



PORT of TOWNSVILLE

STATEMENT OF CORPORATE INTENT

2019 - 2020

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.

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, the Statement of Corporate Intent represents a formal performance agreement between the Board of Port of Townsville Limited (**POTL**) and its shareholding Ministers with respect to the financial and non-financial performance targets specified for the financial year. The Statement of Corporate Intent represents agreement to the major activities, objectives, policies, investments and borrowings of POTL for 2019-2020.

This Statement of Corporate Intent is consistent with POTL's 2019 – 2024 Corporate Plan, submitted to shareholding Ministers and agreed in accordance with Chapter 3, Part 7 of the GOC Act.

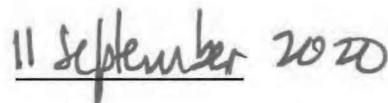
In signing this document, the Board of POTL undertakes to achieve the targets proposed in the Statement of Corporate Intent for 2019-2020.

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.

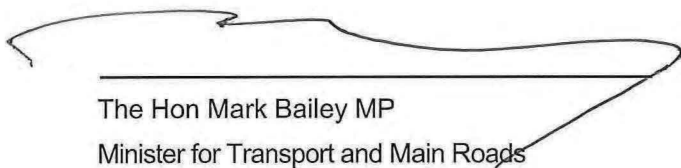
This Statement of Corporate Intent is signed by the Chair on behalf of all the directors in accordance with a unanimous decision of the Board of POTL.



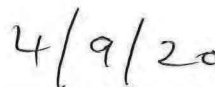
The Hon Cameron Dick MP
Treasurer, Minister for Infrastructure and Planning



Date



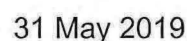
The Hon Mark Bailey MP
Minister for Transport and Main Roads



Date



Chair



Date



our vision

Northern Australia's Transport Link to the World

our purpose

We facilitate economic prosperity for the region now and for generations to come by advancing trade and commerce, strengthening global connections and stimulating investment in economic infrastructure and industries.

our values



Committed

Driven to achieve our vision



Innovative

We think outside the box



Respectful

We value each other



Integrity

We do the right thing,
and do what we say

Response to Shareholder Mandate /Strategic Expectations

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

Financial Performance

- Development and implementation of strategies to deliver sustainable growth in financial returns.
- Reductions in expenditure whilst maintaining reliable and efficient core delivery and service standards.
- Commitment to Government's Debt Action Plan and 100% dividend policy.
- Development of robust Business Cases for critical infrastructure which achieve an appropriate rate of return.
- Accountability in performance by providing clear linkages between the achievement of strategic objectives, key performance targets and performance payments.

Business Development

- Development of commercial strategies aimed at expanding and diversifying trade.
- Continued work with Government and industry to implement policy and regulatory settings that will facilitate efficient and cost-effective coastal shipping for Townsville.
- Investigation and pursuit of opportunities that improve supply chain efficiencies.
- Long Term Planning for the Queensland Freight Strategy.
- Long Term Planning for the Townsville Eastern Access Rail Corridor.

Capital Projects

- Delivery of the Port of Townsville Channel Upgrade Project.
- Delivery of the Berth 4 Cargo Terminal and Ship to Shore Crane.
- Delivery of East Port for Cargo Handling
- Development of a business case for a Port Rail Intermodal Terminal.
- Redevelopment of POTL lands within the Townsville Priority Development Area.
- Investigation into funding or financing opportunities for progressing the Port of Townsville Expansion Project.

