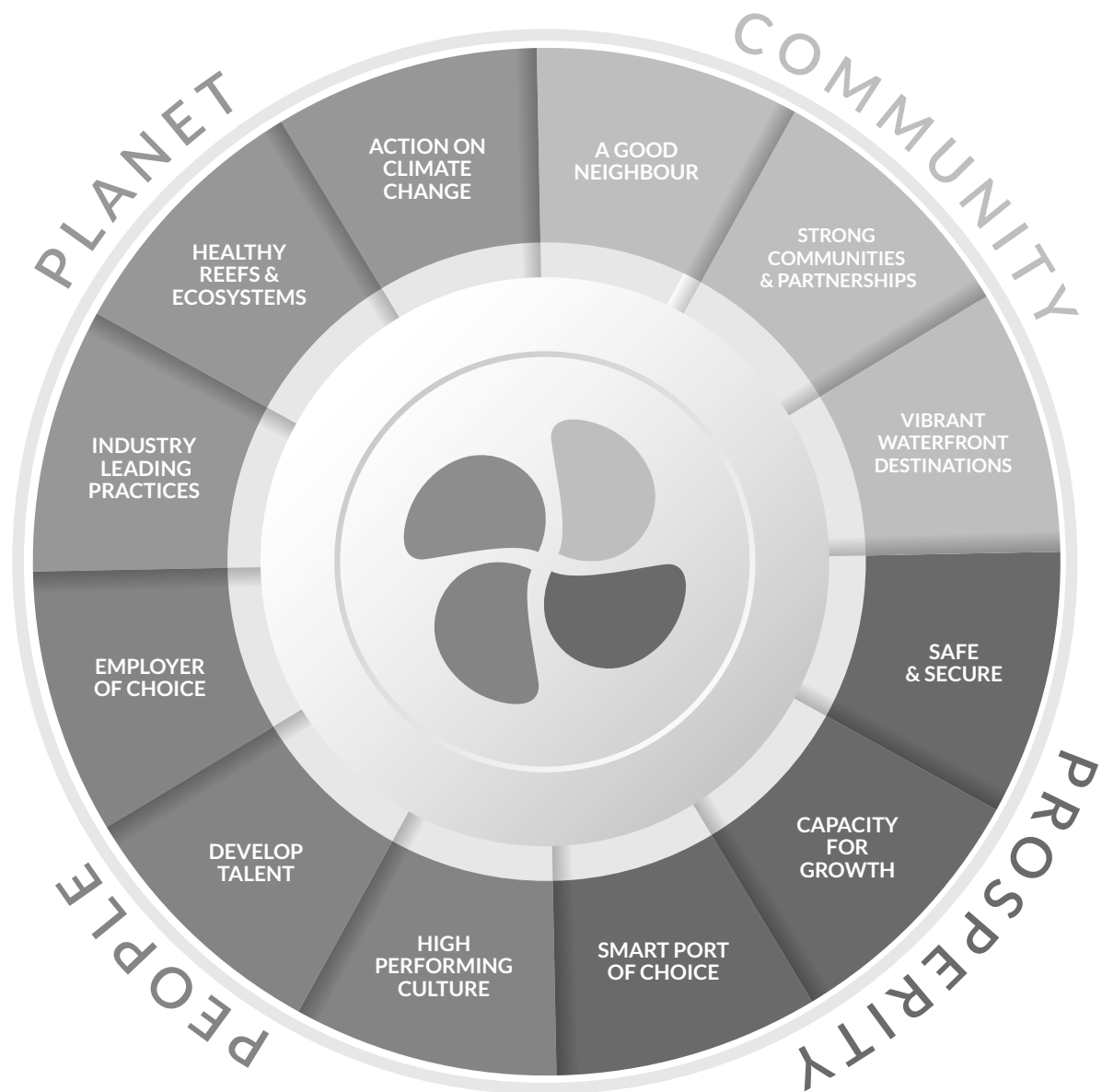
<b>P</b> ARTNERSHIPS	We build meaningful and lasting relationships
<b>O</b> PPORTUNITY	We continuously innovate
<b>R</b> ESPECT	We respect each other
<b>T</b> RUST	We do the right thing

### 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' Strategic Expectations and Objectives 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 discretionary expenditure whilst maintaining reliable and efficient core delivery and service standards.</li> <li>▪ Commitment to Government's Debt Action Plan and dividend policy.</li> <li>▪ Development of robust business cases for investments 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>▪ Review and update business case for a Port Rail Intermodal Terminal.</li> <li>▪ Redevelopment of the Port's lands within the Townsville Priority Development Area.</li> <li>▪ Investigation into funding or financing opportunities for progressing the Townsville Port 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>▪ Developments undertaken consistent with the Priority Port Master Plan for Townsville.</li> <li>▪ Implementation of 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 2023
		2022 - 2023	
INDUSTRY LEADING PRACTICES	Drive environmental management excellence	<ul style="list-style-type: none"> <li>Drive continuous improvement of the environmental management system and integration across the business.</li> <li>Engage the Port community to foster collaborative action through the Planning and Environment Working Group.</li> </ul>	<ul style="list-style-type: none"> <li>EMS Certified to ISO14001</li> <li>&gt; 2 PEWG Workshops Held</li> </ul>
	Minimise emissions from port operations and create positive outcomes	<ul style="list-style-type: none"> <li>Continue Extensive Port Environmental Monitoring Programs</li> <li>Implement Emissions Reduction Program Initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Real Time Monitoring Dashboards Available on Port's Website with a new real time air dashboard for boundary air stations</li> <li>Emissions Reduction Program Implementation Commenced</li> </ul>
HEALTHY REEFS & ECOSYSTEMS	Lead practices to protect and improve biodiversity and ecosystems	<ul style="list-style-type: none"> <li>Implement Long-Term Maintenance Dredging Management Plan</li> <li>Partner to Prevent Marine Debris in Townsville Waterways</li> <li>Pursue Port Catchment Improvement Project to Reduce Sediment Loss</li> </ul>	<ul style="list-style-type: none"> <li>Seabin Installed and 25,000 Pieces of Litter Removed from Port Land and Surrounds</li> <li>Port Catchment Improvement Project Implementation Plan and Developed</li> </ul>
	Foster collaborative research programs and knowledge sharing	<ul style="list-style-type: none"> <li>Share Port Research and Monitoring Results for Cleveland Bay</li> <li>Support Dry Tropics Partnership for Healthy Waters</li> </ul>	<ul style="list-style-type: none"> <li>Port Monitoring Data Available on Website</li> <li>Host the Dry Tropics Partnership and Share Port Data for Report Card</li> </ul>
ACTION ON CLIMATE CHANGE	Zero carbon footprint and transition to renewable energies	<ul style="list-style-type: none"> <li>Conduct Energy and Carbon Audit and Investigate Self-generating Carbon Offsets</li> <li>Partner to Deliver Community Tree Planting Program</li> <li>Complete Renewable Energy Technology Plan and Business Case</li> </ul>	<ul style="list-style-type: none"> <li>Carbon Emissions Verified and Offset Opportunities Identified</li> <li>20,000 Trees Planted (Cumulative)</li> <li>Renewable Energy Technology Plan Business Case Completed</li> </ul>
	Adopt sustainable design for infrastructure	<ul style="list-style-type: none"> <li>Finalise Sustainable Port Guideline with New Land Use Plan</li> </ul>	<ul style="list-style-type: none"> <li>Guideline Adopted and Operational</li> </ul>

