

Port of Townsville

ANNUAL REPORT 2021-22

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Acknowledgment

Port of Townsville acknowledges the Gurumbilbarra Wulgurukaba and Bindal people as the custodians of the Townsville area where Townsville Port is located, and the Warrgamay people where Lucinda Port is located. We respect the spiritual relationship the people of the world's oldest continuous living culture hold with the Country and we acknowledge their Elders past, present and emerging.

CHAIR AND CHIEF EXECUTIVE OFFICER - YEAR IN REVIEW

The Port of Townsville's commitment to excellence was highlighted this year with the receipt of our third Australian Port of the Year Award since 2015.

The award reflects the truly remarkable work that our people do every day to serve our customers and communities in Northern Queensland.

We exist to create prosperity for our communities and value for our customers and shareholders through world-leading sustainable operations. As the world has continued to change in response to the ongoing COVID-19 pandemic, our team has remained focused on keeping vital trades moving to support North Queensland today, while planning ahead for the North Queensland of tomorrow.

Reflecting on performance for the year, we delivered another strong operating result of \$17.50 million, an increase of 22.11% on last year.

Overall trade remained steady at 7.23 million tonnes this year compared with 7.7 million tonnes last year. This remains down slightly from pre-pandemic trade as the shipping industry continues to face manufacturing delays and supply chain disruptions.

Some of the biggest increases in trade occurred for general chemical products (62%), petroleum products (20.5%), general mining cargo (25%) and molasses. These increases helped to offset significant trade decreases in livestock (-74%) and agricultural chemicals (-27%).

Capital expenditure for the year of \$40.39 million was primarily in relation to the ongoing Channel Upgrade Project (\$34.62 million). The current year spend is lower than 2020-21 as prior year included the completion of the Port's Truck Staging Area (2020-21 spend \$4.07 million), purchase of second pilot vessel (\$1.93 million) and completion of Berth 4 Cranes and Cargo Terminal Area (\$8.09 million).

Momentum continued on our largest infrastructure project ever undertaken, the \$232 million Channel Upgrade project. We commenced dredging in the Platypus and Sea Channels, with all capital dredge material brought to port for placement in a 62 hectare reclamation area. This project is a major commitment to ensuring the Port can accommodate larger ships and facilitate trade growth for existing and emerging industries well into the future.

We are working closely with our customers on several potential new projects that will drive significant economic growth for the region. These projects in rare earth and critical minerals, batteries, biomass, hydrogen and other renewable energy will contribute significantly to the world's climate ambitions and transition to a clean energy future.

Our commitment to sustainable prosperity requires we remain an industry-leader in environmental management practices. We are continuing a decades-long dedication to collecting, analysing and sharing comprehensive environmental monitoring data. This allows us to improve our own operations, reduce our environmental impacts and deepen the understanding of Cleveland Bay shared by various industry, conservation and research stakeholders. This year we began hosting the Dry Tropics Partnership for Healthy Waters. As host, the Port provides vital office space and administrative and technical support to the Partnership to ensure its efficacy and efficiency.

The later half of the year saw our valued seafarers finally able to take shore leave again. It was a welcome sight to see international seafarers on our berths and in the city after almost two years confined to their vessels. We continued to support the Mission to Seafarers throughout this time as they found new ways to support people enduring some of the most stressful conditions imposed by the pandemic. We also launched our second annual \$50,000 Community Fund and we are proud to be backing a wide range of community-minded projects across the North through this initiative.

It is our pleasure to present the 2021-22 Annual Report.

We thank our customers, community, contractors and stakeholders for their valued support. None of our success would be possible without you, or without our exceptional port employees. It is their drive and dedication that is helping us to deliver on our ambitious plans to improve the prosperity of our region, to contribute towards a climate positive future, improve the liveability for our community and foster an environment where our people thrive.

KEY PERFORMANCE RESULTS

Performance Indicators	2020-21 Actual	2021-22 Budget	2021-22 Actual	Movement (from 2020-21)
Operating Revenue (\$M)	77.17	83.30	84.40	7.23
Operating Expenditure (\$M)	51.81	58.21	56.09	4.28
Trade Income (\$M)	64.69	69.61	65.95	1.25
Property & Facilities Income (\$M)	11.07	12.48	15.93	4.87
EBIT (\$M)	25.36	25.09	28.31	2.95
NPAT (\$M)	14.33	14.01	17.50	3.17
Dividend (\$M)	13.55	14.01	0.00	-13.55
Return on Assets EBIT (%)	3.14%	3.02%	3.27%	0.13%
Return on Equity (%)	2.43%	2.29%	2.71%	0.28%
Current Ratio	2.18	1.59	2.48	0.3
Interest Cover Ratio (EBIT)	5.18	4.95	6.68	1.5
Debt to Debt + Equity Ratio	0.13	0.16	0.14	0.01
Capital Investments (\$M)	55.85	68.58	40.39	-15.46
Non-financial measures				
Trade Throughput (million tonnes)	7.70	7.98	7.24	-0.46
Vessels to Port	576	618	519	-57
Reportable Security Incidents	-	-	-	-
Reportable Environmental Incidents	7	-	8	1
Lost Time Injury Frequency Rate	5.86	-	6.32	0.46
Community Satisfaction	90%	>85%	90%	0%
Employee Engagement Rating	86%	>85%	85%	-1%
Full-Time Equivalents	146.28	147.97	140.50	-5.78

ABOUT US

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

Partnerships	We build meaningful and lasting relationships
Opportunities	We continuously innovate
Respect	We respect each other
Trust	We do the right thing

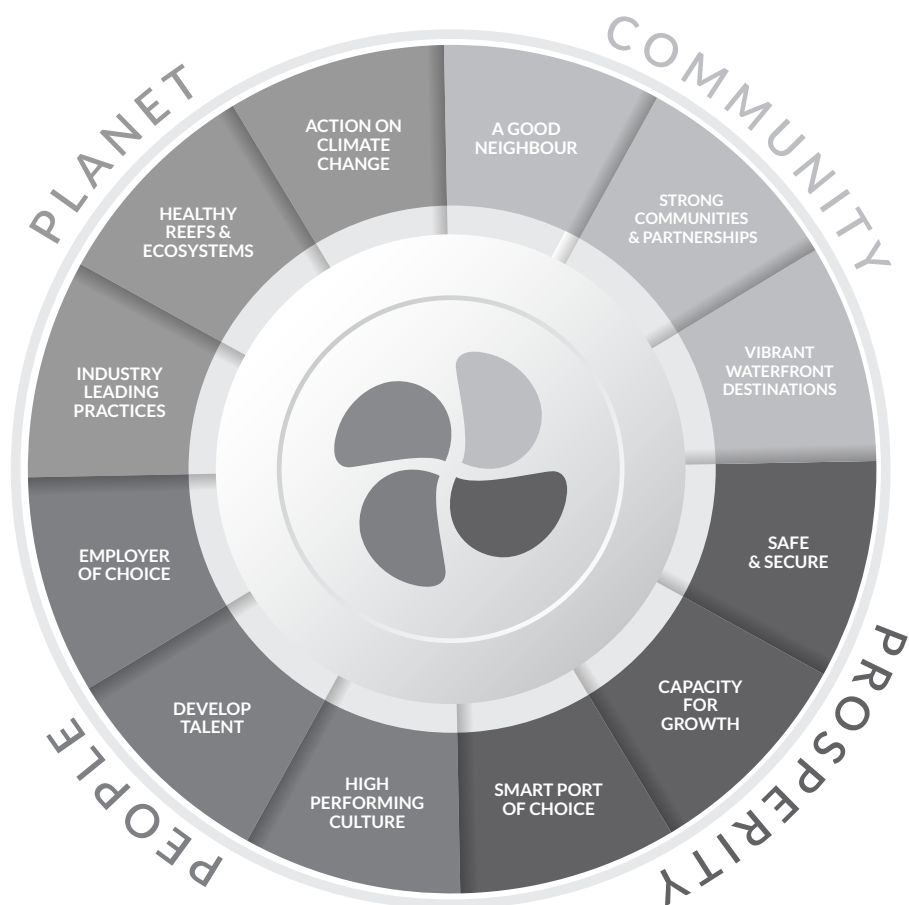
OUR STRATEGIC PRIORITIES

This Annual Report provides an overview of the Port's performance against its strategic objectives outlined in its Statement of Corporate Intent for 2021-22. The Port's key actions and initiatives during the period were focused on four priority areas, further facilitating our vision to be Australia's Port for the future.

PORT VISION 2050

Port Vision 2050 was launched in December 2020. This is the Port's long term sustainability plan, setting out the strategic objectives and targets for the Port of Townsville over the next 30 years.

Port Vision 2050 has four priority areas: Planet, Community, People and Prosperity. This strategic vision will ensure the longevity of the Port and associated services for generations to come by engaging in leading environmental practices, building meaningful partnerships with the community, developing and nurturing the Port's workforce and creating prosperity for the region.



OUR BUSINESS

Port of Townsville Limited (the Port) is a Government Owned Corporation (GOC) established pursuant to the *Corporations Act 2001* (Cwlth) and the *Government Owned Corporations Act 1993* (Qld) (GOC Act). The Port has two shareholding Ministers, the Honourable Cameron Dick MP (Treasurer and Minister for Trade and Investment), and the Honourable Mark Bailey MP (Minister for Transport and Main Roads). The Port owns and manages the ports of Townsville and Lucinda, with its head office located in Townsville.

OUR PORTS

Founded in 1864, Townsville Port plays a significant role in the local, regional and State economy. It is one of the four Priority Ports under the *Sustainable Ports Development Act 2015* (Qld). Located close to the Townsville CBD, the Port handles more than 30 different commodities; and is the largest exporter in Australia of sugar, molasses, copper, lead, zinc and fertiliser. It is the largest container and automotive port in Northern Australia, servicing around 70% of Northern Australia's population. It plays a critical role in growing tourism activities with a world-class cruise ship terminal. It also offers strategic naval port capabilities, with a state-of-the-art naval berth and infrastructure facilities, with particular emphasis on servicing the Australian Defence Force's Landing Helicopter Dock ships.

Lucinda Port is situated approximately 100 kilometres north of Townsville and is primarily dedicated to the export of raw sugar from the Herbert River sugar-growing district. As one of Queensland's six bulk sugar terminals, the Port of Lucinda's main role in the bulk sugar industry network is to receive, store and export raw sugar to domestic and international markets. It also services nearby islands with regular general cargo barge services.

The organisation's core business functions are to:

- establish, manage and operate effective and efficient port facilities and services;
- make land available for the establishment, management and operation of effective and efficient port facilities and port services by other persons, or other purposes consistent with the operation of our ports;
- demonstrate stewardship and sustainability of port operations within a growing urban centre;
- provide for ancillary services or works necessary or convenient for the effective and efficient operation of our ports;
- keep appropriate levels of safety and security in the provision and operation of our port facilities and port services;
- provide other services incidental to the performance of our other functions, or likely to enhance the usage of our ports;
- perform any other functions and exercise any other powers conferred on us under the *Transport Infrastructure Act 1994* (Qld) (TI Act), the GOC Act and Regulations or another Act or under our annual Statement of Corporate Intent or five year Corporate Plan;
- provide port services and ancillary services whether in or outside our ports, whether in or outside Australia and whether for another port or for other parties; and
- carry out any activity that is incidental to the attainment of the objectives set out above.

THIS REPORT

This Annual Report presents the Port's performance results for 2021-22 as well as details about strategic initiatives that we are pursuing to ensure we continue to deliver world class port facilities and services, and seamless maritime connections for Northern Australia.

PUBLIC AVAILABILITY

Consistent with our commitment to sustainability and responsible environmental management, only a limited number of hard copies of this Annual Report have been printed. An online version of this Annual Report, and our past Annual Reports, can be found on our website at www.townsvilleport.com.au.

If you wish to receive a hard copy of this Annual Report, please contact us by phone on +61 7 4781 1500 or email community@townsvilleport.com.au

INTERPRETER SERVICE ANNOUNCEMENT

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

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COVID-19

PORT OPERATIONS

As critical links in the national freight task, the Ports of Townsville and Lucinda have continued to remain fully operational during the COVID-19 pandemic. Essential imports for North Queensland and the export of valuable key commodities from the region continued to flow through our ports facilitated by frontline staff, customers and supply chain partners.

The Port's Crisis Management Team has continued to engage with employees, customers, stakeholders and the community reassuring everyone that our ports remain open for business while implementing health and safety measures to reduce risk.

While many health restrictions imposed during earlier stages of the pandemic have been relaxed, the continued health and wellbeing of our staff, port users and the community has required constant vigilance.