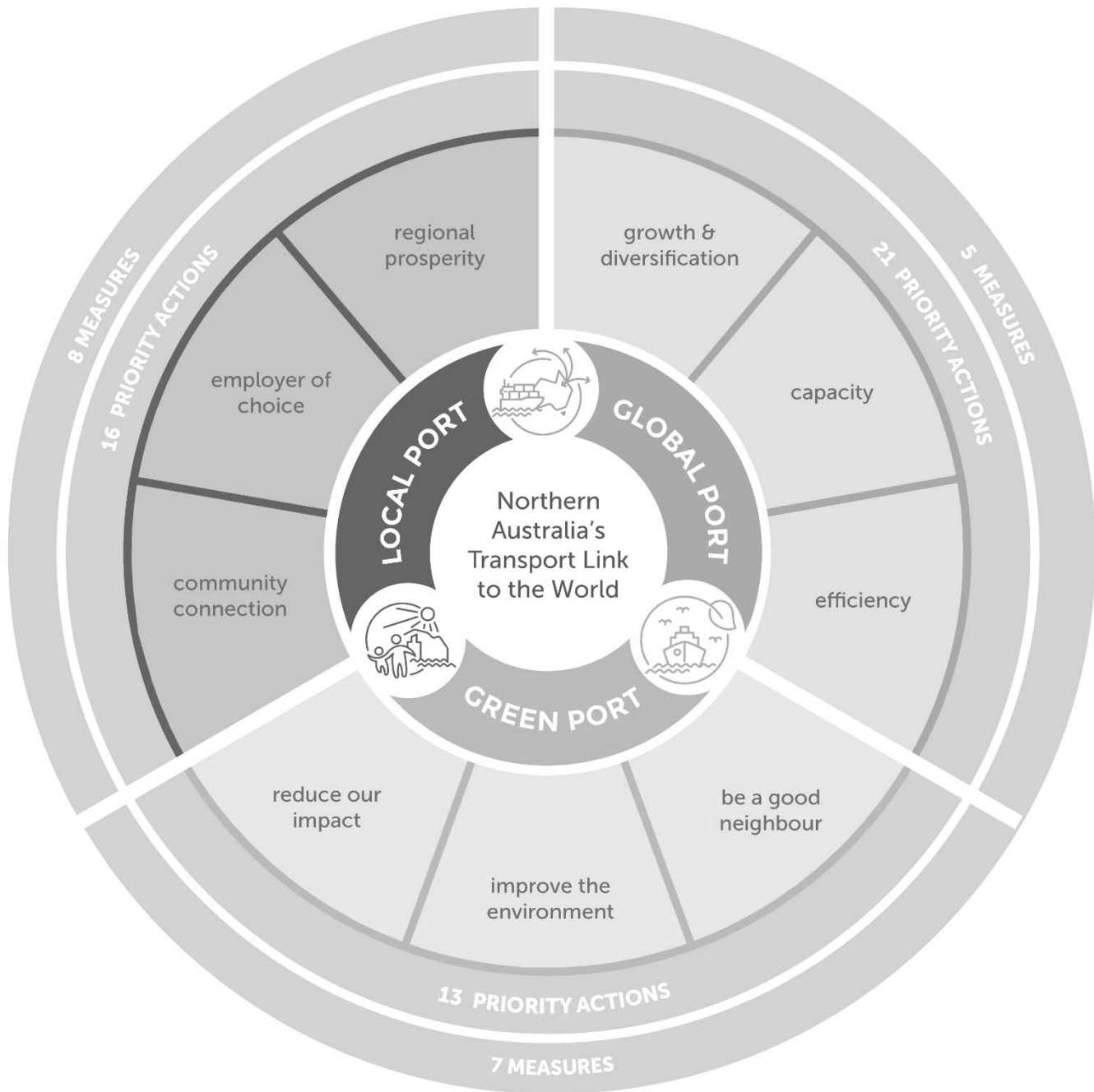
Job Creation

- Commitment to being a Local Port Employing Locals.
- Continued support of Northern Queensland in all procurement activities.
- Compliance with the Queensland Procurement Policy and its Best Practice Principles.
- Commitment to First Nation Employment on Major Projects.

Sustainability

- Continued input into the Priority Port Master Plan for Townsville.
- Compliance with Long-Term Maintenance Dredging Management Plans.
- Compliance with the *Sustainable Ports Development Act 2015* and *Reef 2050 Long-Term Sustainability Plan*.
- Compliance with environmental regulators conditions for projects and operational works.
- Continued implementation of POTL's Community Engagement Plans.

Strategic objectives and key actions



Strategic objectives and key actions

The following table outlines POTL's key actions for 2019-2020 to achieve its strategic objectives:

Strategic Objective	Key Actions – 2019 – 2020	Strategic Key Performance Target
Growth & Diversification	<ul style="list-style-type: none"> Review and Update Trade Sector Strategies Pursue Coastal Shipping Opportunities Continued Participation on the State Industrial Development Board 	<ul style="list-style-type: none"> > 8.5 Million Tonnes of Trade > 80,000 Twenty-Foot Equivalent Units (TEUs) Handled > 85% Customer Satisfaction > \$8/m² Property Revenue
Capacity	<ul style="list-style-type: none"> Channel Upgrade Project – Rockwall Completed, Dredging Commenced Berth 4 Terminal Area Construction Complete & Ship To Shore Crane Construction Underway Continue Construction of East Port Roads & Services Port Rail Intermodal Terminal Business Case Completed, Design Works Finalised Continue Input into Townsville Priority Port Master Plan and Port Overlay Gazetted Port of Lucinda Land Use Plan Gazetted 	
Efficiency	<ul style="list-style-type: none"> Complete Stage 1 of Port Road Network Upgrades Construction of Truck Staging Area Develop Implementation Plan for the Port Rail Master Plan Support Supply Chain Initiatives (Queensland Freight Strategy, North West Minerals Province Supply Chain Strategy) Stage 1 Port Information Management System Implemented, Stage 2 Commenced 	

Strategic Objective	Key Actions – 2019 – 2020	Strategic Key Performance Indicators
Regional Prosperity	<ul style="list-style-type: none"> Review and Update Cruise Shipping Strategy Implement Procurement Framework Improvement Initiatives Implement First Nation Employment Initiatives for Channel Upgrade Project 	<ul style="list-style-type: none"> > \$8 Billion Value of Port Activity > 8,000 Jobs Associated with the Port > 90% Community Satisfaction Rating > 2% of Total Revenue Returned to Community Initiatives 30 Community & Student Tours 2 Waterfront Projects Completed 12 Cruise Ships / Days / Year < 10 Total Recordable Injury Frequency Rate
Employer of Choice	<ul style="list-style-type: none"> Develop People and Culture Strategy Continue Managers and Leaders Program Implement Recommendations from Integrated Management System Review Implement Recommendations from Records Management Review Implement Recommendations from Safety Management System Review 	
Community Connection	<ul style="list-style-type: none"> Strand Ferry Terminal Construction Commenced Marine Science Centre Construction Commenced Continue Initiatives from Community & Stakeholder Engagement Plans Community Donations and Sponsorships 	

Strategic Objective	Key Actions – 2019 – 2020	Strategic Key Performance Indicators
Reduce our Impact	<ul style="list-style-type: none"> Maintain Environmental Management System ISO14001 Accreditation Baseline Sustainability Audit Completed Secure LTDMP Approvals Ensure Compliance with Environmental Conditions 	<ul style="list-style-type: none"> > 3% of Revenue Returned to Environmental Initiatives Nil Environmental Compliance Breaches Nil of Reportable Environmental Incidents < 10 Community Complaints ISO14001 External Certification 100% of Real Time Air & Water Quality Program Results Available to Public 4 Community Liaison Group Meetings Held
Improve the Environment	<ul style="list-style-type: none"> Develop Green Port Plan Upgrade Boundary Air Monitoring Network Implementation of Port-Wide Air Shed Model Commission Shared Noise Model and Equipment Commission Real Time Water Quality Equipment Commissioning of Enviro Park Real-Time Metals Analyser 	
Be a Good Neighbour	<ul style="list-style-type: none"> Delivery of Landscaping Amenity Plan (Benwell Road) Real-Time Water Quality Monitoring Publicly Available Engage with the Community on Port Developments & Operations 	

Key business performance indicators

2017-2018 Actual	2018-2019 Budget	2018-2019 Est. Actual	Corporate financial measures	2019-2020 Full Year	Q1	Q2	Q3	Q4
77.30	80.91	80.11	Operating Revenue (\$M)	84.45	21.42	22.65	18.33	22.05
50.41	54.41	56.10	Operating Expenditure (\$M)	57.72	15.10	13.82	13.79	15.01
61.81	68.64	63.40	Trade Income (\$M)	70.75	18.02	19.25	14.88	18.61
11.11	11.35	11.03	Property & Facilities Income (\$M)	11.65	2.90	2.88	2.94	2.94
26.89	26.50	24.01	EBIT (\$M)	26.73	6.33	8.82	4.54	7.04
15.01	14.61	12.92	NPAT (\$M)	14.82	4.03	5.47	2.79	2.53
15.01	14.61	10.16	Dividend (\$M)	14.82	0.00	0.00	0.00	14.82
4.35	3.88	3.45	Return on Assets EBIT (%)	3.39	3.31	4.56	2.34	3.57
3.37	2.98	2.57	Return on Equity (%)	2.62	1.21	0.73	0.46	0.84
1.55	1.35	3.46	Current Ratio	1.06	1.61	1.61	1.20	1.06
5.81	4.71	4.32	Interest Cover Ratio (EBIT)	4.81	4.55	6.35	3.27	5.06
0.21	0.20	0.17	Debt to Equity Ratio	0.21	0.22	0.21	0.21	0.21
16.99	79.68	24.85	Capital Investments (\$M)	124.47	39.31	38.83	24.80	21.53
Non-financial measures								
7.34	8.10	7.79	Trade Throughput (Million Tonnes)	8.72	2.43	2.54	1.95	1.80
588	613	613	Vessels to Port	690	189	184	153	164
0	0	0	Reportable Security Incidents	0	0	0	0	0
0	0	0	Reportable Environmental Breaches	0	0	0	0	0
8.22	0	16.25	Lost Time Injury Frequency Rate	0	0	0	0	0
> 85%	> 85%	> 90%	Community Satisfaction	> 90%	> 90%	> 90%	> 90%	> 90%
> 80%	> 80%	> 90%	Employee Engagement Rating	> 90%	> 90%	> 90%	> 90%	> 90%
121.11	137	148.23	Full-Time Equivalents	157.32	148.23	152.78	157.32	157.32