COMMUNITY OBJECTIVE	COMMUNITY INITIATIVE	ACTIONS	TARGET 2023
		2022-2023	
BE A GOOD NEIGHBOUR	Create positive outcomes for the community	<ul style="list-style-type: none"> <li>Improve the Amenity of Port Interface Lands</li> <li>Cumulative Noise Modelling and Action Plan for Port Interface Zones</li> </ul>	<ul style="list-style-type: none"> <li>Landscaping and Amenity Plan Approved</li> <li>Noise Model and Action Plan Developed</li> </ul>
	Build trust through engagement and responsiveness	<ul style="list-style-type: none"> <li>Implement Community &amp; Stakeholder Plan Actions</li> <li>Continue to Engage the CLG on Port Operations and Developments</li> </ul>	<ul style="list-style-type: none"> <li>Plan Actions Implemented</li> <li>Quarterly CLG Meetings Held</li> </ul>
STRONG COMMUNITIES & PARTNERSHIPS	Support local industry and educational collaboration	<ul style="list-style-type: none"> <li>Continue Port Community Fund</li> <li>Continue School Tours and Port Education Sessions</li> </ul>	<ul style="list-style-type: none"> <li>Community Fund Round 2 \$50,000 Supported</li> <li>&gt; 5 Schools Engaged</li> </ul>
	Foster strong First Nations and multi-cultural relationships	<ul style="list-style-type: none"> <li>Complete the Reconciliation Action Plan</li> <li>ILUA investigations</li> <li>5-year partnership with maintenance indigenous training group</li> </ul>	<ul style="list-style-type: none"> <li>'Reflect' RAP Developed</li> <li>ILUA Investigations Completed</li> </ul>
VIBRANT WATERFRONT DESTINATIONS	Connect the community and visitors with the port waterfront	<ul style="list-style-type: none"> <li>Australian Cruise Association Conference</li> <li>Update Cruise Attraction Plan</li> <li>Develop a Waterfront Masterplan</li> </ul>	<ul style="list-style-type: none"> <li>ACA Cruise Down Under Conference Held</li> <li>Cruise Attraction Plan Updated</li> <li>Waterfront Masterplan Complete</li> </ul>
	Tell the Port story	<ul style="list-style-type: none"> <li>Maintain Port Display at Townsville Maritime Museum</li> <li>Continue Customer and Stakeholder Newsletters and Annual Event</li> </ul>	<ul style="list-style-type: none"> <li>Port Display Maintained</li> <li>Quarterly Newsletters and Annual Stakeholder Event Held</li> </ul>
	Create a gateway for educational tourism to showcase the Great Barrier Reef	<ul style="list-style-type: none"> <li>Develop Ferry Terminal Business Case</li> <li>Support Reef HQ Upgrade</li> </ul>	<ul style="list-style-type: none"> <li>Ferry Terminal Business Case Complete</li> <li>Reef HQ Port Approvals Completed</li> </ul>

PEOPLE OBJECTIVE	PEOPLE INITIATIVE	ACTIONS	TARGET 2023
		2022 - 2023	
EMPLOYER OF CHOICE	Attract local talent and embrace diversity, equality and inclusion	<ul style="list-style-type: none"> <li>Implement Diversity and Inclusion Strategy Actions</li> <li>Employees Trained in Cultural Awareness and Diversity and Inclusion</li> </ul>	<ul style="list-style-type: none"> <li>D&amp;I Year 1 Actions Complete</li> <li>&gt; 80% Employees Trained</li> </ul>
	Partner to create entry level pathways to attract and retain local talent	<ul style="list-style-type: none"> <li>Provide Opportunities for Entry-Level Training and Development</li> </ul>	<ul style="list-style-type: none"> <li>Provide &gt; 2 x New Entry-Level Opportunities</li> </ul>
DEVELOP TALENT	Instill a culture of lifelong learning	<ul style="list-style-type: none"> <li>Provide Year-Round Learning and Development Opportunities for Employees</li> </ul>	<ul style="list-style-type: none"> <li>1.5% of Work Hours Dedicated to Learning Activities</li> </ul>
HIGH PERFORMING CULTURE	Create a place where people thrive	<ul style="list-style-type: none"> <li>Implement Improvements to Performance Review Framework</li> <li>Complete Development of Workforce Planning Framework</li> </ul>	<ul style="list-style-type: none"> <li>Review of Performance Review Process Completed and Improvements Effected</li> <li>Workforce Plan Completed and Approved</li> </ul>
	Align individual contributions to the Port's success	<ul style="list-style-type: none"> <li>Develop Key Performance Indicators for all Management Positions Linked to Corporate Plan</li> </ul>	<ul style="list-style-type: none"> <li>100% of Management Roles KPI's Defined</li> </ul>
	Drive improvement through innovation	<ul style="list-style-type: none"> <li>Design Centred Thinking Training Undertaken</li> <li>Innovation Process Operational</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 5 People Trained in DCT</li> <li>Identify Innovation Champions</li> </ul>