The reopening of State borders in December 2021 presented a new wave of challenges to navigate as Australians were able to travel more freely than they had in almost two years. This brought increased case numbers and new virus strains to contend with. However, the Port's previous experiences meant the team was well-placed to adapt quickly and effectively to limit the impacts on our workforce and operations.

The Port continued to implement a range of health measures including:

- Working from home (for those employees in non-operational front-line roles);
- Special Pandemic leave in line with Queensland Government guidelines;
- Restrictions on all non-essential travel;
- Encouraging the continuation of group and customer meetings to video-conferencing and teleconferencing;
- Increasing cleaning protocols and stock of Personal Protective Equipment (PPE) and improving signage and barriers throughout the office;
- Introducing a range of health and hygiene practices;
- Clear signage and messaging at berth security; and
- Increased vigilance by guards ensuring vessel visitors are meeting the COVID Safe Guidelines particularly with regard to use of PPE.

Employees working remotely were assisted with establishing their home offices and were provided with appropriate equipment. Those employees needing additional pandemic support were able to access the Port's Employee Assistance Provider.

CRUISE SHIPPING

The Australian Government banned cruise ships entering Australian waters in March 2020, due to the COVID-19 pandemic. The ban was extended several times and finally lifted on 17 April 2022.

In December 2021, the Port of Townsville welcomed four expedition cruises to Port, which were permitted as an exception to the ban in an attempt to restart the struggling cruise industry. The cruise ships visiting Townsville were small cruise vessels with Queensland passengers, remaining in Queensland waters. The four vessels totalled 542 passengers and crew personnel, who were required to comply with stringent health measures on board and during day tours.

The Port is closely following national and international developments as the industry overhauls practices to ensure safe passage for all cruise passengers. As a port city, Townsville would be part of any industry resurgence. However, the overwhelming priority will always be to ensure the health and safety of the Port's workforce and the community.

The Port is now preparing to host a Delegates Welcome event as part of the Australian Cruise Association Conference in September 2022. The event was initially slated for 2020 but delayed due to the ongoing COVID-19 pandemic.

While the impact of COVID-19 will be felt by the cruise industry for some time, the Port of Townsville's Channel Upgrade project represents a significant long-term opportunity for the future of cruise, commercial and defence ships coming to the region.

PLANET

ENVIRONMENT

Performance and Compliance

The Ports of Townsville and Lucinda sit within the Great Barrier Reef World Heritage Area. Our vision is to create prosperity for the community, customers and shareholders through world-leading sustainable operations. The Port operates within this sensitive environment under a fully certified Environmental Management System (certified to ISO 14001:2015). In 2021 we also achieved EcoPorts certification. EcoPorts is an independent foundation that provides ports with the tools to develop global best practice environmental management systems.

In 2021, the continued efforts of Port staff in reducing energy, water and waste have seen us recognised by the CCIQ EcoBiz Queensland Program. For our performance during 2021, the Port achieved a three star “Champion” rating with EcoBiz, which is the highest rating possible. Since joining the program in 2016, we have reduced our energy use by 9% and slashed 70% from our water usage and landfill. We are proud of these accomplishments and are working across all levels of the Townsville and Lucinda Ports to sustain our reductions and make further improvements where we can, as we reach for our Port Vision 2050 commitments.

During 2021-22, the Port was operating under a Trade Waste Agreement with Townsville City Council that covers the whole port, including Port tenants. During this period, there were five notifiable incidents where requirements of the agreement were not met. These events were reported to the relevant authority and appropriate actions taken to minimise recurrence.

During 2021-22 there were 3 incidents relating to the minor loss of hydrocarbon from the dredging operations associated with the Channel Upgrade Project. The Port also undertook a detailed investigation in collaboration with the contractor to investigate the root cause of the incident and preventative actions have been implemented. The event was reported to the relevant authorities, and it was concluded that it is unlikely that environmental harm has occurred as a result of the incidents.

Maintenance Dredging

In 2021-22, the Port undertook its five yearly Sediment Sampling Analysis Plan (SAP) as a requirement of the National Assessment Guidelines for Dredging (NAGD 2009) for maintenance dredging and placement activities. Sediment core samples were taken across the Port and analysed against the guideline and the report was submitted to the Federal and Queensland dredging regulators. The SAP report was approved, and the dredging approvals have been updated to align with the outcomes of the SAP.

In 2021-22, the Port also undertook an options analysis for an alternative Dredge Material Placement Area (DMPA) for sea placement. Several suitable locations were identified for further analysis, including in the Port exclusion area and in the Marine Park. The Port engaged a consultant to assist with a multi-factor analysis considering a range of operational, navigational safety and environmental considerations. As part of the project the Port has been consulting with a wide range of stakeholders and regulators to gain feedback about the investigation. This project will continue into 2022-23.

In 2022 the Port supplied approximately 5,000 cubic meters of dredged sand to Townsville City Council for beach renourishment at Rowes Bay to address coastal erosion. This is the third time since the 2019 floods that the Port has supported Council with sand for beach renourishment. This is a good example of beneficial reuse of dredge material.

The Port has also partnered with Atlas Soils, JCU and Townsville City Council to do a small trial of saline dredge material to see if it is possible to reduce the salinity and create a soil that is suitable for non-marine applications. If the trial is successful, it would allow for more options for beneficial reuse of dredge material and help with creating a more circular economy. The trial continues into 2022-23.

Monitoring

The Port undertakes comprehensive monitoring programs within and surrounding the Port of Townsville which includes an extensive network of real-time air quality and water quality monitors and sampling of groundwater, stormwater, marine water and sediment.

In 2021-22, the Port expanded its monitoring program to include a current and tide meter at the Platypus Channel marker P14. This equipment was installed to assist the marine pilots to provide data about current and tide conditions from within the channel. In addition, the Port successfully developed and commissioned an environmental monitoring database to hold the extensive data records from its monitoring programs. This will ensure data is easily retrievable and held in one location.

The three port-boundary air monitoring stations located at the Coast Guard, Lennon Drive and Environmental Park sites, record air quality data which is publicly available on the Department of Environment and Science website. The stations are home to a range of sophisticated instruments to detect and analyse air quality parameters. The data allows Port customers to obtain real-time information and assists with continual improvement undertaken on their sites and during vessel loading and unloading of cargo. Monthly Air Quality dashboards and the Boundary Air Monitoring Plan are publicly available on the website.

Due to natural events (bushfire/dust haze) and localised events (unrelated to the Port) in the Townsville area, airborne particulate values (PM10) at the Port’s boundary air stations were above Department of Environment and Science guidelines on five occasions in 2021-22.

The Port has also committed \$17 million for environmental monitoring and management programs as part of the Channel Upgrade project, including those covering dolphins, turtles, seagrass, corals and shorebirds.

Cleveland Bay Seagrass Monitoring

Seagrasses are a key species in indicating changes to water quality making them ideal to monitor and understand the overall health of the marine environment in Townsville. The Port of Townsville and James Cook University's TropWATER team have partnered to survey seagrass in Cleveland Bay annually since 2007. The annual boat and helicopter surveys assess the condition and species of more than 25,000 hectares of seagrass meadows in the Townsville region and track changes over time.

The 2021 annual seagrass survey results for Townsville and Cleveland Bay showed:

- The overall condition of seagrass in Cleveland Bay was 'Good' in 2021.
- The total seagrass area within the Port's limits increased 18% from the same time last year.
- Ten of the 11 species known to occur in the Townsville region were present in the area surveyed in 2021.
- Seagrass species *Halophila tricostata* was found in deeper areas of Cleveland Bay for the first time on record.
- Green sea turtles, dugongs and their feeding trails were observed in seagrass meadows throughout 2021, indicating "high use of the area by herbivorous marine megafauna".
- The healthy condition of Townsville's seagrass indicates they are in a resilient state.

The seagrass report is available on the Port's website and data from this program continues to inform the Dry Tropics Partnership for Healthy Waters report card.

In 2021-22, the Port championed the creation of an ArcGIS StoryMap about seagrasses in Cleveland Bay with the Dry Tropics Partnership for Healthy Waters. The StoryMap brings together seagrass data since 2007 to show the changes over time in the bay and highlight the importance of seagrasses. The StoryMap will be available on the Dry Tropics Partnership for Healthy Waters website from July 2022.

PLANET INITIATIVES

Tree planting

The Port has planted more than 3,500 trees in 2021-22 as part of the one million tree program. Coastal Dry Tropics Landcare planted 1,000 plants across their seven Landcare Sites in Townsville. Glencore, one of the Port's longest tenants, also planted 500 trees in the Port's Environmental Park with Townsville South State School students.

Litter

The Port has installed more than 30 litter baskets on Port land to complement the 40 litter baskets installed throughout the Townsville CBD by Townsville City Council and the Townsville Local Marine Advisory Group with support from the Great Barrier Reef Foundation. The Port's litter baskets have captured more than 5,000 pieces of litter during the year, trapping the litter before it makes its way into our waterways. Port staff also participated in Clean Up Australia Day in 2022 collecting more than 20 kilograms of litter.

Bat tags

The Port has continued to install reflective bird and bat tags with 1,500 tags installed on barb wire fences in 2021-22. We have also removed more than 300 meters of barbed wire from fences that no longer require it. We have prioritised fence lines that are most likely to be in flight paths due to nearby habitat and food sources. Birds and bats are important pollinators and it's important we take measures to protect them from hazards such as barbed wire.

Dry Tropics Partnership for Healthy Waters

In 2022 the Port became the new host of the partnership, Dry Tropics Partnership for Healthy Waters. The partnership produces an independent report card annually for the community to understand the health of the areas creeks, rivers and reef catchment areas. The Port has been involved in the Partnership since its inception and values the opportunity to combine the targeted knowledge of individual groups to understand the whole catchment and collaborate on meaningful initiatives. In 2021, the Partnership hosted its first ever Townsville Waterways Forum: "Our Waterways, Our Priorities, Our Future". This Forum featured a hybrid program, with both speakers and workshop to highlight innovative solutions to waterway health and management actions in the Townsville region. The 2020-21 Annual Report card is due to be launched in July 2022.

Port Land Use and Development planning

The Port's Land Use Plan ensures effective and efficient development on Strategic Port Land within the Ports of Townsville and Lucinda.

The Port released the draft Lucinda Land Use Plan from Statement of Proposal from 4 May 2022 to 29 June 2022 for public consultation. The Land Use Plan will be finalised and gazetted in 2022.

The Townsville Statement of Proposal was released 14 July 2021 to 9 September 2021. The Port is developing the draft Land Use Plan which includes formally incorporating the Master Plan into the statutory plan. The draft Land Use Plan will be released for consultation in 2022.

In 2022 the Port also finalised and released its Sustainable Port Guideline on to its website, which integrates sustainability and Port Vision 2050. The document provides guidance to proponents as to how to meet the Port's requirements and to design and build sustainable infrastructure.

Biosecurity

In 2021-22, the Port continued to participate in a state-wide marine biosecurity pilot program managed by the Department of Agriculture and Fisheries (DAF) and the ports of Cairns, Mackay, Gladstone and Brisbane. The Queensland Seaport eDNA Surveillance (QSEAS) program uses DNA analysis to detect invasive marine pest species. In November 2021, the Q-SEAS program won the Industry Award at the Australian Biosecurity Awards.

In 2021-22 the Port undertook treatment for Tulip weed and Leucaena in the Port of Lucinda with the assistance of Hinchinbrook Shire Council.

The Port team also attended Townsville City Council's EcoFiesta on World Environment Day in 2022 at Anderson Gardens with approximately 10,000 people attending. The Port shared information about biosecurity and facilitated a visit by Bega and the Purple Hive Project from Victoria. The Port is working closely with Bega to have the innovative Purple Hive installed at Townsville Port which uses AI to detect varroa mites on bees. This would add to and complement existing biosecurity approaches in the Port, as a First Point of Entry Port.

The Port works closely with the Queensland and Federal government departments to minimise the potential impact from these pest species and raise awareness within the Port community.

COMMUNITY

The Port of Townsville plays a critical role in local job creation and regional economic development while ensuring our ports operate in a socially responsible manner for the long term.