Trade performance

2017-2018 Actual	2018-2019 Budget	2018-2019 Est. Actual	Commodity	2019 - 2020 Full Year	Q1	Q2	Q3	Q4
Imports								
857,944	1,000,000	850,000	Petroleum Products	1,017,167	269,346	324,171	197,432	226,218
362,402	306,580	335,815	General Cargo	506,392	137,080	158,653	116,977	93,682
31,158	30,000	25,000	Motor Vehicles	24,755	6,102	7,365	5,387	5,902
147,950	130,000	110,000	Fertiliser	81,955	37,707	28,987	3,598	11,662
354,170	350,000	380,000	Cement	489,553	150,684	146,181	88,560	104,128
339,284	360,000	370,000	Metal Cons - Zinc	360,000	110,988	121,608	57,636	69,768
96,643	100,000	100,000	Sulphur	123,033	42,311	32,887	25,431	22,404
-	30,000	-	Metals - Copper Anode	-	-	-	-	-
62,567	80,000	60,000	Bitumen	87,788	27,107	19,609	25,867	15,205
12,065	20,000	-	Sulphuric Acid	20,000	6,334	3,064	4,018	6,584
1,985	3,000	-	General Cargo - Lucinda	-	-	-	-	-
32,869	50,000	40,000	Coke	37,176	9,294	9,294	9,294	9,294
2,299,038	2,459,580	2,270,815	Total Imports	2,747,819	796,954	851,818	534,200	564,847
Exports								
107,678	250,408	124,821	General Cargo	140,703	31,025	41,465	37,033	31,180
1,060,098	1,250,000	1,100,000	Sugar	1,000,000	334,100	269,100	168,400	228,400
357,857	350,000	280,000	Molasses	294,377	132,528	100,618	34,972	26,258
11,161	15,000	15,000	Meat & By-Products	5,310	1,402	1,260	817	1,831
91,131	100,000	120,000	Livestock - Cattle	50,000	9,270	11,165	17,145	12,420
191,774	285,000	240,000	Metals - Refined Copper	240,000	61,488	63,336	64,080	51,096
112,719	165,000	130,000	Metals - Smelted Lead	148,702	28,224	46,901	36,878	36,700
1,132,604	1,170,000	1,509,000	Mineral Concentrates	1,984,677	445,823	572,608	493,705	472,541
758,988	980,000	700,000	Fertiliser	965,000	269,042	226,775	290,755	178,429
171,236	184,000	190,000	Metals - Refined Zinc	184,358	36,005	51,104	64,396	32,853
110,096	-	120,000	Sulphuric Acid	-	-	-	-	-
349,105	310,000	370,000	Metal Cons - Zinc Ferrites	330,000	73,293	92,631	94,116	69,960
5,648	-	-	Petroleum - Contaminated Oil	-	-	-	-	-
-	-	-	Phosphate	15,000	3,750	3,750	3,750	3,750
575,013	570,000	620,000	Sugar - Lucinda	551,222	189,841	196,511	97,897	66,973
2,768	8,000	-	General Cargo - Lucinda	-	-	-	-	-
-	-	-	Silicon Fertilizer	60,000	15,000	15,000	15,000	15,000
5,037,877	5,637,408	5,518,821	Total Exports	5,969,350	1,630,791	1,692,224	1,418,944	1,227,391
7,336,915	8,096,988	7,789,636	Total Throughput	8,717,169	2,427,745	2,544,041	1,953,144	1,792,238

NOTE: Amounts shown in table above may not add to the correct subtotal or totals due to rounding.

Trade forecasts for 2019-2020 have been based on information available at March 2019 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.

Total trade throughput in 2017-2018 was 7.34 million tonnes, and the 2018-19 estimated actual throughput is 7.79 million tonnes.

The major forecast increases in trade for 2019-2020 compared with 2018-2019 estimated actual include:

- Mineral Concentrates exports ↑ 475,677 tonnes
- Cement imports ↑ 109,553 tonnes
- Petroleum imports ↑ 167,167 tonnes
- General Cargo imports ↑ 170,577 tonnes
- Fertiliser exports ↑ 265,000 tonnes

Major forecast decreases in 2019-2020 compared with the 2018-2019 estimated actual include:

- Sugar exports ↓ 168,778 tonnes
- Cattle exports ↓ 70,000 tonnes
- Zinc ferrite exports ↓ 40,000 tonnes

The 2018-19 estimated actual forecast for mineral concentrate exports incorporates the impact of recent weather events leading to damage and temporary closure of the Mt Isa rail line. Mines impacted by the rail closure in early 2019 are forecast to resume export at full production in 2019-20. Strong commodity prices and a weak Australian dollar further support increased mineral concentrate export in 2019-20.

Both cement and petroleum imports are forecast to increase in 2019-20 in accordance with a positive mining outlook. Petroleum imports are also forecast to benefit from potential development of the northern Galilee basin.

General cargo imports are forecast to increase in 2019-20. The commencement of new mining projects in northern Queensland is forecast to grow demand for import of both mining consumables and project cargo. Renewable energy projects will also contribute to sustained demand for containerised imports. Critical container handling infrastructure to be commissioned in 2019-20 will facilitate growth in containerised cargo.

The 2018-19 estimated actual forecast for fertiliser exports incorporates the impact of recent weather events leading to temporary closure of the Phosphate Hill to Townsville rail line. Full production at Phosphate Hill is forecast in 2019-20.