PROSPERITY OBJECTIVE	PROSPERITY INITIATIVE	ACTIONS	TARGET 2023
		2022 - 2023	
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>Complete Port Pricing Benchmarking and Competitiveness Review</li> <li>Berth 3 &amp; 4 Operating Model Transition Preparation</li> </ul>	<ul style="list-style-type: none"> <li>Implement Recommendations from Intrastate Shipping Review</li> <li>Pricing Review Completed</li> <li>Implementation Plan Developed</li> </ul>
	Grow and diversify trades and services of the future	<ul style="list-style-type: none"> <li>Secure New Major Port customer</li> <li>Progress Hydrogen Development Investigations</li> </ul>	<ul style="list-style-type: none"> <li>&gt;1.5mt added to 5 year Trade Forecast</li> <li>Hydrogen Common User Infrastructure Pre-Feasibility Investigations Completed</li> </ul>
	Harness collaborative technologies that leverage supply chain innovations and improve the customer experience	<ul style="list-style-type: none"> <li>Investigate Core ERP to Enable Digital Operations</li> <li>Implement IoT Pilot and Evaluate Integration with ERP</li> </ul>	<ul style="list-style-type: none"> <li>New ERP Selected</li> <li>IoT Evaluation Complete</li> </ul>
CAPACITY FOR GROWTH	Implement best practice strategic asset management	<ul style="list-style-type: none"> <li>Develop Berth Capacity Enhancement Strategy</li> <li>Complete Strategic Asset Management Framework Maturity Assessment</li> </ul>	<ul style="list-style-type: none"> <li>Strategy for establishing enhanced Berth Capacities developed</li> <li>Maturity Assessment Audit Completed and Implementation Framework Complete</li> </ul>
	Target investment to facilitate efficient and sustainable growth across the supply chain	<ul style="list-style-type: none"> <li>Develop Berth 3/4 Capacity Improvement Plan</li> <li>Port Intermodal Business Case Review and Update</li> <li>Progress Channel Upgrade Project</li> </ul>	<ul style="list-style-type: none"> <li>B3/4 CIP Developed</li> <li>Updated Business Case</li> <li>CU 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, Communication, Leadership Model and Project Controls</li> <li>Embed Integrated Management System Reporting</li> </ul>	<ul style="list-style-type: none"> <li>Total Recordable Injury Frequency Rate &lt;10</li> <li>IMS Reporting Implemented</li> </ul>
	Security controls and future resilience protections for critical assets and people	<ul style="list-style-type: none"> <li>Progress Resilience Measurement Index Action Plan</li> <li>Implement Critical Infrastructure Act Reforms</li> </ul>	<ul style="list-style-type: none"> <li>Resilience Action Plan on track</li> <li>Compliance with Critical Infrastructure Act Reforms</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.

2020-2021 Actual	2021-2022 Budget	2021-2022 Est. Actual	Corporate financial measures	2022-2023 Full Year	Q1	Q2	Q3	Q4
77.17	83.30	84.55	Operating Revenue (\$M)	88.41	22.49	21.61	18.59	25.73
51.81	58.21	59.27	Operating Expenditure (\$M)	61.37	14.38	16.72	14.95	15.31
64.69	69.61	67.69	Trade Income (\$M)	73.21	18.98	18.00	14.86	21.36
11.07	12.48	15.27	Property & Facilities Income (\$M)	13.51	3.30	3.31	3.55	3.36
25.36	25.09	25.27	EBIT (\$M)	27.05	8.10	4.89	3.64	10.42
14.33	14.01	14.64	NPAT (\$M)	15.88	5.77	2.42	2.42	5.27
13.55	14.01	0.00	Dividend (\$M)	15.32	0.00	0.00	0.00	15.32
3.14	3.02	3.20	Return on Assets EBIT (%)	3.08	3.79	2.28	1.68	4.74
2.43	2.29	2.50	Return on Equity (%)	2.40	3.55	1.49	1.47	3.19
2.18	1.59	2.88	Current Ratio	0.98	3.53	2.03	1.89	0.98
5.18	4.95	5.82	Interest Cover Ratio (EBIT)	6.20	7.42	4.49	3.35	9.54
0.13	0.16	0.13	Debt to Debt + Equity Ratio	0.13	0.13	0.13	0.12	0.12
55.85	68.58	38.74	Capital Investments (\$M)	83.65	16.93	24.48	20.42	21.82
Non-financial measures								
7.70	7.98	7.68	Trade Throughput (Million Tonnes)	8.08	2.36	2.21	1.72	1.79
576	625	611	Vessels to Port	618	209	155	112	142
0	0	0	Reportable Security Incidents	0	0	0	0	0
7	0	3	Reportable Environmental Breaches	0	0	0	0	0
5.86	0	3.10	Lost Time Injury Frequency Rate	0	0	0	0	0
90%	>85%	>85%	Community Satisfaction	>85%	>85%	>85%	>85%	>85%
86%	>85%	>85%	Employee Engagement Rating	>85%	>85%	>85%	>85%	>85%
146.28	147.97	139.71	Full Time Equivalents	147.97	141.71	145.71	147.97	147.97

## 7. TRADE PERFORMANCE

2020-2021 Actual	2021-2022 Budget	2021-2022 Est. Actual	Commodity	2022-2023 Budget	Quarter 2022-2023			
					Q2	Q3	Q4	
			Imports					
443,899	395,728	460,000	Cement	460,000	128,248	120,704	93,610	117,438
75,858	97,745	125,000	Chemical Products	82,864	22,224	16,168	11,506	32,966
134,391	128,049	128,049	Fertiliser	147,121	61,335	49,683	16,021	20,082
166,937	207,403	159,226	General Cargo	204,985	59,825	53,524	39,349	52,288
290,733	350,000	380,000	Mineral Ores & Concentrates	364,000	132,945	92,812	65,041	73,202
33,237	22,695	29,000	Motor Vehicles	29,674	6,875	7,629	7,555	7,614
890,503	1,073,483	1,073,483	Petroleum Products	1,171,841	330,844	301,100	258,460	281,437
106,014	100,000	120,000	Sulphur	100,000	28,740	25,130	25,440	20,690
2,141,572	2,375,103	2,474,758	Total Imports	2,560,485	771,037	666,750	516,983	605,717
			Exports					
130,783	122,253	95,000	Chemical Products	123,946	23,678	23,040	41,267	35,960
915,861	910,000	930,000	Fertiliser	1,110,000	314,880	307,362	292,275	195,483
130,854	136,925	136,925	General Cargo	119,301	35,217	23,443	27,512	33,128
116,855	181,043	50,000	Livestock	83,208	20,103	22,491	21,201	19,412
1,786,192	1,693,119	1,529,583	Mineral Ores & Concentrates	1,592,713	373,153	462,777	358,110	398,674
182,502	250,000	226,000	Molasses	215,000	104,598	71,853	21,801	16,749
554,722	608,307	558,307	Refined Minerals & Metals	580,000	149,764	153,722	134,946	141,568
1,198,252	1,200,000	1,200,000	Sugar	1,200,000	370,440	320,880	220,680	288,000
546,858	500,000	475,493	Sugar - Lucinda	500,000	201,200	157,050	89,400	52,350
5,562,879	5,601,647	5,201,308	Total Exports	5,524,169	1,593,033	1,542,618	1,207,193	1,181,324
7,704,451	7,976,750	7,676,066	Total Throughput	8,084,654	2,364,069	2,209,368	1,724,176	1,787,041

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 2022 in view of existing contracts, advice from customers, market conditions for commodities and long-term historical trade patterns. Total trade throughput in 2020-2021 was 7,704,451 tonnes, and the 2021-2022 estimated actual throughput is 7,676,066 tonnes. The estimated actual volumes are slightly lower than the previous year's total tonnage, and 300,684 tonnes below the 2021-2022 budget. Port of Townsville expects to finish the 2021-2022 year 28,385 tonnes lower than the previous financial year.