Every year the Port is involved in a range of community activities including:

- **Community Fund:** In 2021-22 the Port completed the inaugural round of the \$50,000 Community Fund and launched the second round. Clean, green projects featured high in the inaugural round, which saw a mix of 17 sports, arts and environmental projects funded. Reconciliation and conservation were the presiding themes among successful applicants in the second round, with successful applicants due to be announced early in the new financial year.
- **Maritime Museum of Townsville:** In August, the Port launched Rise of Our Port City, a new high-tech exhibition at the Maritime Museum of Townsville. The exhibition uses immersive technologies including Virtual Reality, an interactive table and ship simulator. A total 4,427 people visited the Museum during the financial year.
- **Reconciliation Action Plan:** The Port is progressing with our Reflect Reconciliation Action Plan (RAP). The RAP Working Group met with ports, councils, unions and indigenous work providers to gain insights into best practice. The Port is preparing to engage indigenous artists for a range of projects next financial year.
- **National Reconciliation Week:** The Port held an All Staff Lunch as a combined celebration of Reconciliation Week, Queensland Day and the Queen's Platinum Jubilee. Representatives from On Common Country were invited to speak to staff about Indigenous Training they are undertaking in partnership with the Port.
- **NAIDOC Week:** The Port hosted a NAIDOC Week breakfast for staff. Port Engineer Robert Henaway spoke to attendees about being born on Thursday Island, his family's history in the region and how career support and opportunities like those he has received are vital to reconciliation.
- **Tours:** The Port hosted 29 tours for schools, community groups, business organisations and stakeholder groups.
- **Community Liaison Group (CLG):** The Port hosted four CLG meetings – one virtually due to COVID-19 safety measures and three in-person. The Port welcomed five new members to the CLG and received resignations from three outgoing members.
- **Lucinda Jetty:** Improvements to the Lucinda fishing jetty were completed. The improvements included piling repairs as well as upgraded public amenities including the installation of LED lighting and new bench seating made from recycled plastic.
- **Clean-Up Australia Day:** Our Port staff cleaned up approximately 2,250 individual pieces of rubbish weighing more than 50kg from various locations along the banks of Ross Creek.
- **Community Beautification:** The Port installed a small retaining wall to the Quayside and Riverside car parks on Lennon Drive as well as a new garden. The Port also commenced the beautification of the Benwell Road median strips adjacent to the Truck Staging Area. This is expected to be complete in the first quarter of 2022-23.
- **Tree Planting:** The Port held several tree planting events at the Environmental Park, which also engaged community members from the CLG, Townsville South State School, Glencore, the Planning and Environment Working Group and Port staff.
- **Awards:** The Port of Townsville was named Port or Terminal of the Year for the third time at the DCN Awards. The Port was also a Finalist for DCN's Seafarer's Welfare Award and Heavy Lift's Port/Terminal Operator of the Year.
- **EcoFiesta:** The Port attended Townsville City Council's EcoFiesta.
- **Summer Breakfast Barbecue:** The Port held a free breakfast barbecue exclusively for residents in neighbouring South Townsville. The event included tree-planting, face-painting, a barbecue breakfast by Townsville South State School P&C, VR experiences, a coffee van and a chance for neighbouring residents to take a drive-through tour of the Port.

CRUISE AND QUAYSIDE TERMINAL

The Port's Quayside Terminal is one of Townsville's largest event venues. While the COVID-19 cruise ship ban remained in effect until April, the Port of Townsville welcomed four expedition cruises to Port. These were small cruise vessels with Queensland passengers, remaining in Queensland waters. The four vessels totalled 542 passengers and crew personnel.

Quayside Terminal was well utilised as an events venue throughout the financial year, playing host to 23 Port-run events such as media events, training, meeting and staff engagement activities, and 36 external events such as weddings, formals, galas and expos.

INDUSTRY INVESTMENT

As a major driver of economic growth in the region, the Port maintained its commitment to industry bodies and organisations that promote the advancement of North Queensland, including:

- Ports Australia (\$38,000)
- Townsville Enterprise (\$36,717.27)
- Dry Tropics Healthy Waterways Partnership (\$25,000)
- Mount Isa to Townsville Economic Development Zone (MITEZ) (\$15,000)
- Queensland Ports Association (\$9,000)
- Shipping Australia (\$3,640)
- Australian Cruise Association (\$4,000)
- Townsville Chamber of Commerce (\$1,500)
- PIANC Australia Inc (\$1,359.09)
- Security Providers Association (\$1,180.91)
- Concrete Institute of Australia (\$1,363.64)
- CRC for Developing Northern Australia (\$100)

COMMUNITY FUND

The Port of Townsville's Community Fund supports not-for-profit organisations and community groups to complete projects and initiatives that align with the Port's four key sustainability pillars: Planet, Community, People and Prosperity.

Launched in February 2021, the Community Fund pledges \$50,000 in support to eligible groups.

Recipients of the Community Fund are announced in May/June each year. Due to this timing, payment of Community Fund invoices is typically split across two financial years, as illustrated below.

Community Fund 2021

In its inaugural year, the Community Fund attracted 33 applications from across Townsville, Magnetic Island and Hinchinbrook. Clean, green projects featured high among the recipients, which saw a mix of 17 sports, arts and environmental projects funded.

Recipients of the 2021 Community Fund paid in the 2020-21 financial year are:

- Umbrella Studio contemporary art (\$3,233)
- LiteHaus International (\$1,800)
- Museum of Underwater Art (\$2,500)
- Townsville Deadly Runners (\$650)
- Magnetic Island Men's Shed (\$453)
- Mission to Seafarers (\$3,860)
- Townsville Sailing Club (\$5,000)
- CommunityGRO (\$1,987)

Community Fund 2022

In 2022, 36 applications were made to the Port's Community Fund, requesting a combined total of more than \$200,000. Reconciliation, conservation and community health and wellbeing were the presiding themes among successful applicants in 2022.

Recipients of the 2022 Community Fund paid in the 2021-22 financial year are:

- Townsville Sailing Club (\$4,500)
- Townsville Motor Boat and Yacht Club (\$3,000)
- Townsville State High School (\$2,955)
- Northern Beef Producers (\$2,500)

SPONSORSHIP AND DONATIONS

Partnerships, sponsorships and donations in 2021-22 included:

- Maritime Museum of Townsville (\$25,000)
- James Cook University (\$3,400)
- Community donations (\$2,104)
- Pricey's Northern Lights Tour (\$3,000)
- Townsville South State School (\$250)

FORUMS & EVENTS

The Port attends and participates in forums and events each year, promoting and developing trade opportunities. These included:

- Port Advisory Body
- Cargo Facilitation Working Group
- Townsville Industry Breakfasts
- Hydrogen Forums
- Independent Technical Advisory Committee (ITAC) meetings
- Community Liaison Group (CLG)
- Technical Advisory Consultative Committee (TACC) Meeting for Maintenance Dredging
- Planning and Environment Working Group (PEWG)
- Local Marine Advisory Committee (LMAC)
- Queensland Ports Association (QPA)
- Ports Australia meetings
- Dry Tropics Partnership for Healthy Waters Management Committee and Technical Working Group
- Dry Tropics Partnership for Healthy Waters - Waterway Forum: Our Waterways, Our Priorities, Our Futures
- Townsville City Council's EcoFiesta
- Monitoring on Magnetic Forum
- LGAQ NRM Forum Hinchinbrook Shire
- QLEA Queensland Livestock Exporters Australia Cattle Form
- Rail and Road Forum in Cloncurry
- Townsville Field Days
- Townsville Enterprise Mining Forum
- Burdekin Farming Forum

The Port held one corporate event that cost \$8,575 during 2021-22.

EVENT	DATE	TOTAL COST
Employee End of Year Function	11 December 2022	\$8,575

PEOPLE

Around the world, ports, governments, communities, and individuals are re-imagining the way we live, work and play.

2021-22 WORKFORCE OVERVIEW

The Port currently employs 154 people (140.50 full time equivalents as at 27 June 2022) across a wide range of disciplines (over 80 defined roles) including pilotage, engineering, planning, maintenance, marine services, governance and legal, customer relations, trade and property, strategy and sustainability and commercial services.

Male Employees (%)	68%
Female Employees (%)	32%
Average Age of Employees	50
Over 50 years (%)	56%
Women Grade 5 or above	22
Women Working in Senior and Middle Management	8
Female Representation on Board (%)	66%
Average length of service	7 years
% employees <5yrs	57%

In 2021-22, average employee turnover was 19%. Each employee exit is reviewed and the three main reasons for leaving the Port were:

- Further career opportunity;
- Relocation with family; and
- Retirement.

Note – turnover percentage relates to employee-instigated terminations and does not include those employees whose termination occurred through performance management processes, end of fixed term contract engagements or casual employees.

The Port promotes attraction, retention, employee commitment and job satisfaction through the provision of an appropriate and stable organisational structure. This is supplemented by initiatives such as flexible work practices, parental leave, flexible annual leave provisions (ability to purchase and cash out leave), corporate health and employee assistance programs.

EMPLOYEE RELATIONS FRAMEWORK

The Port's employee relations framework includes but is not limited to:

- an Employment and Industrial Relations Plan;
- Enterprise agreements;
- a formal employee induction program;
- succession planning for key executive positions; and
- an employee Performance Appraisal and Development Planning cycle and Professional Development Procedure.

TRAINING AND PROFESSIONAL DEVELOPMENT

The Port is proactive in encouraging and assisting employees in undertaking professional development and the Learning and Development Policy and associated procedures are updated to reflect this commitment, providing clear guidelines on the development opportunities available to employees.

During the COVID-19 pandemic, the Port launched a range of online learning modules for employees to undertake and online learning will continue to be a feature of the Port's learning and development framework, in addition to face to face training delivery.

Numerous work experience opportunities were provided to students from local high schools.

SUCCESSION PLANNING

The Port has a succession plan for senior leadership positions to ensure a continuity of leadership both in the short and long term. It reflects the conscious decision by the Port to foster and promote the continual development of employees.

The succession planning process aims to identify employees with the potential for future advancement and the competencies to be developed in readiness for future leadership opportunities within the Port.

EQUAL EMPLOYMENT OPPORTUNITY

The Port has a Diversity and Inclusion Policy, and an Anti-Discrimination, Bullying and Harassment Standard that aims to promote equality of opportunity by prohibiting unfair discrimination, sexual harassment and other unacceptable conduct. The Policy and Standard contains information regarding Equal Employment Opportunity, Anti-Discrimination, Sexual Harassment and Prevention of Harassment and Bullying. New employees are trained in the Policy and Standard during induction and all employees undertake refresher training. The Port has ten trained Contact Officers throughout the organisation. Contact Officers receive the requisite training and are provided with refresher courses to remain current.

Any reported breaches of the Port's Anti-Discrimination, Bullying and Harassment Standard or Diversity and Inclusion Policy are investigated promptly. Any person found to violate the Policy or Standard may be subject to disciplinary action under the Port's Disciplinary Procedure.

There are currently 22 women classified at the Port Grade 5 and above; with eight women working in executive, senior and middle management. There are four female Board members, one holding the position of Chair.

PROSPERITY

From our beginnings in 1864 the Port served the 1,500 residents of Townsville. Today, the Port supports more than 700,00 people in North Queensland.

As we grow, we need to preserve access to the transport corridors and industrial precincts around our operations. Equally, we must preserve our valued natural and cultural environments for generations to come.

TRADE HIGHLIGHTS

Trade throughput totalled 7,238,484 tonnes for the 2021-22 financial year, comprising 6,756,491 tonnes of trade through the Port of Townsville and 481,993 tonnes through Port of Lucinda. The total throughput was 91% of the annual SCI budget of 7,976,750 tonnes with imports 101% and exports 86% of budgeted throughput.

The ongoing challenges in relation to the effects of the coronavirus pandemic and geopolitical pressure on international markets, changes in mineral concentrate markets and seasonal factors reducing live cattle, fertiliser and sugar exports, contributed to the lower volumes of trade for the 2021-22 year, a decrease of 465,931 tonnes or 6% compared to the 2020-21 financial year.

Despite this, some import commodities performed well with petroleum product imports growing 14.5% compared with the previous year volumes. A 5.3% rise in general cargo imports was thanks to a return in solar projects, new mining equipment orders and increased mining maintenance activity, and an 8% increase in sulphur imports. Fertiliser imports were up 28.4% on last year's figures while chemical product imports were 55.4% higher.

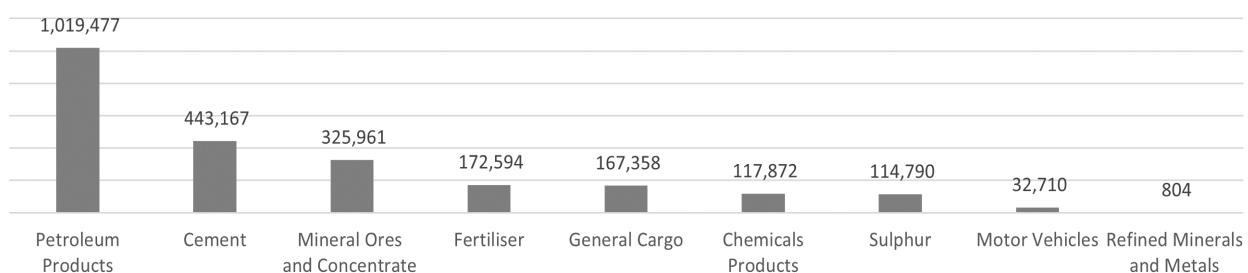
Molasses exports increased 29% compared with the previous year's figures. Food and grain exports had the biggest year on record, with a 25% increase. Exports of manufactured goods increased 28% and we saw the first transshipment of motor vehicles through the Port of Townsville with 521 new cars exported to southern ports.