Sugar exports are forecast to decline in 2019-20. Widespread flooding across the Burdekin and Herbert River districts at the start of the 2018 growing season is likely to result in crop damage impacting the 2019 harvest.

Live cattle exports are forecast to decline in 2019-20 by 140,000 head. Flooding across significant parts of north western Queensland in early 2019 is likely to limit the availability of export cattle in the short to medium term. Live cattle exports to China remain a work in progress; however reduced supply and higher prices will likely exacerbate existing challenges to further development of this new market.

Zinc ferrite exports are forecast to decline in 2019-20. The Sun Metals zinc refinery expansion and upgrade project will improve zinc recovery rates and reduce production of residues. Zinc ferrite production is expected to reduce from 2020 as improved operational efficiencies are commenced.

The first bulk export of silicon fertiliser is forecast in 2019-20. Amorphous silica mined in Greenvale will be processed at Agripower's new processing plant in Charters Towers. Total silicon fertiliser exports for 2019-20 are forecast at 60,000 tonnes.

Key assumptions and risks

The **key assumptions** underpinning POTL's strategic planning and financials for 2019-2020 include:

- 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 (cargo and berthage charges) of 1.8% in 2019-2020.
- Capital expenditure includes \$124.47 million in 2019-2020 and \$279.08 million over the five years to 2023-2024 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 2019-2024 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% for Enterprise Agreements for Administration and Port Services Officers and senior officer contracts subject to enterprise agreements, 3% for the Maintenance employees, 3% for pilots and in accordance wage increases outlined in the Security Services Industry Award 2010 for POTL's Maritime Security Guards. 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 ■■■% and Competitive Neutrality Fee of ■■■%. Interest on investments has utilised ■■■% per annum consistent with QTC capital guarantee cash fund annual effective rate as at 28 February 2019.

POTL 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.

POTL 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 2018/19	Budget 2019/20
Economic Indices		
Consumer Price Index %	2.5%	2.5%
Wage Growth%	3%	3%
Dividend Payout Ratio ¹	100%	100%
Other		
Port Charges Rate Increases	2.5%	1.8%
Key operating cost inputs	2.5%	2.5%

The Key Risks that may impact POTL's ability to achieve its strategic objectives and key performance targets during 2019-2020 include:

Business Drivers	Key Risks	Mitigation Measures
Economic Conditions	<ul style="list-style-type: none"> ▪ Fluctuating commodity prices ▪ Over-supply of commodities in the global market place ▪ Short-term constraints on energy and water resources ▪ Existing coastal shipping regulatory regime ▪ Economic slow-down of China ▪ Decrease in demand for imported goods 	<ul style="list-style-type: none"> ▪ Trade diversification ▪ Improved cost planning and control ▪ Redevelopment of surplus non-performing lands ▪ Northern Australia Agenda ▪ Continued input into policies and regulatory settings that promote efficient and cost-effective coastal shipping
Supply Chain Capacity	<ul style="list-style-type: none"> ▪ Channel size constraints ▪ Port capacity constraints ▪ Constraints on funding options for critical infrastructure projects ▪ Increasing customs and quarantine requirements ▪ Supply chain inefficiencies 	<ul style="list-style-type: none"> ▪ Channel Upgrade Project ▪ Port Expansion Project ▪ Berth 4 Crane Procurement and Terminal development ▪ Investigations into funding and financing opportunities ▪ Implementation of cost-effective and risk-based customs and quarantine controls ▪ Continued implementation of efficient rail and road initiatives with relevant industry participants
Environmental & Social Conditions	<ul style="list-style-type: none"> ▪ Delays and cost due to increasing regulatory requirements with respect to dredging and major project approval processes ▪ Delays or cessation to operations and projects due to lack of community support ▪ Delays to operations and projects due to outside influences (weather, slow supply, etc) 	<ul style="list-style-type: none"> ▪ Compliance with POTL's Long-Term Maintenance Dredging Management Plan ▪ Compliance with POTL's Priority Port Master Plan ▪ Compliance with environmental approvals ▪ Expansion of environmental monitoring programs ▪ Redevelopment and management of Port/City Interface by creating urban buffer zones to improve amenity ▪ Community donations and sponsorships ▪ Proactive community engagement ▪ Compliance with the Qld Procurement Policy and Best Practice Principles

Further information on POTL's key risks and mitigation measures can be found in POTL's 2019-2024 Corporate Plan.

Capital expenditure

Project	Project Description	2019/20 \$M	Total Budget	Board Approved	Shareholder Approved
Channel Capacity Upgrade	Widening of the existing navigational channels to allow larger vessels safe access.	83.83	193.46	Y	Y
Berth 4 Cranes & Cargo Terminal Area Project	Provision of new cranes and development of terminal storage capacity at Berth 4.	17.46	29.31	Y	Y
Truck Staging Area Benwell Road	Extension of current truck staging area.	4.50	4.50	Y	NA
Eastern Reclamation Area - Lot Road	Construction of access road and services corridor to land at East Port precinct.	1.88	3.87	Y	NA
Lot 13 - Southern Link Eastern Reclamation Area Road	Road infrastructure on the Eastern Reclaim Area to facilitate access for development of the area.	2.79	2.99	Y	NA
Purchase new pilot vessel	Procurement of new pilot vessel to upgrade fleet and ensure responsive and efficient pilotage services.	2.80	2.80	Y	NA
Berth 8/9 Cathodic Protection	Structural protection for Berth 8/9.	1.00	2.66	Y	NA
Port Management Information System	Review and update software for management of port shipping operations.	1.00	2.12	Y	NA
Berth 10 Secondary Wharf Extension	Extension of Berth 10 secondary wharf to accept wider vehicle carrier vessels.	2.00	2.00	Y	NA
Berth 1 Fenders	Procurement of new fenders for Berth 1	1.00	1.00	Y	NA
Other	Minor asset replacements and acquisitions and minor infrastructure works around the Port of Townsville and Lucinda	6.21		Y	NA
Total		124.47			
Investment Thresholds					\$M
Shareholding Minister Notification					3.0
Shareholding Minister Approval					10.0

Capital structure

Borrowings

Facility	2018-2019	2019-2020	Change
QTC – Portfolio Link Loan	\$96.14	\$121.14	\$25.00
Total	\$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 ■■■% and a Competitive Neutrality Fee of ■■■%.

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.

Community Service Obligations

POTL has no declared Community Service Obligations.

Statement of Compliance

POTL, 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.