The 2022-2023 budget of 8,084,654 tonnes of trade is marginally higher than the 2021-2022 estimated actual tonnage of 7,676,066 tonnes. The Port expects a 408,588 tonne lift in throughput volume next financial year.

### MAJOR VARIANCES – 2021-2022 ESTIMATED ACTUAL AND 2022-2023 BUDGET

The 2022-2023 budget is marginally ahead of the 2021-2022 estimated actual volumes. The variance is in the main attributable to:

- An increase of 45,759 tonnes in general cargo imports to 204,985 tonnes in the 2022-2023 budget signalling a return to historic levels. The general cargo budget tonnage was reduced at the half year mark by 48,177 tonnes this financial year;
- An increase of 180,000 tonnes in fertiliser exports to 1,110,000 in the 2022-2023 budget;
- A return to average annual levels of 500,000 tonne for Lucinda sugar exports rather than the high volume expected (476,493 tonnes) in the current financial year.

## IMPORTS

The rise in imports of mineral concentrates/ores includes both a small increase in zinc concentrates imports for refining in addition to metallurgical inputs for the copper refining process now that the Townsville copper refinery has an extended life. An increase for both, totalling 63,160 tonnes, has been included in the 2022-2023 budget.

Petroleum import forecasts have been increased both in the current financial year and going forward into 2022-2023 given the commencement of the Carmichael Mine project.

Cement continues to perform well across all sectors including mining, construction and public works. The 2021-2022 budget figure was increased by almost 60,000 tonnes to an estimated actual tonnage of 460,000, with this volume expected to hold throughout 2022-2023.

The uncertainty around COVID and subsequent supply chain disruptions impacted general cargo imports to some degree with a downgrading of estimated actual tonnages this financial year. Going forward into 2022-2023 the budget volumes have been restored to historical levels with provision included for some containerised solar project cargo.

Motor vehicles, fertiliser, chemical products and sulphur are at similar volumes across 2021-2022 expectations and 2022-2023 budget.

## EXPORTS

The rise in fertiliser exports of 180,000 tonnes includes provision for silicon fertiliser together with slightly higher volumes for the current exports of high analysis fertilisers from Townsville. The key drivers for sustained fertiliser exports are global population growth and wealth which increases demand for agricultural products and as a consequence fertiliser for increased yields. Port of Townsville is well poised for growth in SE Asian markets.

Sugar exports, from both Townsville and Lucinda, are budgeted at annual average tonnages for the 2022-2023 financial year. Analysis of climatic conditions and the growing season are considered once the crushing season closes in November and adjustments to volumes can be made.

Mineral concentrates exports were revised down from budget in 2021-2022 by 163,000 tonne to 1,529,583 tonnes. Lower output levels from existing customers contributes to this fall in addition to a number of miners supplying domestic zinc and copper refineries in lieu of exporting the concentrates. The 2022-2023 budget continues this conservative outlook with a relatively similar export volume of 1,592,713 tonnes expected.

Refined metals from both the zinc and copper refineries will continue to underpin Port of Townsville containerised exports in 2022-2023. The rebricking of Glencore's copper smelter is scheduled for May/June 2022, as is the expected timing of the commissioning of Sun Metals' zinc refinery expansion in the 2022-2023 financial year.

Exports of molasses volumes have been reduced from historical levels given the propensity to divert to domestic markets as a feedstock in dry conditions rather than export. Volumes were revised down from the 2020-2021 budget figure to an estimated actual of 226,000 tonnes. This lower volume will continue into the 2022-2023 budget.

Exports of live cattle are well below 2021-2022 budget expectation. The high cost of Australian cattle as a result of tight supply has not abated, in addition to the complexity of increased competition from Brazil. The 2020-2021 budget was downgraded by 131,043 tonne to meet an anticipated 50,000 tonne of expected livestock export. A conservative figure of 83,208 has been included in the 2022-2023 budget.

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

## 8. KEY ASSUMPTIONS AND RISKS

The key assumptions underpinning the Port's strategic planning and financials for 2022-2023 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 3.0% for 2022-2023, with 2.75% each year thereafter for the forecast period to 2026-2027.
- Capital expenditure includes \$83.65 million in 2022-2023 and \$225.76 million over the five years to 2026-2027 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 2022-2027 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 of 3% have been factored in the budget and forecast periods for all employees subject to enterprise agreements as well as senior officer contracts. Wage increases in the budget period are fully offset by efficiency and productivity improvement 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 2022.

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 2021-2022	Budget 2022-2023
<b>Economic Indices</b>		
Consumer Price Index %	2.0%	2.5%
Wage Growth%	3%	3%
Dividend Payout Ratio <sup>1</sup>	100%	100%
<b>Other</b>		
Port Charges Rate Increases	2.5%	3%
Key operating cost inputs	2.0%	2.5%

The Key Risks that may impact the Port's ability to achieve its strategic objectives and key performance targets during 2022-2023 include:

BUSINESS DRIVERS	KEY RISKS	MITIGATION MEASURES
<b>Economic Conditions</b>	<ul style="list-style-type: none"> <li>▪ Fluctuating commodity prices</li> <li>▪ Geo-political tensions with China, Russia's invasion of Ukraine and the flow on impacts to commodity prices and the economy</li> <li>▪ Existing coastal shipping regulatory regime</li> <li>▪ Global shipping constraints and rising prices for ships and containers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Trade diversification and input into policies that promote growth of Northern Australia and the regions</li> <li>▪ Improved cost planning and control</li> <li>▪ Continued input into policies and regulatory settings that promote efficient and cost-effective coastal shipping</li> <li>▪ Ensure competitive pricing and promote the commercial advantages of Townsville as a logistics hub</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>▪ Supply chain capacity constraints</li> </ul>	<ul style="list-style-type: none"> <li>▪ Channel Upgrade Project</li> <li>▪ Berth and terminal upgrades and Port Expansion Project</li> <li>▪ Investigations into funding and financing opportunities</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>▪ Implementation of 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 2022-2027 Corporate Plan.