Other commodities performed similarly to last financial year, small gains cancelled out small losses, but the marginal gains highlighted above could not offset the aggregated 507,774 tonnes of reduced mineral concentrates, refined minerals and metals and sugar throughput.

Imports

Imports totalled 2,394,733 tonnes at Port of Townsville (Port of Lucinda is export only), 1% above the annual budget of 2,375,103 tonnes, a 19,630 tonne gain. This was an improvement on last financial year with an 12% increase compared to 2020-21 volumes, a 253,160 tonne increase.

2021-22 Imports (Tonnes)



Overall petroleum imports increased 128,975 tonnes compared with the previous year, with Aviation Gas or Avgas recording the highest yearly volume in history, almost doubling the next biggest year in 2013-14. Diesel imports were the highest seen through the Port of Townsville since 2013-14, increasing 16% compared to the previous year.

General Cargo imports increased 5% compared with the previous year, an increase of 8,445 tonnes. A 76% rise in plant and machinery and a 16% increase in manufactured goods contributed to the growth as new mines expanded and solar projects returned to the Townsville region.

A 16,000 tonne increase of steel structures, articles and pipes were imported for Glencore's smelter overhaul, which commenced in January 2022, and 4,300 tonnes of rail wagons and locomotives were imported.

The return of solar projects in the Townsville region also contributed to the increase in general cargo with a 333% rise in solar panel imports compared with 2020-21 (almost 4.5 times the amount), showing promising signs of renewable energy projects returning to pre-COVID-19 levels.

Motor vehicles finished well above budget, up 44% on the forecast 22,695 tonnes. Vehicle numbers performed much the same as the previous year as the market continued to recover nationally, despite COVID-19 related lockdowns and part shortages hampering international vehicle supply.

Fertiliser imports were 35% above budget. The lift in import volumes from 134,391 in 2020-21 to 172,594 tonnes in 2021-22, was due to a higher demand from the domestic agricultural market for mono potassium phosphate and urea.

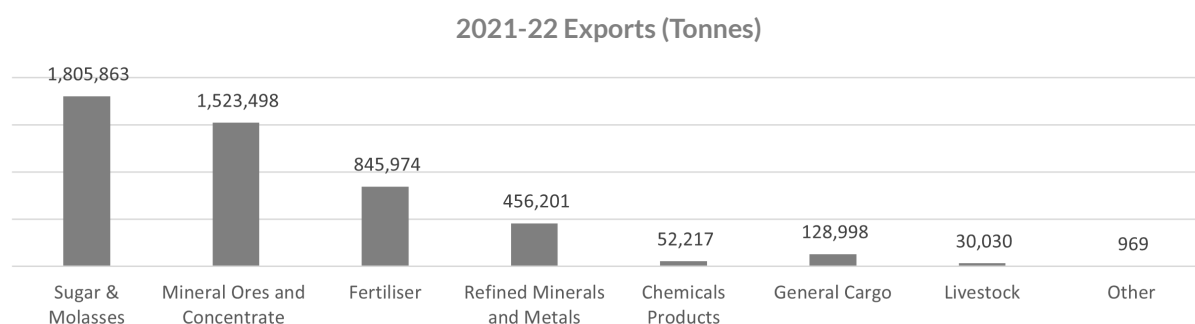
Import of cement and sulphur were above budget by 12% and 15% respectively. The positive cement result was against a lift in all sector usage but particularly in mining, while sulphur too is part of processing feedstock.

Coke imports performed well compared with last financial year, with a 162% increase, to 52,437 tonnes. The 32,500 tonne rise was due to Glencore increasing imports for its copper smelter, which remains in operation until 2026. Similarly, there was minimal import of sulphuric acid as commercial requirements favoured the export of sulphuric acid instead.

Mineral concentrate imports fell short by almost 7% of the budget, with 24,039 tonnes less than anticipated. Copper concentrate was sourced from domestic mines rather than importing because of high international freight costs, and zinc concentrate imports were lower as the Sun Metals refinery sourced supply domestically, and delays to the expansion reduced product requirements.

Exports

Exports totalled 4,843,751 tonnes across Port of Townsville and Port of Lucinda, 14% below the budgeted annual export throughput of 5,601,647 tonnes, a deficit of 757,896 tonnes.



Molasses exports recovered to historical levels as domestic feedstock demand decreased with lower cattle herd numbers, and new and growing international market demand increased. For the first time molasses was exported to Canada, United States and South Korea from Townsville Port, while exports to New Zealand increased by more than 25% compared to the previous year. Overall, 235,320 tonnes were exported compared with 182,502 tonnes last financial year, a 29% increase.

The Port saw a diversification of agricultural products as new crops were exported in containers. Soybean exports returned to the market after a few years' hiatus, while mung beans and sorghum had the best year on record, increasing 55% and 32% respectively, compared to the previous year, with China and Vietnam the major importers.

Exports of manufactured goods rose 28% compared with the previous year as zinc alloys and articles made of steel and plastic experienced marginal growth. The Port also saw the first transshipment of motor vehicles through the Port of Townsville with 521 new cars exported to southern Ports.

Fertiliser exports were 7.6% down and 69,886 tonnes behind last financial year as Phosphate Hill production stopped for two months for routine maintenance.

Refined Minerals and Metals exports fell 25% below budget for the year, 98,521 tonnes behind the previous year, due to a delay in the Sun Metals refinery expansion, and the increased mix of concentrates sourced domestically affecting smelter performance.

Mineral concentrates closed at 90% of budget, falling short 169,620 tonnes. Copper concentrate exports were impacted by changes in demand from existing markets. Miners have instead been feeding domestic demand while exploring new international markets. Gold concentrate exports in containers are gradually increasing year-on-year with China emerging as a major market.

Sugar exports were 92% of budget, falling short by 129,457 tonnes, as the industry produced a smaller crop than expected and an overhaul of sugar storage sheds interrupted shipping activity.

Cattle exports were 17% of budget, 151,013 tonnes below forecast, as short supply forced Australian cattle prices above affordable levels for export markets, and an unexpected emergence of livestock diseases across Indonesia heightened biosecurity vigilance, generating hesitation amongst importers.

While some commodities recovered to pre-COVID-19 levels and positive shoots of new markets emerged in 2021-22, overall trade finished 9% lower than budget. Given the uncertainties that were expected to continue with COVID-19 and new geopolitical tensions, the result is typically in line with the challenges faced by global markets and shipping.

CONTAINERISED CARGO

The Port handles an increasingly diverse range of containerised cargo. Container shipping is a fast, cost-effective, flexible and secure mode of shipping transportation. Containerised cargo at the Port comprises:

- refined metals including zinc ingots and copper cathode;
- mining consumable products, for example chemicals and machinery parts;
- project cargo including solar panels, iron and steel materials/parts and small equipment;
- bagged products such as fertiliser, animal feed and mineral concentrates; and
- refrigerated and food grade containers which contain meat, grains and horticultural products.

During the 2021-22 financial year containerised cargoes were still impacted to some degree by COVID-19 related disruptions to investment and capital raising on potential projects and cautious international markets, while renewable energy projects such as solar and wind showed some recovery.

Container numbers were slightly below 2020-21 volumes with 52,882 TEUs, a decrease of 2%.

Imports and exports of containers decreased by 0.2% and 4%, respectively. The decrease in exported TEUs is mainly attributed to a decline in export of refined metals.

Shanghai's months long COVID-19 lockdown since early March 2022 led to low import demand of refined zinc and refined copper for steel production in China. An offset between increased solar panels and steel article imports and reduced empty container repositioning explained the minor decrease in imported TEUs.

Containerised cargo made up 644,721 tonnes of trade in 2021-22, which represented 8.9% of the total tonnage at the Port, compared to 8.7% the previous financial year.

DRY BULK

Dry bulk commodities include cement, sugar, fertiliser and mineral concentrates and ores. The Port of Townsville is Australia's largest exporter of sugar, copper, lead, zinc and fertiliser.

In 2021-22, the dry bulk sector accounted for 4,908,142 tonnes of throughput or 68% of the total trade, compared to 70% the previous financial year.

Dry bulk imports increased 5.07% while exports decreased 11.7% compared with the previous year.

While fertiliser, mineral concentrate and sulphur imports finished above expected volumes, the marginal gains could not offset the reduction in fertiliser, mineral concentrate, refined minerals and metals, and sugar exports in 2021-22.

Cement was slightly below 2020-21 volumes by 732 tonnes but finished 12% above budget, pointing to a stable mining and construction phase in the north.

Fertiliser imports were 35% above budget, while the shutdown of Incitec Pivot's Phosphate Hill fertiliser plant meant fertiliser exports dropped 7% below budget, 69,886 tonnes less than the previous year.

Mineral concentrate exports were 15% down compared to 2020-21, a 262,694-tonne decrease, while imports were 12% above the previous year's volumes, an increase of 35,228 tonnes. Throughput was impacted by the delay in the zinc refinery expansion, poor smelter performance, COVID-19 impacting operational efficiencies and mine development, and high international freight costs leading to domestic sourcing.

Sugar exports from Port of Lucinda reached 96% of forecast for 2021-22, exports from Port of Townsville were 91% of budget. These results are impacted by timing of sugar sales and shipping and are slightly lower than historical levels.

LIQUID BULK

Liquid bulk comprises petroleum-based products including fuels (petrol, diesel, aviation) and bitumen, sulphuric acid, caustic soda, tallow and molasses.

Petroleum-based products fell 5% below budget but were 14.5% above 2020-21 volumes, an increase of 128,975 tonnes. Jet fuel finished 47% above the previous financial year while diesel increased 16% - a sign that domestic and international travel is on the rise and new mines in the Bowen Basin and North West Minerals Province are feeding demand. Bitumen closed the year 2.7% behind while unleaded petrol was in line with the previous year.

Molasses exports recovered to historical levels as Australian herd numbers remain low, and new and growing international market demand increased. Overall, 235,320 tonnes were exported compared with 182,502 tonnes last financial year, a 29% increase.

Liquid bulk cargo contributed 1,315,603 tonnes to the total Port of Townsville trade in 2021-22, 18.2% of total tonnage, compared to 15.7% the previous financial year.

Chemical imports increased 55% while exports decreased 60%.

BREAK BULK

Break bulk cargo varies in size, shape and weight and includes predominantly:

- motor vehicles;
- live cattle;
- oversized mining vehicle tyres;
- refined metals such as heavy copper cathode plates and ingots too large to containerise; and
- project cargo including large pieces of equipment, machinery, and infrastructure such as pipes, plants and steel structures.

As travel restrictions continue to ease, demand for new cars continue to increase, and manufacturers and supply chains are under pressure to deliver. Congestion at South Australia Ports forced Pure Car Carriers to tranship motor vehicles in Townsville for the first time, making good use of the Port's purpose-built car laydown areas. Motor vehicles finished well above budget, up 44% on the forecast while overall numbers were in line with the previous year.

New break bulk imports of steel structures (16,000 tonnes) for Glencore's smelter and railway locomotives and wagons (4,675 tonnes) for mining customer supply chains accounted for an increase of manufactured goods and plant and machinery through the port in 2021-22.

Live cattle exports slumped 74% below 2020-21 levels with the high price of Australian cattle, combined with Lumpy Skin Disease and Foot and Mouth Disease plaguing Indonesia, making the trade an enormous challenge. Live cattle finished 17% of the budgeted amount for the 2021-22 year.

Imports and exports of refined minerals and metals were down on previous years, a decrease of 7,220 tonnes and 98,521 tonnes respectively.

Break Bulk numbers were slightly below 2020-21 volumes with 359,332 tonnes, a decrease of 19%. Imports were 14% behind the previous year while exports fell 20%.

In 2021-22 break bulk cargo accounted for 359,332 tonnes of trade throughput, 4.97% of the total tonnage, compared to 5.7% the previous financial year.

SHIPPING INFORMATION

2021-22 Pilotage numbers

Lucinda	26
Abbot Point	696
Townsville	1,140
Total	1,862

2021-22 Arrivals to Port

Cargo Vessels	469
Navy Vessels	21
Cruise Vessels	4
Other Vessels	12
Lucinda	13
Total	519

During the last 12 months, all pilots have attained their Level 1 licence (unrestricted vessel size). Formal Check Pilot qualifications have been obtained by the Pilot Manager and three pilots to act as MSQ certified Check Pilots.