Financial statements

Quarter 2019-2020				Income Statement	2019-2020	2017-2018	2018-2019	2018-2019
Sept	Dec	Mar	Jun		Budget	Actual	Budget	Est. Actual
				<u>Operating Revenue</u>				
18,024,275	19,247,237	14,875,209	18,605,618	Trade Income	70,752,340	61,806,759	68,638,721	63,398,672
2,895,580	2,879,026	2,941,036	2,935,243	Property & Facilities	11,650,885	11,109,971	11,347,987	11,028,604
429,872	429,872	420,527	425,199	Interest Received	1,705,470	468,830	609,170	786,810
75,146	90,336	91,491	81,385	Other Revenue	338,358	762,262	315,165	619,479
-	-	-	-	Revaluation & Impairment Adjustments	-	3,150,338	-	4,272,000
21,424,873	22,646,471	18,328,263	22,047,446		84,447,053	77,298,160	80,911,043	80,105,565
				<u>Operating Expenditure</u>				
4,934,463	4,689,940	4,667,677	4,788,963	Employee Related Expenses	19,081,044	16,812,577	18,074,686	17,298,090
6,100,141	5,084,528	5,105,273	6,208,225	Supplies & Services	22,498,167	15,579,577	20,959,134	19,969,049
3,414,402	3,414,402	3,414,402	3,414,402	Depreciation & Amortisation	13,657,610	11,717,165	13,298,831	12,907,790
-	-	-	-	Impairments/Writedowns	-	1,370,620	-	335,000
588,218	623,718	588,218	588,218	Taxes & Government Charges	2,388,373	1,898,502	1,930,000	2,339,723
59,431	10,534	10,664	10,793	Other	91,423	3,030,812	151,357	3,248,122
15,096,656	13,823,123	13,786,235	15,010,602		57,716,616	50,409,253	54,414,008	56,097,775
6,328,217	8,823,348	4,542,028	7,036,843	Earnings before Interest and Tax (EBIT)	26,730,437	26,888,907	26,497,035	24,007,790
1,389,319	1,389,319	1,389,319	1,389,319	Finance Costs	5,557,274	4,631,726	5,625,519	5,551,028
4,938,899	7,434,029	3,152,710	5,647,525	Net Profit before Tax	21,173,162	22,257,181	20,871,516	18,456,762
907,806	1,966,511	361,529	3,116,103	Income Tax Equivalent	6,351,949	7,245,800	6,261,454	5,537,029
4,031,093	5,467,518	2,791,181	2,531,422	Net Profit After Tax (NPAT)	14,821,214	15,011,381	14,610,062	12,919,733
-	-	-	14,821,214	Dividend	14,821,214	15,011,381	14,610,062	10,163,833
4,031,093	5,467,518	2,791,181	(12,289,792)		-	-	-	2,755,900

Quarter 2019-2020				Statement of Financial Position	2019-2020 Budget	2017-2018 Actual	2018-2019 Budget	2018-2019 Est. Actual
Sept	Dec	Mar	Jun					
Current Assets								
15,000,000	15,000,000	15,000,000	15,000,000	Cash & Cash Equivalents	15,000,000	12,160,032	10,530,336	15,000,000
55,272,361	41,661,242	26,845,403	12,373,187	GOC Advance Facility	12,373,187	15,992,126	22,253,282	59,151,034
11,042,734	10,115,979	8,234,169	14,279,847	Trade & Other Receivables	14,279,847	13,752,633	13,003,097	12,752,603
3,379,956	3,379,956	-	462,069	Current Tax Receivable	462,069	2,435,663	333,492	2,189,227
-	-	-	-	Non-Current Assets held for Sale	-	-	-	-
428,217	1,320,776	1,024,860	733,091	Other Current Assets	733,091	701,133	563,916	716,915
85,123,268	71,477,953	51,104,432	42,848,194		42,848,194	45,041,587	46,684,123	89,809,780
Non-Current Assets								
643,298,254	678,711,808	700,096,304	733,265,845	Property Plant and Equipment	733,265,845	549,724,141	630,683,156	607,485,191
50,962,000	50,962,000	50,962,000	50,962,000	Investment Properties	50,962,000	47,025,000	47,025,000	50,962,000
694,260,254	729,673,808	751,058,304	784,227,845		784,227,845	596,749,141	677,708,156	658,447,191
779,383,522	801,151,761	802,162,736	827,076,039	TOTAL ASSETS	827,076,039	641,790,728	724,392,279	748,256,971
Current Liabilities								
8,846,243	9,983,484	8,051,359	17,305,693	Trade & Other Payables	17,305,693	6,145,794	12,680,262	7,684,572
868,479	1,130,483	1,217,094	-	Current Tax Liabilities	-	-	-	-
10,163,834	-	-	14,821,213	Dividends Payable	14,821,213	15,011,381	14,610,061	10,163,834
25,000,000	25,000,000	25,000,000	-	Financial Liabilities - Current	-	-	-	-
3,616,570	3,661,945	3,707,320	3,677,107	Provisions - Current	3,677,107	3,468,367	3,375,064	3,571,194
4,534,360	4,554,294	4,574,228	4,594,162	Other Current Liabilities	4,594,162	4,436,635	3,962,415	4,514,426
53,029,485	44,330,206	42,550,000	40,398,174		40,398,174	29,062,177	34,627,801	25,934,026
Non-Current Liabilities								
96,137,543	96,137,543	96,137,543	121,137,543	Financial Liabilities - NC	121,137,543	96,137,543	104,137,543	96,137,543
630,207	630,207	630,207	649,113	Provisions - NC	649,113	611,851	784,671	630,207
53,089,913	53,089,913	53,089,913	59,216,012	Deferred Tax Liabilities	59,216,012	36,942,704	38,063,972	53,089,913
23,021,146	23,021,146	23,021,146	21,701,675	Other Non-current Liabilities	21,701,675	24,279,167	23,032,253	23,021,146
172,878,809	172,878,809	172,878,809	202,704,343		202,704,343	157,971,265	166,018,439	172,878,809
225,908,294	217,209,015	215,428,809	243,102,517	TOTAL LIABILITIES	243,102,517	187,033,442	200,646,240	198,812,835
553,475,228	583,942,747	586,733,927	583,973,522	NET ASSETS	583,973,522	454,757,285	523,746,039	549,444,136
Equity								
148,516,611	153,984,129	156,775,310	144,485,518	Retained Profits	144,485,518	141,910,520	141,203,917	144,398,332
242,078,557	242,078,557	242,078,557	251,607,944	Reserves	251,607,944	209,784,059	219,662,062	242,165,743
162,880,060	187,880,060	187,880,060	187,880,060	Issued Shares	187,880,060	103,062,706	162,880,060	162,880,060
553,475,228	583,942,747	586,733,927	583,973,522	TOTAL EQUITY	583,973,522	454,757,285	523,746,039	549,444,136