## 9. CAPITAL EXPENDITURE

PROJECT	PROJECT DESCRIPTION	2022-2023	Total Budget	Board Approved	Shareholder Approved
Channel Capacity Upgrade	Widening of the existing navigational channels to allow larger vessels safe access.	71.02	251.18	Y	Y**
ICT Plant and Equipment	Minor asset replacements and acquisitions and minor ICT assets.	0.27		Y	NA
Infrastructure Works	New and/or capital maintenance works of infrastructure assets.	8.44		Y	NA
Roads	Road and infrastructure works associated with new development	0.50		Y	NA
Wharves	New and/or capital maintenance works of wharf assets.	0.43		Y	NA
Plant	Minor asset replacements and acquisitions and minor infrastructure works around the Port of Townsville and Lucinda	2.99		Y	NA
<b>Total</b>		<b>68.58</b>			

\*Works associated with a single coordinated project.

\*\* Increase in Channel Project cost from \$232M is direct result of rising fuel costs. The additional \$19.18M is subject to Shareholders' approval.

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

## 10. CAPITAL STRUCTURE

### Borrowings

FACILITY	2021-2022	2022-2023	Change
QTC – Portfolio Link Loan (\$M)	\$96.14	\$96.14	-
Total (\$M)	\$96.14	\$96.14	-

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.

## 13. FINANCIAL STATEMENTS

2020-2021 Actual	2021-2022 Budget	2021-2022 Est. Actual	Income Statement	2022-2023 Budget	Sept	Quarter 2022-2023			Jun
						Dec	Mar		
<b><u>Operating Revenue</u></b>									
64,692,417	69,614,659	67,688,408	Trade Income	73,205,673	18,976,921	18,003,683	14,863,122		21,361,948
11,066,543	12,484,593	15,271,097	Property & Facilities	13,511,147	3,298,983	3,305,370	3,548,612		3,358,182
169,344	923,370	315,610	Interest Received	383,210	96,590	96,590	94,490		95,540
325,290	278,009	337,096	Other Revenue	512,911	114,363	202,698	80,918		114,933
917,207	-	934,082	Revaluation & Impairment Adjustments	799,683	-	-	-		799,683
-	-	-	Grants and Subsidies Received	-	-	-	-		-
<b>77,170,801</b>	<b>83,300,630</b>	<b>84,546,293</b>		<b>88,412,624</b>	<b>22,486,857</b>	<b>21,608,341</b>	<b>18,587,142</b>		<b>25,730,286</b>
<b><u>Operating Expenditure</u></b>									
18,520,272	20,061,103	19,117,360	Employee Related Expenses	21,613,481	5,528,243	5,451,359	5,204,665		5,429,213
17,387,784	21,501,716	20,495,248	Supplies & Services	21,556,051	5,012,726	4,503,752	5,952,630		6,086,943
13,077,237	13,682,383	16,644,771	Depreciation & Amortisation	15,124,594	3,781,149	3,781,149	3,781,149		3,781,149
-	-	-	Impairments/Writedowns	-	-	-	-		-
2,757,225	2,880,433	2,881,133	Taxes & Government Charges	3,009,826	36,841	2,971,451	785		749
69,284	86,050	133,513	Other Expenses	61,543	24,079	12,153	12,253		13,058
<b>51,811,803</b>	<b>58,211,686</b>	<b>59,272,025</b>		<b>61,365,494</b>	<b>14,383,037</b>	<b>16,719,864</b>	<b>14,951,481</b>		<b>15,311,112</b>
<b>25,358,998</b>	<b>25,088,944</b>	<b>25,274,268</b>	<b>Earnings before Interest and Tax (EBIT)</b>	<b>27,047,129</b>	<b>8,103,820</b>	<b>4,888,476</b>	<b>3,635,660</b>		<b>10,419,174</b>
4,891,266	5,071,179	4,343,501	Finance Costs	4,359,538	1,092,007	1,089,177	1,086,347		1,092,007
<b>20,467,732</b>	<b>20,017,765</b>	<b>20,930,767</b>	<b>Net Profit before Tax</b>	<b>22,687,591</b>	<b>7,011,813</b>	<b>3,799,299</b>	<b>2,549,313</b>		<b>9,327,167</b>
6,140,534	6,005,329	6,288,430	Income Tax Equivalent	6,806,277	1,244,340	1,379,220	124,585		4,058,132
<b>14,327,198</b>	<b>14,012,436</b>	<b>14,642,337</b>	<b>Net Profit After Tax (NPAT)</b>	<b>15,881,314</b>	<b>5,767,473</b>	<b>2,420,079</b>	<b>2,424,728</b>		<b>5,269,035</b>
13,545,152	14,012,436	-	Dividend	15,321,536	-	-	-		15,321,536
<b>782,046</b>	<b>-</b>	<b>14,642,337</b>		<b>559,778</b>	<b>5,767,473</b>	<b>2,420,079</b>	<b>2,424,728</b>		<b>(10,052,501)</b>