All COVID-19 pandemic protocols are being followed by Pilots in compliance with Queensland Health and MSQ requirements with no vessel delays.

Pilotage SMS's have been redone, external contract completed and currently are being reformatted to meet the Port's requirements.

PORT DEVELOPMENTS

Channel Upgrade project

The first stage of the \$232 million Channel Upgrade project, construction of a 2.2km, 10 metre high rock wall to form the boundary of a new 62ha reclamation area was completed in June 2021. The rock wall's construction required more than 800,000 tonne of rock which was sourced from seven local quarries west of Townsville.

Preliminary construction works on a Temporary Unloading Facility (TUF) on the rock wall's western bund commenced in July 2021 and achieved practical completion in February 2022. Local company Pacific Marine Group undertook piling works for the TUF with 137 sheet piles and 36 tubular piles used in its construction. The TUF is where all dredged material will be offloaded from barges for transportation to the reclamation area.

Hall Contracting's mechanical backhoe dredge, Woomera, the largest dredge of its kind in Australia, arrived in Townsville in January 2022 ahead of channel widening. The Woomera first cleared a small area to provide barge access to the TUF before channel widening commenced in March 2022. The Woomera will work to widen the 14.9km shipping channels, from 92 metres to 180 metres at the inshore (Port) end, tapering to 120 metres at the seaward end. To the end of June 2022, 489,450 cubic metres of material had been removed from the shipping channel. The Woomera is operating 24/7 (weather permitting) and dredging is expected to take about two years.

Upon its completion, larger ships up to 300m in length will be able to safely access the port, instead of bypassing Townsville. The project will also ensure the port can offer a greater capacity for trade growth and remains competitive for years to come.

Since design works began in 2018, the project has supported more than 1,600 jobs as of 30 June, with the dredging contract supporting more than 70 full-time employees. In line with Queensland Government procurement policies, the Channel Upgrade project applies weighting for local business benefit.

The project has a number of management plans relating to dredging and associated construction activities, which have been approved by the Federal Department of Agriculture, Water and Environment and are available on the Port's website. The Dredge Management Plan received approval in October 2022 ahead of capital dredging. Consultation with Traditional Owners and the Independent Technical Advisory Committee (ITAC) was undertaken prior to the finalisation of these documents.

An ITAC, with members from across Australia, was established in 2018. The ITAC provides technical and scientific advice and input on the development of monitoring programs, management plans and other mitigation strategies including the development of water quality and ecological trigger levels. The ITAC is comprised of an Independent Chair and technical/scientific specialists covering the following fields:

- Marine water quality
- Coral ecosystems
- Seagrass ecosystems
- Marine megafauna
- Coastal hydrodynamics and sediment transportation
- Dredging operations

The Port has committed \$17 million for environmental monitoring and management programs throughout the Channel Upgrade project including those covering water quality, dolphins, turtles, corals, seagrass and shorebirds.

The Port has conducted extensive community consultation and stakeholder engagement activities to ensure the public is informed about activities associated with the Channel Upgrade project. Throughout 2021-22 the Port continued to update the public via our Community Liaison Group, public ITAC sessions, radio and newspaper advertising, direct emails, brochures and flyers targeting key stakeholders including port fringe residents and recreational and commercial Cleveland Bay users.

The project is a key initiative of the Townsville City Deal and is funded by the State Government (\$105 million), Federal Government (\$75 million) and the Port of Townsville (\$52 million).

Greater Port Expansion Project

The \$1.6 billion Port Expansion Project is the largest infrastructure project in the port's history. It is a 30 year development plan that will include six additional berths and associated infrastructure to cater for the growth and expansion of the port.

The Port Expansion Project has been through rigorous environment impact assessments by both the Queensland and Federal Governments before the Environmental Impact Statement was approved in 2018.

Truck Staging Area - Benwell Road

The Port officially opened a new \$4.5 million truck staging area, situated at the main port entrance. The area caters for up to 20 triple road trains, reducing congestion and improving safety within the port and along the Port Access Road.

Port Development Plan

Port Development planning commenced during the year and is expected to be completed in early 2023. This Plan will provide the guidance to facilitate the design, scheduling, and delivery of port infrastructure necessary to achieve the commitments set out in Port Vision 2050. The Port Development Plan will consider growth projections for existing commodities and markets as well as emerging industries to help shape the port of the future.

Engineering and Maintenance Works

A number of engineering and maintenance projects were completed during the year, ensuring the operational availability of port assets to service customers. Projects included:

- \$2 million upgrade of Centenary Drive
- \$580,000 preventative maintenance and inspections
- \$575,000 grounds, gardens and visual amenity upgrades
- \$495,000 maintenance and repairs to vessels and floating plant
- \$440,000 demolition of Ross River Cold Store Jetty. Due for completion in Quarter 1, 2022-23
- \$370,000 repairs to the Tug Berth facility. Due for completion in Quarter 1, 2022-23
- \$320,000 building maintenance and cleaning
- \$290,000 minor dredging works
- \$230,000 minor civil works
- \$140,000 stormwater drain maintenance
- \$130,000 repairs to dredging equipment
- \$130,000 minor capital works

Marine Pilot App Implemented

After implementing a new Port Management Information System (PMIS) in 2020-21, the Port commissioned the Kline Mobile Pilot (KMP) module from Saab. The App manages pilot job notifications and records, to reduce administration effort, improve data reliability and support improvements to fatigue management.

HEALTH AND SAFETY

Throughout the COVID-19 pandemic, the Port remained committed to ensuring the health, safety and wellbeing of employees, contractors, visitors and the wider port community. The Port's leadership team regularly review safety performance. We are striving towards zero-harm day in and day out with the goal of providing a work environment free from workplace injury. Health and safety has been prioritised through engagement with the workforce, the safety refresh initiative and working towards the Port Vision 2050.

Throughout this period, we have engaged and facilitated with a number of the larger projects around the port such as the Ship to Shore Crane and Benwell Road Truck Staging Area. Another notable project has been the finalisation of the Information Management System (IMS) Reporting tool "Propel" which will streamline reporting for all port users. Including action event flows, raising events, recording observations, recording inspections, recording audits and findings. This will enable a holistic view for reporting and ensure all relevant data is captured.

COMPLIANCE WITH INJURY MANAGEMENT REQUIREMENTS

In accordance with the *Queensland Workers' Compensation and Rehabilitation Act 2003*, the Port has developed return to work programs for all employees who have sustained a workplace injury. The programs are designed to assist employees achieve a positive and timely return to work outcome. This framework is extended to employees returning from non work-related injuries to ensure that they can safely engage in their roles. The programs are regularly monitored and updated on a case-by-case basis.

SAFETY PERFORMANCE

The number of events has decreased slightly. However, the number of Lost Time Injuries have remained the same as the previous year which is encouraging and provides useful information to focus on key areas. Notably the number of Recordable Injuries has reduced by six which is a positive indicator for safety onsite. Overall, the Total Recordable Injury Frequency Rate (TRIFR) has dropped from 23 to nine which is below our target of ten. Total planned WHS meetings figures were greatly reduced due to the impact of COVID-19. However, the total number of Health and Safety Committee meetings remained similar.

Health and Safety Statistics	2020-21	2021-22
Total number of incidents reported	73	65
Number of Lost Time Injuries	2	2
Number of Recordable Injuries (includes Lost Time Injuries)	8	2
Lost Time Injury Frequency Rate (LTIFR)	5.86	6.32
Total Recordable Injury Frequency Rate (TRIFR)	23	9
Total of planned WHS meetings	613	288
Total of Health and Safety Committee meetings	25	28
Random Drug and Alcohol tests completed	128	87

SECURING OUR OPERATING ENVIRONMENT

Being a Security Regulated Port, both the Ports of Townsville and Lucinda operations are subject to the provisions of the *Maritime Transport and Offshore Facilities Security Act 2003* (MTOFSA) and the *Maritime Transport and Offshore Facilities Security Regulations 2003* (MTOFSR).

Security measures include:

- Background checks;
- CCTV;
- Controlled access to the port;
- Controlled access to berths;
- Identification and establishment of Restricted Zones; and
- Application of Penalties for Security Breaches and Reporting of Security Incidents.

The Port holds approved Maritime Security Plans (MSPs) under which, the establishment of both Waterside Restricted Zones (WRZs) and Landside Restricted Zones (LRZs) provides for the implementation of specific controls for the Port of Townsville and Port of Lucinda. Through the MSP there are legislatively directed positions such as Port Security Officer (PSO), Port Facility Security Officer (PFSO) and the designation of deputies. These positions are listed in the MSP and have been accepted by the Department of Home affairs.

The Port is required to hold a Port Security Committee meeting annually and this was held in December 2021. The meeting for the 2022-23 year is currently being planned and a date has been set. The security committee is made up of key personnel at the port and port users including government agencies and entities.

Continued engagement with port users including government agencies and entities have been increased and strengthened over the past year and this helps ensure that the Port remains current with all government security requirements and best practices.

Part of the Port's engagement with others is ongoing security messaging reminding all staff, users, customers, contractors and all other people coming into the port that security is everyone's responsibility and ensuring security of the port helps with ensuring the security and safety of us all.

COMPLIANCE WITH LEGISLATION

As well as our obligations under MTOFSA and MTOFSR, the Port is subject to a number of other legislative requirements including the *Security Provider Act 1993*, *Transport Infrastructure Act 1994*, *Transport Infrastructure (Public Marine Facilities) Regulations 2011*, to name a few.

The Port maintains all registers and required licencing to ensure compliance with the Acts and Regulations that we are subject to, and regularly undergo audits relating to these requirements. Further to this, key persons within the Health Safety and Security Department are continuously assessing the port security standards to ongoing requirements and changes to ensure our compliance.

With the push for cyber security requirements, collaboration and cooperation between the Innovation and Information Technology, and Health Safety and Security Departments has strengthened, ensuring that the integration of both physical and cyber security not only meets the required standards but also complement one another.

GOVERNANCE



BOARD OF DIRECTORS

The Port of Townsville Board of Directors is comprised of six non-executive Directors as at 30 June 2022 who were appointed by the Governor in Council in accordance with the GOC Act. Directors' names and tenure details during the 2021-22 financial year are shown below:

Name	Position	Initial appointment	Last re-appointed	Appointment expiry
Ms Ann Sherry AO	Chair	1 October 2021		30 September 2025
Mr Brad Webb	Director	1 October 2011	1 October 2020	Resigned, effective 30 June 2022
Hon. Mike Reynolds CBE, AM, BSW, MAICD	Director	16 December 2016	1 October 2019	30 September 2022
Ms Connie Navarro	Director	1 October 2020		30 September 2023
Ms Tess Bishop	Director	1 October 2021		31 May 2024
Ms Danielle O'Toole	Director	1 October 2021		31 May 2024
Ms Renita Garard	Chairperson	1 October 2015	1 October 2018	30 September 2021
Mr Shayne Hanran	Director	3 December 2015	1 October 2018	30 September 2021

The Port's Directors are paid fees for their services. The amount of the fees is determined by shareholding Ministers. Remuneration arrangements for the Chief Executive Officer and senior executives are determined by the Board in accordance with guidelines issued by shareholding Ministers. In accordance with the disclosure requirements for GOCs, details of Directors' remuneration for the reporting period are located on page 62 of this report.

The Board has adopted a Disclosure of Interests Policy to ensure the independence of Directors is appropriately assessed and any potential conflicts are identified, disclosed, and managed. It is considered by the Board that none of the Directors' interests disclosed during the reporting period interfered with the ability of those Directors to act in the Port's best interests. Disclosure of interests is further dealt with in the Disclosure of Interests Policy found on website at <https://www.townsville-port.com.au/corporate/governance/>.

Ms Ann Sherry, AO - Chair Appointed 1 October 2021

Ann is one of Australia's leading business executives with a career that spans Government, Banking and Cruise Tourism. She is also an active philanthropist.

Ann is the Chair of UNICEF Australia, Enero Group and Port of Townsville. She is a Non-executive Director of National Australia Bank. She is also a Director of Infrastructure Victoria, Cape York Partnerships, the Museum of Contemporary Art Australia and the Australia and New Zealand School of Government (ANZSOG). As of June 2022, she has been appointed sixth Chancellor of Queensland University of Technology (QUT).

Ann is an Adviser, the former Chairman and was Chief Executive Officer of Carnival Australia for a decade. Carnival Australia is the largest cruise ship operator in the Australia/Pacific region.