Quarter 2019-2020				Statement of Cash Flows	2019-2020	2017-2018	2018-2019	2018-2019
Sept	Dec	Mar	Jun		Budget	Actual	Budget	Est. Actual
<u>Cashflows from Operating Activities</u>								
21,479,075	23,163,288	19,799,481	15,447,760	Receipts from Customers	79,889,603	73,212,688	77,972,357	74,706,653
(7,856,704)	(9,635,326)	(10,780,526)	(6,332,381)	Payments to Suppliers & Employees	(34,604,939)	(39,360,407)	(35,036,212)	(42,144,262)
-	25,000,000	-	-	Contributed Capital	25,000,000	-	59,817,356	59,817,356
-	-	3,379,956	-	Tax Refund	3,379,956	1,996,574	2,334,406	2,435,662
(2,289,054)	(1,816,942)	(1,080,058)	(739,251)	Income Tax Equivalents	(5,925,306)	(6,564,189)	(6,437,997)	(5,456,911)
429,872	429,872	420,527	425,199	Interest received	1,705,470	468,830	609,170	786,810
11,763,188	37,140,891	11,739,379	8,801,327		69,444,785	29,753,496	99,259,080	90,145,308
<u>Cashflows from Investing Activities</u>								
(39,307,544)	(38,827,956)	(24,804,999)	(21,533,324)	Capital Expenditure	(124,473,823)	(16,993,351)	(79,684,239)	(24,851,182)
55,000	-	10,000	20,000	Sales of fixed assets	85,000	129,031	82,000	159,902
(39,252,544)	(38,827,956)	(24,794,999)	(21,513,324)		(124,388,823)	(16,864,320)	(79,602,239)	(24,691,280)
<u>Cashflows from Financing Activities</u>								
25,000,000	-	-	-	Loan Raisings	25,000,000	-	8,000,000	-
-	-	-	-	Redemption on Loans	-	(111,213)	-	-
(1,389,319)	(1,760,219)	(1,760,219)	(1,760,219)	Finance Costs	(6,669,976)	(4,692,253)	(5,860,119)	(4,443,772)
-	(10,163,834)	-	-	Dividend	(10,163,834)	-	(15,498,943)	(15,011,381)
23,610,681	(11,924,053)	(1,760,219)	(1,760,219)		8,166,190	(4,803,466)	(13,359,062)	(19,455,153)
(3,878,674)	(13,611,119)	(14,815,839)	(14,472,216)	Net cash inflow/(outflow)	(46,777,848)	8,085,710	6,297,779	45,998,876
74,151,034	70,272,361	56,661,242	41,845,403	Opening Cash Balance	74,151,034	20,066,449	26,485,839	28,152,159
(3,878,674)	(13,611,119)	(14,815,839)	(14,472,216)	Net cash inflow/ (outflow)	(46,777,848)	8,085,710	6,297,779	45,998,876
70,272,361	56,661,242	41,845,403	27,373,187	Closing Cash Balance	27,373,187	28,152,159	32,783,618	74,151,034
55,272,361	41,661,242	26,845,403	12,373,187	Amts in GOC Advance Facility	12,373,187	15,992,127	22,253,282	59,151,034

ATTACHMENTS

Corporate Entertainment

Detail	Description / Benefit	2018-2019 Budget (\$)	2018-2019 Est. Actual (\$)	2019-2020 Budget (\$)
SPONSORSHIPS				
James Cook University Scholarships	To promote employment within the north Queensland region and POTL as a potential employer.	1,800	1,400	1,800
Ports Australia	Sponsorship of the Ports Australia's inaugural Operational Ports Conference to be held in Townsville	-	20,000	-
NQ Cowboys	To promote the significance and importance of the Port of Townsville in partnership with the NQ Cowboys.	25,000	-	-
Australian Cruise Association	To promote Townsville as a premium destination for cruise vessels and support tourism for the community.	-	-	12,500
Total over \$5,000		26,800	21,400	14,300
Other Sponsorships (total) below \$5,000		11,500	14,053	17,500
TOTAL		38,300	35,453	31,800
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.	-	10,000	25,000
Townsville Enterprise Limited	To increase our profile within the industry to promote trade.	37,700	35,642	37,700
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.	10,000	9,000	10,000
Ports Australia	To participate in Australia's peak representative body for Australian ports and marine authorities.	40,000	38,055	40,000
MITEZ	To support the diversification of new industries, expansion of new markets	15,400	15,000	15,400

Detail	Description / Benefit	2018-2019 Budget (\$)	2018-2019 Est. Actual (\$)	2019-2020 Budget (\$)
	and promotion of existing investment opportunities in the region.			
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.	5,000	3,570	5,000
AUSMEPA	AUSMEPA are facilitating a school curriculum program for POTL in Townsville to educate young people on the significance and importance of ports in Australia.	1,200	1,200	1,200
Total over \$5,000		109,300	112,466	134,300
Other Membership (total) below \$5,000		19,400	16,234	21,600
TOTAL		128,700	128,701	155,900

CORPORATE ENTERTAINMENT & EVENTS

Employee End of Year Function	Year in review, recognition / appreciation of employee efforts, employee morale and increase team building.	8,500	9,200	9,200
Total over \$5,000		8,500	9,200	9,200
Other (total) < 5,000		18,350	18,979	21,450
TOTAL		26,850	28,179	30,650

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
Underwater Museum	To ensure POTL has representation on the Project Steering Committee or managing body that is driving the project given proximity to Port of Townsville.	50,000	19,000	-
Food Relief NQ	To support the Townsville community after the February 2019 floods.	-	5,000	-
Total over \$5,000		75,000	49,000	25,000
Other (total) below \$5,000		3,500	3,500	3,500

Detail	Description / Benefit	2018-2019 Budget (\$)	2018-2019 Est. Actual (\$)	2019-2020 Budget (\$)
TOTAL		78,500	52,500	28,500
ADVERTISING				
Harbour City Project	Advertising for Expressions of Interest from developers (nationally) to begin work on the precinct and development of marketing brochures etc.	20,000	20,000	20,000
Channel Upgrade	Advertising and merchandise to promote channel upgrade project.	-	10,000	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	19,500	1,500
Cruise Ship Welcomes	Hire of equipment, entertainment (music), signage, advertising to notify community of cruise ship arrivals etc.	5,000	-	-
Quayside Terminal	Advertising of Quayside Terminal facilities for public and private events.	-	5,000	5,000
Corporate Merchandise	Merchandise to promote the port at community events and trade expos.	-	10,500	10,500
Townsville Bulletin / Austereo News	Placement of the "What's Happening at the Port" updates throughout the year, as well as ad hoc advertising.	21,450	21,450	23,800
Total over \$5,000		70,950	91,450	85,800
Other (total) below \$5,000		42,850	14,153	68,600
TOTAL (5)		113,800	105,603	154,500
TOTAL		386,150	350,436	401,250

Employment and Industrial Relations Plan

1. Strategic Framework and Outcomes

Over the next (5) five years POTL will focus on achieving efficiencies of existing infrastructure and services, enacting Government directives and establishing critical port infrastructure to meet future trade demand in a sustainable manner.