2020-2021 Actual	2021-2022 Budget	2021-2022 Est. Actual	Statement of Financial Position	2022-2023 Budget	Sept	Dec	Mar	Jun
<b>Current Assets</b>								
10,799,493	15,000,000	15,000,000	Cash & Cash Equivalents	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
34,288,001	23,399,206	25,337,728	GOC Advance Facility	7,785,526	26,831,026	13,034,370	9,385,658	7,785,526
16,593,362	13,248,474	14,492,237	Trade & Other Receivables	13,094,236	12,057,897	10,307,307	9,157,564	13,094,236
2,787,704	524,578	-	Current Tax Receivable	-	317,326	317,326	317,326	-
-	-	-	Non-Current Assets held for Sale	-	-	-	-	-
1,462,406	2,159,741	1,867,600	Other Current Assets	1,903,674	1,105,747	3,461,144	2,680,244	1,903,674
<b>65,930,966</b>	<b>54,332,000</b>	<b>56,697,565</b>		<b>37,783,436</b>	<b>55,311,995</b>	<b>42,120,147</b>	<b>36,540,792</b>	<b>37,783,436</b>
<b>Non-Current Assets</b>								
760,925,593	752,787,295	734,999,537	Property Plant and Equipment	814,459,382	748,134,197	768,837,125	785,480,227	814,459,382
3,631,992	3,420,999	3,435,765	Right of Use Assets	3,239,537	3,435,765	3,435,765	3,435,765	3,239,537
52,654,255	51,716,848	53,588,337	Investment Properties	54,388,020	53,588,337	53,588,337	53,588,337	54,388,020
<b>817,211,840</b>	<b>807,925,142</b>	<b>792,023,639</b>		<b>872,086,939</b>	<b>805,158,298</b>	<b>825,861,227</b>	<b>842,504,329</b>	<b>872,086,939</b>
<b>883,142,806</b>	<b>862,257,142</b>	<b>848,721,204</b>	<b>TOTAL ASSETS</b>	<b>909,870,376</b>	<b>860,470,294</b>	<b>867,981,374</b>	<b>879,045,121</b>	<b>909,870,376</b>
<b>Current Liabilities</b>								
8,323,997	11,909,160	8,548,558	Trade & Other Payables	12,995,005	5,263,034	11,045,904	9,234,576	12,995,005
357,716	398,213	404,475	Lease Liabilities - Current	404,475	404,475	404,475	404,475	404,475
-	-	2,505,470	Current Tax Liabilities	1,387,735	1,724,759	985,039	1,387,532	1,387,735
13,545,152	14,012,435	-	Dividends Payable	15,321,535	-	-	-	15,321,535
-	-	-	Financial Liabilities - Current	-	-	-	-	-
3,909,054	3,780,558	4,025,480	Provisions - Current	4,145,400	4,055,460	4,085,440	4,115,420	4,145,400
4,114,983	4,030,968	4,184,609	Other Current Liabilities	4,256,099	4,202,482	4,220,354	4,238,227	4,256,099
<b>30,250,902</b>	<b>34,131,334</b>	<b>19,668,593</b>		<b>38,510,250</b>	<b>15,650,211</b>	<b>20,741,212</b>	<b>19,380,230</b>	<b>38,510,250</b>
<b>Non-Current Liabilities</b>								
96,137,543	121,137,543	96,137,543	Financial Liabilities - NC	96,137,543	96,137,543	96,137,543	96,137,543	96,137,543
3,345,728	3,594,501	3,651,029	Lease Liabilities - NC	3,651,029	3,651,029	3,651,029	3,651,029	3,651,029
682,560	822,444	703,037	Provisions - NC	724,128	703,037	703,037	703,037	724,128
80,678,786	58,358,674	66,964,113	Deferred Tax Liabilities	72,383,101	66,964,113	66,964,113	66,964,113	72,383,101
20,304,166	19,026,325	19,006,771	Other Non-current Liabilities	17,706,940	19,006,771	19,006,771	19,006,771	17,706,940
<b>201,148,783</b>	<b>202,939,487</b>	<b>186,462,493</b>		<b>190,602,741</b>	<b>186,462,493</b>	<b>186,462,493</b>	<b>186,462,493</b>	<b>190,602,741</b>
<b>231,399,685</b>	<b>237,070,821</b>	<b>206,131,086</b>	<b>TOTAL LIABILITIES</b>	<b>229,112,991</b>	<b>202,112,704</b>	<b>207,203,705</b>	<b>205,842,723</b>	<b>229,112,991</b>
<b>651,743,119</b>	<b>625,186,320</b>	<b>642,590,117</b>	<b>NET ASSETS</b>	<b>680,757,385</b>	<b>658,357,590</b>	<b>660,777,669</b>	<b>673,202,398</b>	<b>680,757,385</b>
<b>Equity</b>								
146,631,611	146,088,111	161,060,291	Retained Profits	161,899,143	167,097,155	169,517,234	171,941,962	161,899,144
297,231,801	251,218,505	263,650,120	Reserves	270,978,538	263,380,731	263,380,730	263,380,730	270,978,534
207,879,707	227,879,705	217,879,706	Issued Shares	247,879,705	227,879,706	227,879,706	237,879,706	247,879,707
<b>651,743,119</b>	<b>625,186,320</b>	<b>642,590,117</b>	<b>TOTAL EQUITY</b>	<b>680,757,386</b>	<b>658,357,591</b>	<b>660,777,669</b>	<b>673,202,397</b>	<b>680,757,385</b>

2020-2021 Actual	2021-2022 Budget	2021-2022 Est. Actual	Statement of Cash Flows	2022-2023 Budget	Sept	Quarter 2022-2023		
						Dec	Mar	Jun
<b><u>Cashflows from Operating Activities</u></b>								
72,000,340	81,573,358	84,153,244	Receipts from Customers	87,246,404	24,495,154	23,165,213	19,660,267	19,925,770
(43,035,759)	(43,236,202)	(42,272,010)	Payments to Suppliers & Employees	(41,827,435)	(14,486,237)	(8,908,487)	(10,925,492)	(7,507,219)
45,000,000	20,000,000	10,000,000	Contributed Capital	30,000,000	10,000,000	-	10,000,000	10,000,000
156,328	675,873	3,788,383	Tax Refund	-	-	-	-	-
(7,907,759)	(6,205,019)	(4,104,924)	Income Tax Equivalents	(5,645,774)	(656,860)	(2,723,366)	(999,030)	(1,266,517)
169,344	923,370	315,610	Interest received	383,210	96,590	96,590	94,490	95,540
<b>66,382,494</b>	<b>53,731,381</b>	<b>51,880,303</b>		<b>70,156,405</b>	<b>19,448,647</b>	<b>11,629,949</b>	<b>17,830,235</b>	<b>21,247,573</b>
<b><u>Cashflows from Investing Activities</u></b>								
(55,852,870)	(68,581,450)	(38,744,217)	Capital Expenditure	(83,651,987)	(16,927,821)	(24,484,077)	(20,424,251)	(21,815,838)
195,960	75,000	46,818	Sales of fixed assets	165,000	30,000	115,000	-	20,000
6,436,102	35,751,828	8,950,273	Advances to Queensland Treasury	17,552,202	(1,493,299)	13,796,656	3,648,712	1,600,132
<b>(49,220,808)</b>	<b>(32,754,622)</b>	<b>(29,747,125)</b>		<b>(65,934,785)</b>	<b>(18,391,120)</b>	<b>(10,572,422)</b>	<b>(16,775,539)</b>	<b>(20,195,706)</b>
<b><u>Cashflows from Financing Activities</u></b>								
-	25,000,000	-	Loan Raisings	-	-	-	-	-
-	-	-	Redemption on Loans	-	-	-	-	-
(4,938,934)	(5,747,434)	(4,387,521)	Finance Costs	(4,221,619)	(1,057,527)	(1,057,527)	(1,054,697)	(1,051,867)
(13,513,214)	(12,130,520)	(13,545,152)	Dividend	-	-	-	-	-
<b>(18,452,147)</b>	<b>7,122,047</b>	<b>(17,932,673)</b>		<b>(4,221,619)</b>	<b>(1,057,527)</b>	<b>(1,057,527)</b>	<b>(1,054,697)</b>	<b>(1,051,867)</b>
<b>(1,290,462)</b>	<b>28,098,806</b>	<b>4,200,505</b>	<b>Net cash inflow/(outflow)</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>
12,089,957	(13,098,805)	10,799,495	Opening Cash Balance	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
(1,290,463)	28,098,806	4,200,505	Net cash inflow/ (outflow)	0	(0)	(0)	(0)	0
<b>10,799,494</b>	<b>15,000,000</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>