Beginning her working life as a Radiographer, Ann became First Assistant Secretary of the Office of the Status of Women in Canberra before moving to the banking sector initially in HR roles, then in CEO roles with Westpac NZ and the Bank of Melbourne.

The Australian Government awarded Ann the Centenary Medal in 2001 and in 2004 she was awarded an Order of Australia. In 2015 Ann was named as the overall winner of the Australian Financial Review 100 Women of Influence Award.

Ann also works to improve opportunities and remove barriers for women in STEM and sport and supports opportunities for Indigenous Australians.

Mr Bradley Webb - Non-Executive Director Resigned 30 June 2022

Brad Webb is Managing Director of BM Webb Industrial Property. Established in Townsville as an interstate truck haulage business in 1979, BM Webb has grown into a diverse, award-winning business that specialises in the construction and leasing of industrial warehouses. A strong focus is placed on customer service and property management at the group's owned and managed Webb Drive Industrial Estate, which is home to over 80 purpose built industrial warehouses, spread across 240 hectares of land. Brad has an extensive knowledge within industries including Construction, Concrete, Quarry, Transport, Bulk Cement, Rail and Container Terminal Construction and International Business and Trade, which have all influenced the growth of his industrial estate. He has also received numerous business and personal awards, including Townsville Citizen of the Year in 2003, and special recognition from General Peter Cosgrove AC MC for providing relief to the Cyclone Larry Recovery Taskforce in 2006.

Brad's community involvement also stems from founding North Queensland based charity, Food Relief NQ, to providing business knowledge and assistance to many local organisations. Brad is currently Chairman of Food Relief NQ, Non-Executive Director of Port of Townsville Limited and Chair of Townsville's Water Security Taskforce.

Hon. Mike Reynolds, CBE, AM – Non-Executive Director
Appointed 16 December 2016

Mike has extensive experience as a Chairman, Deputy Chairman and Director of the Boards of Corporations, Statutory Authorities and not-for-profit companies.

Mike was a Councillor with the Townsville City Council from 1973 to 1989, serving as Mayor of Townsville (1980-1989) and Deputy Mayor (1976-1980). He was the State Member for Townsville (1998-2009), serving as Parliamentary Secretary to the Premier (1998-2001), Minister for Emergency Services and Minister Assisting the Premier in North Queensland (2001-2004), Minister for Child Safety (2004-2006) and Speaker of Queensland Parliament (2006-2009).

He is also the former Chairman of professional dance company Dancenorth (2010-2013), Chairman of Townsville Port Authority (1990-1996), Chairman of ACT Vocational Training Authority (1992-1995) and Deputy Chairman of North Queensland Electricity Board (1979-1988).

Mike was an Adjunct Professor at the Public Policy Institute at the Canberra Campus of the Australian Catholic University (2012-2013) and is the Australian Patron of Youth with a Mission Medical Ships Australia (2009-2021). Mr Reynolds is a non-executive Director with North and West Remote Health (2012 to 2021).

In 1985, Mike was awarded Membership of the Order of Australia (AM) for his service to Local Government and the Townsville community. In 2018, Mr Reynolds was awarded a Commander of the British Empire (CBE) for promoting relations between Queensland and Papua New Guinea, including as Mayor of Townsville and as Patron of YWAM Medical Ships Program.

Ms Connie Navarro – Non-Executive Director
Appointed 1 October 2020

Connie is a legal practitioner with 20 years' experience in the legal industry. Connie is a born and bred North Queenslander and an advocate for rural and regional development.

With extensive experience and expertise in the areas of commercial, property and business law, Connie has a particular focus on agribusiness, mining, energy and resources, infrastructure and major projects.

Connie holds a Bachelor of Economics – Bachelor of Laws (Hons) from James Cook University and is admitted in the High Court of Australia, Supreme Court of Queensland and Supreme Court of Northern Territory.

Connie is the Director of Connie Navarro Legal, Secretary of MITEZ – Mount Isa to Townsville Economic Development Zone and committee member of the Townsville Industrial Development Board.

Ms Tess Bishop – Non-Executive Director
Appointed 1 October 2021

Tess Bishop has had an extensive senior leadership career within the public service, at both a State and Federal government level. This includes as Deputy Director-General, Strategy and Engagement, in the Department of the Premier and Cabinet Queensland, and Deputy Secretary of the Priorities and Delivery Unit for Prime Minister and Cabinet. She was also Head of the South East Queensland City Deal for the Federal Department of Infrastructure, Transport, Regional Development and Communications.

Her career in government is complemented by practice in the private sector including her work with KPMG Europe, where she forged strategic relationships with business and industry stakeholders, and in her current role as Managing Director of TLB Advisory Pty Ltd.

Tess holds a Master of International Relations, a Graduate Certificate in Business Management and a Bachelor of Arts majoring in political science and public policy. Experienced in community and stakeholder engagement, Tess is a member of IAP2 Australasia and is a graduate of the AICD Company Board of Directors program.

Tess has been a member of the Board of Screen Queensland, the Queensland Chapter of the Australian Institute of International Affairs and is currently on the Board of the Pathways to Resilience Trust.

Ms Danielle O'Toole – Non-Executive Director
Appointed 1 October 2021

Danielle is a civil geotechnical engineer with 30 years' experience in the development and delivery of a wide range of multi-disciplined mining, civil and environmental infrastructure projects.

While Danielle is a proud Queenslander and has called Townsville home with her family since 2013, she has had the opportunity to live and work in multiple locations throughout South and West Africa, as well as closer to home in Western Australia. This international career journey has seen Danielle become a specialist in mine waste engineering, as well as a recognised and respected dams engineer.

Danielle holds a Bachelor of Engineering (Civil) and Master of Science in Engineering (Research) from the University of Queensland, is a Registered Professional Engineer of Queensland and a Chartered Professional Engineer (Civil, Environmental). She is also a professional member of the Australian Institute of Mining and Metallurgy and is a Technical Director at SLR Consulting – a global environmental and advisory solutions firm.

Ms Renita Garard – Chair
Appointed 1 October 2015 – Appointment Expired 30 September 2021

Renita is a chartered accountant with more than 20 years' experience in the provision of financial and taxation advice through roles within leading professional services firms. In particular, she has significant experience in the provision of advisory services regarding large commercial transactions and reorganisations for corporate entities, private family groups, superannuation funds and investment funds.

Renita is a Director of Queensland Rugby Football League Limited and is also a Director of not for profit organisations, Lifetec Australia Ltd and the 4 Aussie Heroes Foundation Limited.

A dual Olympic gold medallist as a former hockey player with the Australian Women's Hockey Team (1996 & 2000), Renita was a Director of Hockey Australia from 2001 to 2012. In addition, Renita was a member of the Executive of the international body, the International Hockey Federation (FIH) for seven years during this period.

Mr Shayne Hanran – Non-Executive Director
Appointed 3 December 2015 – Appointment Expired 30 September 2021

Shayne is a Registered Professional Engineer of Queensland with over 30 years' experience in the industry. A Townsville local; he completed his studies at James Cook University and has extensive experience in the project management, design and construction phases of a diverse range of civil and structural projects.

Shayne has fulfilled the Project Director role on a number of large multidisciplinary mining infrastructure and materials handling related projects and possesses a comprehensive understanding of the communication and technical skills required to successfully deliver major projects.

Shayne is the Regional Managing Director, Northern and Western Australia for AECOM Australia Pty Ltd.

BOARD COMMITTEES

The Port has three Board Committees that report to the Board, namely:

1. Audit and Risk Committee

Chair – Ms Connie Navarro

Members – Ms Tess Bishop and Hon. Mike Reynolds CBE, AM, BSW, MAICD

The primary objective of the Audit and Risk Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities in respect to the quality and integrity of financial reporting, the performance of the external audit, effectiveness and objectivity of the internal audit plan, and oversight of the internal control system for financial reporting, accounting records, business risks and compliance activities.

2. Sustainability Committee

Chair – Hon Mike Reynolds CBE, AM

Members – Ms Danielle O'Toole and Ms Tess Bishop

The primary objective of the Sustainability Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities for sustainability and ensuring frameworks, policies, practices and targets are aligned with the Port's goal of being a sustainable organisation for the long-term. This encompasses governance of board and executive functions, people and culture, safety and security, environment, community engagement and social responsibility.

3. Strategy, Innovation and Development Committee

Chair – Mr Brad Webb

Members – Ms Ann Sherry and Ms Danielle O'Toole

The primary objective of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities by providing reviewing and providing advice in respect to the Port's strategy, innovation and development frameworks.

The qualifications of Directors on each Board Committee are detailed on page 36 of this report. Board Committee Charters can be viewed on the Port's website at <https://www.townsville-port.com.au/corporate/governance/>.

DIRECTOR ATTENDANCE

Director attendance at Board and Board Committee meetings during the reporting period is outlined in the table below:

Director	Board Meetings		Audit & Risk Committee		Sustainability Committee		Strategy, Innovation & Development Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Ms Ann Sherry AO	8	8	N/A	N/A	N/A	N/A	2	2
Mr Brad Webb	12	5	N/A	N/A	N/A	N/A	3	1
Ms Connie Navarro	12	12	3	3	N/A	N/A	1	1
Ms Danielle O'Toole	8	8	N/A	N/A	2	2	2	2
Hon. Mike Reynolds CBE, AM, BSW, MAICD	12	10	3	2	3	2	N/A	N/A
Ms Tess Bishop	8	8	2	2	2	2	N/A	N/A
Renita Garard	4	4	1	1	1	1	N/A	N/A
Shayne Hanran	4	4	N/A	N/A	1	1	1	1

BOARD EVALUATIONS

Performance evaluation for the Chief Executive Officer and senior executives occurs annually in accordance with the Port's Performance Review Procedure.

The Port has in place a corporate governance framework which provides for regular Board evaluations in accordance with the Port's Performance Review Framework.

This review process enables the Board to review individual and whole-of-board performance against duties and responsibilities with a view of focusing on key performance objectives and identifying areas for improvement.

The Chair also continuously monitors the performance of individual Directors, the Board and Board sub-committees.

The evaluation process focuses on:

- individual Director and collective Board knowledge, experience, and performance;
- whether governance and compliance obligations are understood and are being met;
- how well the key indicators and reporting processes have helped the Board in its monitoring role;
- the quality and effectiveness of Board and management relationships; and
- Board processes and efficiency.

The Board may sometimes seek an independent appraisal of its performance if it is deemed an independent review would facilitate a more effective evaluation process.

DIRECTOR INDEPENDENCE

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

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

Directors are required to disclose any direct or indirect interest they have at the commencement of their appointment as a director by submitting a Statement of Interests Form to the chair or Chief Executive Officer as appropriate.

In accordance with the requirements of the *Corporations Act 2001* (Cth), if a Director has a direct or indirect interest in a matter being considered, or about to be considered by the Board, the Director is also required to disclose the nature of the interest to the Board as soon as practicable after the relevant facts come to the Director's knowledge.

The Board also regularly assesses the ongoing independence of each Director and the Board generally to ensure they continue to exercise unfettered and independent judgment. This ensures the interests of the shareholding Ministers, and the public are properly protected and that individual vested interests do not have the opportunity to influence decision-making against the interests of the Corporation as a whole.

The assessment of the independence of a Director, including materiality thresholds, is a matter for the Board to determine on a case-by-case basis from the perspective of both the Port and the relevant Director, having regard to the Director's individual circumstances. The Board has arrangements in place for determining materiality thresholds and for assessing a Director's independence in light of interests disclosed by them.

It is considered by the Board that none of the Directors' interests disclosed during the reporting period interfered with the ability of those Directors to act in the Corporation's best interests.

On this basis, all members of the Board are considered to be independent.

Disclosure at a meeting of the Board is further dealt with in the Corporation's Disclosure of Interests Policy found under the Corporate Governance section of the Corporation's website at <https://www.townsville-port.com.au/corporate/right-to-information/>.

INDEPENDENCE ADVICE

Directors are permitted, after discussion with the Chair and Chief Executive Officer, to obtain independent professional advice at the Port's expense should they have concerns in relation to a particular issue being considered by the Board. Such advice, once obtained, is made available to all other Directors.

SHAREHOLDERS

The Board is responsible to the Port's two shareholding Ministers, the Honourable Cameron Dick MP (Treasurer and Minister for Trade and Investment), and the Honourable Mark Bailey MP (Minister for Transport and Main Roads).

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

Business performance reports are provided to the Board and shareholding Ministers on a quarterly and annual basis so the Port's performance against agreed targets can be monitored. Moreover, the annual reports are published so the Port's performance can be communicated to other stakeholders. This annual report provides an overview of the Port's performance against its SCI for the 2021-22 reporting period.