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

Our Employment and Industrial Relations objective is to achieve a work environment that is equitable and safe and attracts, develops and retains motivated, skilled and high-performing people committed to achieving business objectives.

In conjunction with the above over the next five (5) years POTL is undertaking the Channel Upgrade (CU) Project to cater to growing demand and expanding vessel sizes. The CU Project includes the widening of the existing navigation channels, the construction of rock wall revetment ponds and the development of 62 hectares of reclamation. The project has a value around \$193M, includes extensive environmental controls and is considered vital to the continued economic development of North Queensland. While it is recognised that CU Project at present is still in its initial stages work is well progressed on creating an Employee Relations (ER) Plan for the project in preparation for the engagement of the required project workforce. The CU Project ER Plan is intended to ensure that appropriate human resources are acquired with the necessary skills, employed in accordance with the legislative framework and trained if any skill gaps are identified.

Strategies and key actions to be implemented during 2019 – 2020 are as follows:

Strategy	Performance Outcome	Performance Measure	Performance Target
Promote POTL as an employer of choice to attract and retain employees who align with POTL's business objectives	<ul style="list-style-type: none"> Employee satisfaction Improved recruitment outcomes 	<ul style="list-style-type: none"> % successful completion of qualifying periods Number of applications for advertised positions 	<ul style="list-style-type: none"> > 100% successful completion > 6 applications received for each advertised position
Ensure workplace policies, conditions and systems encourage diversity and enable employees to better manage work and personal life commitments	<ul style="list-style-type: none"> Workplace free from discrimination and harassment Employees have access to flexible working arrangements Employees have access to an Employee Assistance Program (EAP) 	<ul style="list-style-type: none"> Number of incidents of discrimination or harassment in the workplace Number of incidents of discrimination or harassment in the workplace reported and dealt with in a prompt and appropriate manner % employee access to flexible working arrangements (subject to operational requirements) % of employees aware of and have access to EAP 	<ul style="list-style-type: none"> Nil incidents of discrimination or harassment in the workplace 11 trained Contact Officers 100% availability of flexible working arrangements for employees (subject to operational requirements) 100% of employees aware of and know how to access EAP

Strategy	Performance Outcome	Performance Measure	Performance Target
Provision of corporate management systems and technologies to support more efficient and productive output	<ul style="list-style-type: none"> Improved productivity and output External certification of corporate management systems 	<ul style="list-style-type: none"> \$ value of productivity savings over term of Enterprise Agreements External certification of all corporate management systems 	<ul style="list-style-type: none"> \$1,204,124 in productivity savings over term of Enterprise Agreements Systems externally certified
Maintain an equitable and safe workplace	<ul style="list-style-type: none"> Equity training provided to employees Nil Lost Time Injury Frequency Rate (LTIFR) Safety management system (SMS) externally certified 	<ul style="list-style-type: none"> % of employees trained in equitable workplace behaviours LTIFR External certification of SMS 	<ul style="list-style-type: none"> 100% of employees trained in equitable workplace behaviours Nil LTIFRs External certification of SMS maintained

2. Significant and Emerging Issues

The key issues related to industrial relations and human resources during 2019-2020 are detailed below.

(i) Employment Security and Economic Sustainability

We are committed to maintaining appropriate employment levels whilst remaining economically sustainable and will continue to monitor employment arrangements as the economic climate changes and take appropriate action as necessary. We will strive to maintain employee numbers at levels that meet our operational and capital works program. We have implemented a number of initiatives to achieve this such as aligning our corporate structure to maximise existing internal skills to improve customer service delivery, improving operational efficiency and productivity and reviewing positions as and when they become vacant to determine whether there is a genuine operational requirement for the position to be filled.

(ii) Attracting and Retaining Employees

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

We are committed to fostering a work environment that continues to challenge and motivate individuals and recognise and reward performance. A range of practices are in place which promote flexibility for the business and employees with regard to hours of work and workloads. These 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).

(iii) Workplace Relations

We are focussed on maintaining good workplace relations to ensure that employees are committed to achieving our strategic objectives. We will continue to implement strategies to improve workplace relations, some of the key actions for 2019 – 2020 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

There are four Agreements that cover our employees:

- Port of Townsville Port Services' Collective Agreement 2016 (Port Services). There are approximately sixteen (16) employees covered by this Agreement, combination of white/blue collar. Nominal expiration date is 30 June 2020.
- Port of Townsville Administrative, Technical, Supervisory and Professional Employees' Collective Agreement 2016 (Administrative). There are approximately sixty-six (66) white collar employees covered by this Agreement. Nominal expiration date is 30 June 2020.
- Port of Townsville Maintenance Employees' Collective Agreement 2016 (Maintenance). There are approximately eighteen (18) blue collar employees covered by this Agreement. Nominal expiry date 31 December 2020.
- Port of Townsville Marine Pilots Collective Agreement 2017 (Pilots). There are ten (10) employees covered by this agreement. Nominal expiration date is 31 October 2021.