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

Detail	Description/ Benefitit	2021-2022 Budget (\$)	2021-2022 Actual (\$)	2022-2023 Budget (\$)	Quarter 2022-23 (\$)				2022-2023 Per Head (\$)
					Sept	Dec	Mar	Jun	
SPONSORSHIPS									
James Cook University Scholarships	To promote employment within the north Queensland region and POTL as a potential employer.	1,800	3,400	1,800	1,800	-	-	-	
Total over \$5,000		1,800	3,400	1,800	1,800	-	-	-	
Other Sponsorships (total) below \$5,000		3,000	9,233	6,000	1,050	3,850	550	550	
TOTAL		4,800	12,633	7,800	2,850	3,850	550	550	
MEMBERSHIPS									
Dry Tropics Healthy Waters	To partner in the improvement of values of our catchments and reef through pooling information and understanding the water health and drivers for Townsville and the Great Barrier Reef World Heritage Area.	25,500	25,500	26,010	26,010	-	-	-	
Townsville Enterprise Limited	To increase our profile within the industry to promote trade.	37,000	36,717	37,451	37,451	-	-	-	
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.	9,200	9,200	9,180	-	9,180	-	-	
Ports Australia	To participate in Australia's peak representative body for Australian ports and marine authorities.	38,900	38,000	38,760	38,760	-	-	-	
MITEZ	To support the diversification of new industries, expansion of new markets and promotion of existing investment opportunities in the region.	15,300	15,000	15,300	15,300	-	-	-	
Shipping Australia	Membership provides the opportunity to help shape and promote the policies of the shipping industry in Australia and internationally through the various committees of Shipping Australia. Membership provides a forum for the exchange of information with governments and other bodies influencing policy on matters relating to the shipping industry.	3,800	3,640	3,713	3,713	-	-	-	
AIVP – Port City Sustainability	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	6,200	6,324	-	-	-	6,324	
Total over \$5,000		135,900	134,257	136,738	121,234	9,180	-	6,324	
Other Membership (total) below \$5,000		17,175	16,049	16,370	6,834	3,416	6,120	-	
TOTAL		153,075	150,306	153,108	128,068	12,596	6,120	6,324	
CORPORATE ENTERTAINMENT & EVENTS									
Employee End of Year Function	Year in review, recognition / appreciation of employee efforts, employee morale and increase team building.	9,200	9,267	9,384	-	-	9,384	-	61
Total over \$5,000		9,200	9,267	9,384	-	-	9,384	-	61
Other (total) < 5,000		14,400	7,418	14,586	5,021	450	8,646	469	-
TOTAL		23,600	16,685	23,970	5,021	450	18,030	469	61

DONATIONS									
Maritime Museum	To support community endeavours and promote the Port of Townsville's historical significance to the area.	25,000	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.	50,000	45,167	50,000	-	-	-	50,000	
Total over \$5,000		75,000	70,167	75,000	25,000	-	-	50,000	
Other (total) below \$5,000		-	-	1,000	-	1,000	-	-	
<b>TOTAL</b>		<b>75,000</b>	<b>70,167</b>	<b>76,000</b>	<b>75,000</b>	<b>1,000</b>	<b>-</b>	<b>50,000</b>	
ADVERTISING									
Schools Program	Design of new school engagement materials for use on port tours and as part of curriculum	5,000	2,500	5,110	1,127	1,234	1,402	1,337	
Community Port Tours	Advertising costs for community Port tours to promote the Port and its relationship with the community.	1,200	600	612	-	612	-	-	
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.	13,300	20,564	13,566	2,998	3,282	3,728	3,558	
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	6,800	24,878	5,499	6,016	6,836	6,527	
Total over \$5,000		45,390	30,464	44,166	9,624	11,144	11,966	11,422	
Other (total) below \$5,000		22,010	10,108	19,475	4,392	5,648	4,084	5,361	
<b>TOTAL (5)</b>		<b>67,400</b>	<b>40,572</b>	<b>63,641</b>	<b>14,016</b>	<b>16,792</b>	<b>16,050</b>	<b>16,783</b>	
<b>TOTAL</b>		<b>323,875</b>	<b>290,363</b>	<b>324,519</b>	<b>174,955</b>	<b>34,688</b>	<b>40,750</b>	<b>74,126</b>	<b>61</b>

## ATTACHMENTS: CORPORATE ENTERTAINMENT

Details of Total Budgeted Expenditure under \$5,000

Activity	2021-2022 Budget (\$)	2021-2022 Est. Actual (\$)	2022-2023 No. of Activities	2022-2023 Budget (\$)	Quarter 2022-23 (\$)			
					Sept	Dec	Mar	Jun
<b>Corporate Golf Day</b> Annual charity golf day with all proceeds donated to a local charity.	4,500	-	1	4,590	4,590	-	-	-
<b>Stakeholder Functions</b> Informal gatherings of Port stakeholders for discussing Port objectives, operations and facilitating networking opportunities.	6,400	4,500	3	6,528	-	-	6,528	-
<b>Client and Business Meetings</b> Working meetings for discussing Port objectives and operations as well as client discussions.	1,400	1,027	27	1,326	318	327	346	335
<b>Port Advisory Body Function</b> Provides an informal forum for discussion of the activities of the Port with Port stakeholders.	1,100	1,100	1	1,122	-	-	1,122	-
<b>Community Information Sessions</b> Sessions to provide information particularly on Magnetic Island on the Channel Upgrade project and dredging program.	1,000	791	5	1,020	113	123	650	134
<b>TOTAL UNDER \$5,000</b>	<b>14,400</b>	<b>7,418</b>	<b>37</b>	<b>14,586</b>	<b>5,021</b>	<b>450</b>	<b>8,646</b>	<b>469</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 2022 – 2023 are as follows:

STRATEGY	PERFORMANCE OUTCOME	ACTIONS	PERFORMANCE TARGET
Employer of Choice	Attract local talent and embrace diversity, equality and inclusion	<ul style="list-style-type: none"> <li>Implement diversity and inclusion strategy and program</li> <li>Develop action plan for reaching diversity targets</li> <li>Employees trained in Cultural Awareness and Diversity and Inclusion Training</li> </ul>	<ul style="list-style-type: none"> <li>Develop training packages for Cultural Awareness and Diversity and Inclusion</li> </ul>
Employer of Choice	Partner to create entry level pathways to attract and retain local talent	<ul style="list-style-type: none"> <li>Create and implement an Entry-pathway Program for Apprentices, Trainees and Graduates</li> </ul>	<ul style="list-style-type: none"> <li>Employ 1 x new entry-level position (apprentice, trainee or graduate)</li> </ul>
Develop Talent	Instil a culture of lifelong learning	<ul style="list-style-type: none"> <li>Review learning management system improvements for better engagement and reporting functionality</li> <li>Develop a learning and development calendar for Port wide access to development training opportunities</li> </ul>	<ul style="list-style-type: none"> <li>70% of employees have attained the qualifications and developed all of the skills and competencies necessary to be fully competent in their role</li> <li>1.5% of work hours dedicated to learning activities</li> <li>Development of L&amp;D calendar with courses scheduled quarterly.</li> </ul>
High Performing Culture	Create a place where people thrive	<ul style="list-style-type: none"> <li>Improve employee engagement and organisational culture</li> <li>Refine Performance Review Framework</li> <li>Introduction of Succession Planning Framework</li> <li>Improve employee wellbeing program</li> </ul>	<ul style="list-style-type: none"> <li>Increase participation in Employee Survey</li> <li>Simplify performance review process and implement mid-year performance reviews</li> <li>Develop Succession Plan for all high-risk positions</li> <li>Develop employee wellbeing annual calendar of events</li> </ul>
High Performing Culture	Align individual contributions to the Port's success	<ul style="list-style-type: none"> <li>Develop Key Performance Indicators for all management positions</li> </ul>	<ul style="list-style-type: none"> <li>Management roles have defined KPIs linked to Corporate Plan</li> </ul>

## 2. Significant and Emerging Issues

The key issues related to industrial relations and human resources during 2022-2023 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 2022 – 2023 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 2020
- 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 2020	36 employees Tradesperson Operator Labourers Leading Hand Storeperson Area Officer - Lucinda Maritime Security Guards	30 November 2024
Port of Townsville Marine Pilots Enterprise Agreement 2017	11 employees Marine Pilots	31 October 2021

The Marine Pilots Enterprise Agreement bargaining process has reached in-principal agreement stage. Final drafting of the document is underway, and the Agreement will be put to employees for voting in this planning period.

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 4 March 2022

Given Name	Director Fees \$	Committee Fees \$	Other Benefits \$	Super \$	Total \$
A. Sherry (Chair)	50,000	4,372	-	5,437	59,809
B. Webb (Director)	25,750	5,831	-	3,158	34,739
T. Bishop (Director)	25,750	8,744	-	3,449	37,943
D. O'Toole (Director)	25,750	8,744	-	3,449	37,943
M. Reynolds (Director)	25,750	10,203	-	3,595	39,548
C. Navarro (Director)	25,750	5,831	-	3,158	34,739
Total	178,750	43,725		22,247	244,722



## Senior Executive Remuneration as at 4 March 2022

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*	369,457	39,717	-	-	-	409,174	-	Up to 15% of TFR
Chief Financial Officer	266,632	26,663	-	-	-	293,295	-	Up to 15% of TFR
Chief Operating Officer	265,225	26,522	-	-	-	291,747	-	Up to 15% of TFR
General Manager Infrastructure & Environment	253,409	25,341	-	-	-	278,750	-	Up to 15% of TFR
General Manager Business Strategy & Sustainability	306,263	30,626	58,339	-	-	395,228	-	
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.
8. Performance payments of up to 15% of TFR may be paid subject to meeting pre-agreed performance targets, however these were not awarded, in line with the GOC Wages Policy Addendum 2020.

## 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 four (4) employees on senior executive contracts. These include the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and General Manager Infrastructure and Environment.

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

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 2022-2023.

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 4 March 2022.

Employment Category	2022-2023 Budget
Permanent	106.01
Temporary	13.01
CEO and Senior Executives	5
Apprentices (in house)	0
Trainees (in house)	0
Casual	19.30
Other	10
<b>Total Directly Employed Workforce</b>	<b>153.32</b>
Apprentices (Group)	0
Trainees (Group)	0
Contractor & Labour Hire (trade/technical)	0
Contractor & Labour Hire (professional/administrative/technical)	0
Other	0
<b>Total Indirectly Employed Workforce</b>	<b>0</b>
<b>Total Workforce</b>	<b>153.32</b>

At the time of writing the full time equivalent (FTE) number is 143.56 with a forecast increase to 153.32 in 2022-2023. This is inclusive of FTE for the Channel Upgrade project in 2022-2023.

Category	FTE
All employees	153.32
CEO and Direct Reports	5/3%
Employees covered by an award/EA/Agreement made under the <i>Fair Work Act 2009 (Cth)</i>	138.32/90%
Employees under other arrangements (including common law contracts)	10/7%
<b>TOTAL</b>	<b>153.32</b>

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

Male Employees (%)	68%
Female Employees (%)	32%
Average Age of Employees	50
Over 50 years (%)	53%
Voluntary Retirement Packages	0
Women (number)	47
Women POTL5 or above	25
Women Working in Senior and Middle Management	8
Female Representation on Board (%)	67%
Average length of service	7.6 years
% employees <5yrs	54%

### 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 10% 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>CLG</b>	Community Liaison Group
<b>CU</b>	Channel Upgrade Project
<b>EAP</b>	Employee Assistance Program
<b>EMS</b>	<i>Environmental Management System</i>
<b>ERP</b>	Enterprise Resource Planning
<b>Fair Work Act</b>	<i>Fair Work Act 2009 (Cth)</i>
<b>FTE</b>	Full Time Equivalents
<b>GOC Act</b>	Government Owned Corporations Act 1993 (Qld)
<b>ILUA</b>	Indigenous Land Use Agreements
<b>IOT</b>	<i>Internet of Things</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>	Public Service Act 2008 (Qld)
<b>QTC</b>	Queensland Treasury Corporation
<b>RAP</b>	Reconciliation Action Plan
<b>SCI</b>	Statement of Corporate Intent 2022-2023
<b>SMS</b>	Safety Management System
<b>TCC</b>	Townsville City Council
<b>TEUs</b>	Twenty-Foot Equivalents Units
<b>TFR</b>	Total Fixed Remuneration