SHAREHOLDING MINISTERS

The Port's shareholding Ministers are identified as Key Management Personnel (KMP). All Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers are disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements as from 2016-17, which are published as part of Queensland Treasury's Report on State Finances. The Port's shareholding Ministers are identified as part of the Port's key management personnel. For the 2021-22 reporting period, these Ministers are, or were:

- the Honourable Cameron Dick MP, Treasurer and Minister for Trade and Investment
- the Honourable Mark Bailey MP, Minister for Transport and Main Roads

DIVIDEND POLICY

The GOC Act requires the Board to recommend the payment of a dividend. The Port's dividend policy considers the return its shareholders expect on their investment.

For the 2021-22 year, shareholding Ministers approved the Board's recommendation for the retention of dividends otherwise payable from final audited net profits after tax. The dividend retention is intended to be used by the Port to support future investment in critical infrastructure and growth initiatives.

RISK MANAGEMENT

The Port has an integrated Risk Management Framework consistent with ISO31000:2009. The framework has been communicated to all employees and is displayed on the Port's intranet for easy accessibility.

A Risk Management Committee, consisting of employees from each business unit, is responsible for the implementation of the framework. The Committee meets on a quarterly basis to identify, assess and manage risks that may impact on the Port delivering its core statutory functions. Where necessary, risk mitigation strategies are developed and implemented by the Committee to prevent and/or reduce the occurrence of risks, including strategic, operational, project and fraud control plans. The status of implementation is reported to the Audit and Risk Management on a quarterly basis. Any significant risks are escalated to the Board for their input and oversight.

AUDITS

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

Internal auditors are contracted to carry out the Port's internal audit function. During the reporting period, audits were conducted by internal auditors in respect to the Port's risk management framework, and the governance and procurement functions of the Channel Upgrade project. All opportunities for improvement identified from these audits are currently being addressed to improve operational business and major project delivery practices.

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

BUSINESS MANAGEMENT SYSTEMS

Port of Townsville Limited maintained its external certification for its integrated business management system during the reporting period, which includes elements such as Quality (ISO 9001:2015), Information Security (ISO 27001:2013), Safety (AS/NZS ISO 1401), Occupational Health and Safety (OHSAS 18001:2007 and AS4801:2001) and Environment (ISO14001:2015).

PUBLIC INTEREST DISCLOSURES

The Port has a Public Interest Disclosure (Whistleblowers) Policy, which sets out mechanisms for reporting, investigating, and providing protection in regard to public interest disclosures. This policy is available on the website at <https://www.townsville-port.com.au/corporate/governance/>. The Port did not receive any actual or purported public interest disclosures during the reporting period.

PRIVACY

The Port has implemented a Privacy Plan consistent with the 11 Information Privacy Principles contained in the *Information Privacy Act 2009* (Qld) that were adapted from the *Privacy Act 1988* (Cth). The Plan is communicated and accessible to all employees. A copy of the Plan is also available on the website at <https://www.townsville-port.com.au/corporate/governance/>. The Port did not receive or process any Information Privacy applications during the reporting period.

RELEASE OF INFORMATION

The Right to Information regime requires GOCs to provide greater proactive and routine disclosure of information to the public and gives individuals the right to apply for access to information held by GOCs. Consistent with the spirit of the legislation, the Port has a publication scheme on its website which makes a number of the Port's internal policies and procedures publicly available. This information is located on the Port's website at <https://www.townsville-port.com.au/corporate/right-to-information/>.

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

OVERSEAS TRAVEL

No overseas travel was undertaken by Directors, Executives or staff of the Port during the 2021-22 financial year.

FINANCIAL STATEMENTS

PORT OF TOWNSVILLE LIMITED

ACN 130 077 673

ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2022

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Directors' Report

for the year ended 30 June 2022

Port of Townsville Limited
Annual Financial Statements
2021-2022

The Directors present their report together with the financial statements of Port of Townsville Limited (the Port) for the year ended 30 June 2022 and the auditor's report thereon.

DIRECTORS

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

Ms Ann Sherry AO (Chair) (Appointed 1 October 2021)	Hon. Mike Reynolds CBE, AM, BSW, MAICD
Mr Bradley Webb (Resigned 30 June 2022)	Ms Tess Bishop (Appointed 1 October 2021)
Ms Connie Navarro	Ms Danielle O'Toole (Appointed 1 October 2021)
Ms Renita Garard AM (Term expired 30 September 2021)	Mr Shayne Hanran (Term expired 30 September 2021)

PRINCIPAL ACTIVITIES

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

The Port's core business functions are to:

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

REVIEW OF OPERATIONS

Profit from continuing operations before income tax expense remained strong at \$24.07 million (2021: \$20.47 million) with a continued focus on revenue diversification and cost management. The Port's operating result for the year after income tax increased significantly at \$17.50 million, increasing by 22.11% on the previous year (2021: \$14.33 million). Total trade throughput for the year decreased by 6.05% on the previous year to 7.24 million tonnes (2021: 7.70 million tonnes). Trade remains down slightly from pre-pandemic trade as the shipping industry continues to face manufacturing delays and supply chain disruptions.

The \$232 million Townsville Channel Upgrade Project is progressing well, with dredging and reclamation works commencing early 2022, which includes capital dredging and beneficial re-use of approximately 3.4 million cubic metres of material. Widening of the channels to cater for larger ships will ensure North Queensland remains a competitive trade gateway for imports and exports and will also enable Townsville to attract larger cruise ships to support growth of the local tourism industry. The project is being funded by the Port (\$72 million), the Queensland Government (\$105 million) and the Federal Government (\$75 million). It is expected that access for larger ships can be expected within two years and full project completion by 2024.

The Port maintained external certification of its Integrated Business Management Systems for the Ports of Townsville and Lucinda to international standards (Environment AS/NZS ISO14001:2015, Safety OHSAS 18001:2007 and AS4801:2001, Quality ISO9001:2015 and Information Security ISO/IEC 27001:2013).

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

		2022	2021
Return on Assets	<i>Net Profit After Tax / Total End of Year Assets</i>	2.06%	1.62%
Return on Equity	<i>Net Profit After Tax / Total End of Year Equity</i>	2.74%	2.20%
Interest Cover Ratio	<i>Earnings Before Interest and Tax / Total Finance costs (inclusive of capitalised costs)</i>	6.68	5.35
Debt to Equity	<i>Total Debt / Total Equity</i>	0.16	0.15

DIVIDENDS

For the 2021-22 year, shareholding Ministers approved the Board's recommendation for the retention of dividends otherwise payable from final audited net profits after tax. The dividend retention is intended to be used by the Port to support future investment in critical infrastructure and growth initiatives. Therefore the final dividend amounts to \$0 (2021: \$13,545,152).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There has not been any matter or circumstance that has arisen since 30 June 2022 that has significantly affected, or may significantly affect:

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

Directors' Report

for the year ended 30 June 2022

Port of Townsville Limited
Annual Financial Statements
2021-2022

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

ENVIRONMENTAL REGULATION

The Port's operations are subject to significant environmental regulations under both Commonwealth and State legislation in relation to its port management activities. There are significant environmental regulations under legislation, including licence requirements relating to dredging, potential water and air, noise and land pollution; and waste management in relation to the Port's operations.

As a priority port in Queensland, Port of Townsville has been master planned to ensure sustainable development while protecting the Great Barrier Reef. The Master Plan overlay (implementation framework) was finalised in 2020 and took effect from 1 February 2021. The port overlay operates alongside existing planning instruments and only regulates development in the master planned area if additional requirements are necessary to implement the Master Plan. The Port has commenced its Land Use Plan updates to formally incorporate the Master Plan into these statutory plans.

All environmental performance obligations are reviewed as part of the certified Environmental Management System (EMS) and under the Port's risk and compliance framework are reported to the Audit & Risk Committee. These processes and management practices are subject to government agency, internal and external professional agency audit, as well as ongoing review to ensure compliance.

Following the detection of Per- and Poly-fluoroalkyl Substances (PFAS) in voluntary groundwater monitoring undertaken around the Port of Townsville in April 2018, a preliminary investigation was completed. This was undertaken with the assistance of a specialist consultant (GHD) and Queensland government departments to understand the nature and extent of PFAS both within the port and beyond the port boundary. Results to date indicate a very low risk to local residents or workers at the Port, and results from this investigation were released in July 2018 and are available on the Port's website.

Since the Preliminary Investigation, the Port has undertaken extensive PFAS testing and reengaged GHD to complete a Targeted Site Investigation (TSI). The latest data indicates concentrations have remained largely consistent in that time. PFAS concentrations measured in the wider marine environment of Ross River, Ross Creek and Cleveland Bay sediment have also been low, suggesting low risk to human health and the environment. A summary of the Targeted Site Investigation in 2020 is available on the Port's website.

The Port is not aware of any other matter that requires disclosure regarding any significant environmental regulation in respect to its operating activities in the past year.

INFORMATION ON DIRECTORS

The following information is current at the date of this report.

Ms Ann Sherry AO, *Non-Executive Chair*

Appointment 1 October 2021, Term of Office - to 30 September 2025

EXPERIENCE AND EXPERTISE

Ann is one of Australia's leading business executives with a career that spans Government, Banking and Cruise Tourism. She is also an active philanthropist.

Ann is the Chair of UNICEF Australia, Eneo Group and Port of Townsville. She is a Non-executive Director of National Australia Bank. She is also a Director of Infrastructure Victoria, Cape York Partnerships, the Museum of Contemporary Art Australia and the Australia and New Zealand School of Government (ANZSOG).

Ann is an Adviser, the former Chairman and was Chief Executive Officer of Carnival Australia for a decade. Carnival Australia is the largest cruise ship operator in the Australia/Pacific region.

Beginning her working life as a Radiographer, Ann became First Assistant Secretary of the Office of the Status of Women in Canberra before moving to the banking sector initially in HR roles, then in CEO roles with Westpac NZ and the Bank of Melbourne.

The Australian Government awarded Ann the Centenary Medal in 2001 and in 2004 she was awarded an Order of Australia. In 2015 Ann was named as the overall winner of the Australian Financial Review 100 Women of Influence Award.

Ann also works to improve opportunities and remove barriers for women in STEM and sport, and supports opportunities for Indigenous Australians.



SPECIAL RESPONSIBILITIES

Chair of the Board

Member of the Strategy, Innovation and Development Committee

Mr Bradley Webb, *Non-executive director*

Appointment 1 October 2011, Resigned - 30 June 2022

EXPERIENCE AND EXPERTISE

Brad Webb is Managing Director of BM Webb Industrial Property. Established in Townsville as an interstate truck haulage business in 1979, BM Webb has grown into a diverse, award-winning business that specialises in the construction and leasing of industrial warehouses. A strong focus is placed on customer service and property management at the group's owned and managed Webb Drive Industrial Estate, which is home to over 80 purpose built industrial warehouses, spread across 240 hectares of land. Brad has an extensive knowledge within industries including Construction, Concrete, Quarry, Transport, Bulk Cement, Rail and Container Terminal Construction and International Business and Trade, which have all influenced the growth of his industrial estate. He has also received numerous business and personal awards, including Townsville Citizen of the Year in 2003, and special recognition from General Peter Cosgrove AC MC for providing relief to the Cyclone Larry Recovery Taskforce in 2006.

Brad's community involvement also stems from founding North Queensland based charity, Food Relief NQ, to providing business knowledge and assistance to many local organisations. Brad is currently Chairman of Food Relief NQ, Non-Executive Director of Port of Townsville Limited and Chair of Townsville's Water Security Taskforce.



SPECIAL RESPONSIBILITIES

Chair of the Strategy, Innovation and Development Committee

Directors' Report

for the year ended 30 June 2022

Port of Townsville Limited
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2021-2022

Hon. Mike Reynolds CBE, AM, BSW, MAICD *Non-executive director*

Appointed 16 December 2016, Term of Office - to 30 September 2022

EXPERIENCE AND EXPERTISE

Mike has extensive experience as a Chairman, Deputy Chairman and Director of the Boards of Corporations, Statutory Authorities and not-for-profit companies.

Mike was a Councillor with the Townsville City Council from 1973 to 1989, serving as Mayor of Townsville (1980-1989) and Deputy Mayor (1976-1980). He was the State Member for Townsville (1998-2009), serving as Parliamentary Secretary to the Premier (1998-2001), Minister for Emergency Services and Minister Assisting the Premier in North Queensland (2001-2004), Minister for Child Safety (2004-2006) and Speaker of Queensland Parliament (2006-2009).

He is also the former Chairman of professional dance company Dancenorth (2010-2013), Chairman of Townsville Port Authority (1990-1996), Chairman of ACT Vocational Training Authority (1992-1995) and Deputy Chairman of North Queensland Electricity Board (1979-1988).