We will provide quarterly reports to shareholding Ministers' on the progress of initiatives and efficiency measures related to 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 Chairman) Remuneration as at 26 February 2019

Given Name	Director Fees \$	Committee Fees \$	Other Benefits \$	Super \$	Total \$
R. Garard (Chair)	50,000	10,203	-	5,719	65,922
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	8,744	-	3,277	37,771
Total	127,250	37,894		15,689	180,833

Senior Executive Remuneration as at 26 February 2019

CEO / Senior Executive	Base Salary ¹	Employer Superannuation Contribution ²	Motor Vehicle ³	Car Park ⁴	Other Personal Benefits ⁵	Total Fixed Remuneration ⁶	Other Non-personal Benefits ⁷	Performance Payment ⁸
Chief Executive Officer*	335,870	36,106	-	-	-	371,976	0	Up to 15% of TFR
Chief Financial Officer	236,407	22,459	-	-	-	258,866	0	Up to 15% of TFR
General Manager Infrastructure	236,407	22,459	-	-	-	258,866	0	Up to 15% of TFR
General Manager Operations	228,311	21,690	-	-	-	250,000	0	Up to 15% of TFR
General Manager Business Development	229,000	22,327	-	-	-	251,327	0	Up to 15% of TFR
Manager Marine Pilots (Current Incumbent)	290,000	27,550	58,953	-	-	376,503	0	
Manager Marine Pilots* (Previous Incumbent)	301,315	37,161	4,491	-	-	342,967	0	

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

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

4. Employment Conditions

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

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 2010 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 General Manager Trade and Property, General Manager Infrastructure, Chief Executive Officer, Chief Financial Officer and General Manager Operations. We also have several second and third tier individual contracts that exceed remuneration levels contained in Enterprise Agreements.

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.

There are fourteen (14) employees (casual Maritime Security Guards) on individual employment agreements under the Modern Security Services Industry Award 2010 and three (3) employees (gardeners) on individual employment agreements under the Modern Gardening and Landscaping Award 2010.

The remaining employees are covered by the four (4) Enterprise Agreements that are currently in operation, namely: -

- *Port of Townsville Limited Port Services Enterprise Agreement 2016;*
- *Port of Townsville Limited Administrative, Technical, Supervisory and Professional Employees Enterprise Agreement 2016;*
- *Port of Townsville Limited Maintenance Employees Enterprise Agreement 2016; and*
- *Port of Townsville Limited Marine Pilots Enterprise Agreement 2017.*

We do not have any gain sharing schemes.

5. Enterprise Bargaining and Productivity Initiatives

No industrial action was taken during 2018-2019 and none is expected during 2019-2020.

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 a good relationship with employees and unions.

6. Type of Employment and Workforce Planning

We have in place 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 (headcount) as at 30 April 2019.

Employment Category	2018-2019 YTD	2019-2020 Budget
Chief and Senior Executives	7	6
Permanent (non-contract)	94	95
Other Contract	7	7
Other (casuals, short-term temporary etc)	34	51
Total	142	159

There has been an increase eleven (11) in employee headcount from 2018-2019. At the time of writing the full time equivalent (FTE) number is 137.58 with a forecast increase to 157.32 in 2019-2020.

Workforce Profile Snapshot: POTL currently employs 142 people across a wide range of occupations/disciplines:

Male Employees (%)	72%
Female Employees (%)	28%
Average Age of Employees	48
Over 50 years (%)	46%
Voluntary Retirement Packages	0
Women (number)	40
Women POTL5 or above	20
Women Working in Senior and Middle Management	10
Female Representation on Board (%)	25%
Average length of service	7.4 years
% employees <5yrs N.B: this includes new units such as Maritime Security Guards & electricians plus temporary employees with less than 2 to 3 years' service with POTL.	55%

Future Employment Requirements

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

Our Employment and Industrial Relations objective is to achieve a work environment that is equitable and safe and attracts, develops and retains motivated, skilled and high-performing people committed to achieving business objectives.

Based on the Corporate Plan priorities and projects, the number of employees and basic skills required of employees (not associated with the CU Project) are unlikely to change markedly over the next five (5) years. The key skills that will become more important over the period of this plan include:

-

- Project planning and implementation;
- Customer Service;
- Contract Management;
- Continuous Improvement;
- Team Leadership;
- System design and implementation; and
- Business and Commercial Skills.

A number of existing employees have undertaken or have identified training in these areas to improve skills for example four (4) POTL employees finalised participation in the annual POTL Developing Managers and Leaders Program which has several Australian Quality Training Framework accredited units in the program. This also lead to three (3) employees completing further studies to complete a Diploma in Leadership and Management.

As noted previously POTL's future efforts are directed at planning, approvals and construction works necessary to ensure the Port of Townsville's preparedness and flexibility to meet future trade growth.

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

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 an additional 3.25% of the employee's base wage bringing the employer contribution to 12.75%. This contributory option is only available for employees using QSuper as their Superannuation fund. There are currently seventy-four 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 POTL. 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 employee has 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.

Definitions & Acronym Glossary

Term	Definition
Operating Revenue	Total amount of revenue from business operations.
Operating Expenditure	Total amount of expenses incurred through business operations.
Trade Income	Total amount of trade income from business operations.
Property & Facilities Income	Total amount of income generated from the lease/hire of the business's property and facilities.
EBIT	Earnings before interest and taxes calculated as revenue minus expenses, excluding tax and interest.
NPAT	Net profit after tax.
Dividend	Money paid by the business to its shareholders out of profit.
Return on Assets EBIT	EBIT divided by total assets.
Return on Equity	Net profit after tax divided by shareholder equity.
Current Ratio	Current assets divided by current liabilities.
Interest Cover Ratio (EBIT)	EBIT divided by interest expense.
Debt to Equity Ratio	Total liabilities divided by shareholder's equity.
Capital Investments	Total amount spent on current investments.
Trade Throughput	The total amount of imports and exports through the Ports of Townsville and Lucinda.
Vessels to Port	Total number of commercial, cruise and defence vessels visiting the Ports of Townsville and Lucinda.
Reportable Security Incidents	Total number of security incidents required to be reported under legislation.
Reportable Environmental Breaches	Total number of environmental incidents required to be reported under legislation and/or under an environmental approval.
Lost Time Injury Frequency Rate	Number of lost time injuries occurring in the workplace per 1 million hours worked.
Total Reportable Injury Frequency Rate	The number of fatalities, lost time injuries and other injuries requiring medical treatment per million hours worked.
Community Satisfaction	Percentage of the local community satisfied with the Port's operations.
Employee Engagement Rating	Percentage of employees satisfied with POTL workplace engagement.
Full Time Equivalent	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
CU	Channel Upgrade
EAP	Employee Assistance Program
ER	Employee Relations
Fair Work Act	<i>Fair Work Act 2009</i> (Cth)
FTE	Full Time Equivalents
GOC Act	<i>Government Owned Corporations Act 1993</i> (Qld)
LTIFR	Lost Time Injury Frequency Rate
POTL	Port of Townsville Limited ACN 130 077 673
PS Act	<i>Public Service Act 2008</i> (Qld)
QTC	Queensland Treasury Corporation
SCI	Statement of Corporate Intent 2019-2020
SMS	Safety Management System
TEUs	Twenty-Foot Equivalents Units
TFR	Total Fixed Remuneration



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PORT of TOWNSVILLE