Mike was an Adjunct Professor at the Public Policy Institute at the Canberra Campus of the Australian Catholic University (2012-2013) and is the Australian Patron of Youth With a Mission Medical Ships Australia (2009-2021). Mike is a non-executive Director with North and West Remote Health (2012 to 2021).

In 1985, Mike was awarded Membership of the Order of Australia (AM) for his service to Local Government and the Townsville community. In 2018, Mike was awarded a Commander of the British Empire (CBE) for promoting relations between Queensland and Papua New Guinea, including as Mayor of Townsville and as Patron of YWAM Medical Ships Program.

SPECIAL RESPONSIBILITIES

Chair of the Sustainability Committee

Member of the Audit and Risk Committee



Ms Connie Navarro, *Non-executive director*

Appointed 1 October 2020, Term of Office - to 30 September 2023

EXPERIENCE AND EXPERTISE

Connie is a legal practitioner with 20 years' experience in the legal industry. Connie is a born and bred North Queenslander and an advocate for rural and regional development.

With extensive experience and expertise in the areas of commercial, property and business law, Connie has a particular focus on agribusiness, mining, energy and resources, infrastructure and major projects.

Connie holds a Bachelor of Economics – Bachelor of Laws (Hons) from James Cook University and is admitted in the High Court of Australia, Supreme Court of Queensland and Supreme Court of Northern Territory.

Connie is the Director of Connie Navarro Legal, Secretary of Mount Isa to Townsville Economic Development Zone (MITEZ) and committee member of the Townsville Industrial Development Board.

SPECIAL RESPONSIBILITIES

Chair of the Audit and Risk Committee

Member of the Strategy, Innovation and Development Committee



Ms Tess Bishop, *Non-executive director*

Appointed 1 October 2021, Term of Office - to 31 May 2024

EXPERIENCE AND EXPERTISE

Tess Bishop has had an extensive senior leadership career within the public service, at both a State and Federal government level. This includes as Deputy Director-General, Strategy and Engagement, in the Department of the Premier and Cabinet Queensland, and Deputy Secretary of the Priorities and Delivery Unit for Prime Minister and Cabinet. She was also Head of the South East Queensland City Deal for the Federal Department of Infrastructure, Transport, Regional Development and Communications.

Her career in government is complemented by practice in the private sector including her work with KPMG Europe, where she forged strategic relationships with business and industry stakeholders, and in her current role as Managing Director of TLB Advisory Pty Ltd.

Tess holds a Master of International Relations, a Graduate Certificate in Business Management and a Bachelor of Arts majoring in political science and public policy. Experienced in community and stakeholder engagement, Tess is a member of IAP2 Australasia and is a graduate of the AICD Company Board of Directors program.

Tess has been a member of the Board of Screen Queensland, the Queensland Chapter of the Australian Institute of International Affairs and is currently on the Board of the Pathways to Resilience Trust.

SPECIAL RESPONSIBILITIES

Member of the Audit and Risk Committee

Member of the Sustainability Committee



Ms Danielle O'Toole, *Non-executive director*

Appointed 1 October 2021, Term of Office - to 31 May 2024

EXPERIENCE AND EXPERTISE

Danielle is a civil geotechnical engineer with 30 years' experience in the development and delivery of a wide range of multi-disciplined mining, civil and environmental infrastructure projects.

While Danielle is a proud Queenslander, and has called Townsville home with her family since 2013, she has had the opportunity to live and work in multiple locations throughout South and West Africa, as well as closer to home in Western Australia. This international career journey has seen Danielle become a specialist in mine waste engineering, as well as a recognised and respected dams engineer.

Danielle holds a Bachelor of Engineering (Civil) and Master of Science in Engineering (Research) from the University of Queensland, is a Registered Professional Engineer of Queensland and a Chartered Professional Engineer (Civil, Environmental). She is also a professional member of the Australian Institute of Mining and Metallurgy and is a Technical Director at SLR Consulting – a global environmental and advisory solutions firm.

SPECIAL RESPONSIBILITIES

Member of the Strategy, Innovation and Development Committee

Member of the Sustainability Committee



Directors' Report

for the year ended 30 June 2022

Port of Townsville Limited
Annual Financial Statements
2021-2022

During the year and through to the date of the report, the following directors retired or their Term of Office expired:

- Ms Renita Garard AM (Chair)
- Mr Shayne Hanran

A brief biography is presented below.

Ms Renita Garard AM, *Non-Executive Chair*

Appointment 1 October 2015, Term of Office - to 30 September 2021

EXPERIENCE AND EXPERTISE

Renita is a chartered accountant with more than 20 years' experience in the provision of financial and taxation advice through roles within leading professional services firms. In particular, she has significant experience in the provision of advisory services regarding large commercial transactions and reorganisations for corporate entities, private family groups, superannuation funds and investment funds.

Renita is a Director of Queensland Rugby Football League Limited and is also a Director of not for profit organisation, the 4 Aussie Heroes Foundation Limited.

A dual Olympic gold medallist as a former hockey player with the Australian Women's Hockey Team (1996 & 2000), Renita was a Director of Hockey Australia from 2001 to 2012. In addition, Renita was a member of the Executive of the international body, the International Hockey Federation (FIH) for seven years during this period.

Mr Shayne Hanran, *Non-executive director*

Appointed 3 December 2015, Term of Office - to 30 September 2021

EXPERIENCE AND EXPERTISE

Shayne is a Registered Professional Engineer of Queensland with over 29 years' experience in the industry. A Townsville local; he completed his studies at James Cook University and has extensive experience in the project management, design and construction phases of a diverse range of civil and structural projects.

Shayne has fulfilled the Project Director role on a number of large multidisciplinary mining infrastructure and materials handling related projects and possesses a comprehensive understanding of the communication and technical skills required to successfully deliver major projects.

Shayne is the Regional Managing Director of Northern and Western Australia for AECOM Australia Pty Ltd.

COMPANY SECRETARY

Mr David Sibley

David was appointed as Company Secretary in January 2016 after being employed with the Port for more than ten years. Over the last 30 years David has worked across financial and corporate management within government, profit and not-for-profit entities. He has been responsible for formulating and implementing long term strategic, operational, and financial plans; commercialising government service units, and improving bottom line results in both non-profit and for-profit entities.

He has extensive experience in change management and is the Chief Financial Officer at the Port.

David holds a Bachelor of Commerce from James Cook University and is a Certified Practising Accountant with Fellow Status.

Mr Ken Veness

Ken was appointed as Company Secretary in October 2021. Ken commenced his local government leadership career after nineteen years working within the metals distribution industry in senior business and operational management roles. Having now been a senior leader in local government in many areas over 12 years, he has recently held senior leadership roles within procurement.

Ken has managed and led operational departments and locations within the metals distribution industry and more recently in local government.

Examples of leadership roles in local government include: leading finance departments, landscaping and management of open space, policy and strategy development and more recently procurement.

Ken has completed a Bachelor of Commerce degree and a number of Diploma's including: Horticulture, Local Government Administration and Procurement.

Directors' Report

for the year ended 30 June 2022

Port of Townsville Limited
Annual Financial Statements
2021-2022

MEETINGS OF DIRECTORS

The number of meetings of the Port's Board of Directors and of each Board Committee held during the year ended 30 June 2022, and the number of meetings attended by each Director were:

Director	Board Meetings		Audit & Risk Committee		Sustainability		Strategy, Innovation & Development	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Ms Ann Sherry AO	8	8	N/A	N/A	N/A	N/A	2	2
Mr Brad Webb	12	5	N/A	N/A	N/A	N/A	3	1
Hon. Mike Reynolds CBE, AM, BSW, MAICD	12	10	3	2	3	2	N/A	N/A
Ms Connie Navarro	12	12	3	3	N/A	N/A	1	1
Ms Tess Bishop	8	8	2	2	2	2	N/A	N/A
Ms Danielle O'Toole	8	8	N/A	N/A	2	2	2	2
Ms Renita Garard AM	4	4	1	1	1	1	N/A	N/A
Mr Shayne Hanran	4	4	N/A	N/A	1	1	1	1

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Note 4(E) of the financial statements provides detailed disclosures relating to the remuneration of key management personnel. The term key management personnel refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Port, directly or indirectly, including any director (whether executive or otherwise) of the Port.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

DIRECTORS' SHAREHOLDING

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

AUDITOR'S INDEPENDENCE DECLARATION

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

ROUNDING OF AMOUNTS

The Port is of a kind referred to in Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements and Directors' Report. Amounts in the financial statements and Directors' Report have been rounded off to the nearest dollar in accordance with that Legislative Instrument.

This report is made in accordance with a resolution of Directors on 22 August 2022.

Ms Ann Sherry AO
Chair

29 August 2022

Ms Connie Navarro
Director

29 August 2022

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Port of Townsville Limited

This auditor's independence declaration has been provided pursuant to s.307C of the *Corporations Act 2001*.

Independence declaration

As lead auditor for the audit of Port of Townsville Limited for the financial year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

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



29 August 2022

Bhavik Deoji
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Annual Financial Statements

for the year ended 30 June 2022

Port of Townsville Limited
Annual Financial Statements
2021-2022

PURPOSE AND SCOPE

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

Port of Townsville Limited
Benwell Road
Townsville QLD 4810.

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

These Statements have been prepared:-

- to satisfy the provisions of the *Corporations Act 2001* (Cth), the *Financial Accountability Act 2009* (Qld) and other prescribed requirements; and
- to communicate information concerning the Port's financial performance for the year and its financial position at year end to a variety of information users including:-
 - its shareholding Ministers - Treasurer and Minister for Trade and Investment, and Minister for Transport and Main Roads;
 - users and potential users of the port of Townsville and port of Lucinda;
 - the community in general; and
 - other interested parties.

A description of the nature of the Port's operations and its principal activities is included in the Directors' Report on pages 3 to 7 which is not part of these financial statements.

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

Statement of Comprehensive Income

for the year ended 30 June 2022

Port of Townsville Limited
Annual Financial Statements
2021-2022

	Notes	2022 \$	2021 \$
REVENUES			
User Charges	2(A)	81,879,685	75,758,959
Interest Received		217,780	169,344
Other Revenue	2(A)	492,912	325,290
Fair Value Gains on Investment Properties	3(G)	1,806,770	917,207
		84,397,147	77,170,800
EXPENSES			
Employee Related Expenses	2(B)	19,195,428	18,520,272
Supplies and Services	2(B)	16,601,674	17,308,218
Depreciation and Amortisation Expense	3(F)	16,760,338	13,077,237
Finance Costs	2(B)	4,238,040	4,891,266
Other Expenses	2(B)	2,980,682	2,906,076
Asset Revaluation Decrement	3(E)	549,906	-
		60,326,068	56,703,069
OPERATING RESULT BEFORE INCOME TAX EXPENSE		24,071,079	20,467,732
Income Tax Expense	2(C)	(6,576,019)	(6,140,534)
OPERATING RESULT FOR THE YEAR		17,495,060	14,327,198
OTHER COMPREHENSIVE INCOME			
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO OPERATING RESULT:			
Increase / (Decrease) in Revaluation Surpluses (net of tax effect)	3(E)	(39,460,733)	75,880,717
TOTAL COMPREHENSIVE INCOME		(21,965,673)	90,207,915

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

Statement of Financial Position

as at 30 June 2022

Port of Townsville Limited
Annual Financial Statements
2021-2022

	Notes	2022 \$	2021 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3(A)	13,324,472	10,799,493
Trade and Other Receivables	3(B)	17,226,362	16,593,362
GOC Advance Facility	3(C)	29,904,740	34,288,001
Current Tax Receivable		-	2,787,704
Other Current Assets		1,629,029	1,407,779
Inventories	3(D)	509,097	54,627
TOTAL CURRENT ASSETS		62,593,700	65,930,965
NON-CURRENT ASSETS			
Property, Plant and Equipment	3(E)	722,924,698	760,719,324
Right of Use Assets	3(H)	3,977,016	3,631,992
Intangibles		1,929,621	206,268
Investment Properties	3(G)	57,221,025	52,654,255
TOTAL NON-CURRENT ASSETS		786,052,360	817,211,840
TOTAL ASSETS		848,646,060	883,142,805
CURRENT LIABILITIES			
Trade and Other Payables	3(I)	13,547,549	8,323,997
Lease Liabilities	3(H)	353,553	357,716
Current Tax Liabilities		2,616,572	-
Provisions	3(K)	4,179,326	17,454,205
Other Current Liabilities	3(L)	4,509,647	4,114,983
TOTAL CURRENT LIABILITIES		25,206,647	30,250,901
NON-CURRENT LIABILITIES			
Financial Liabilities	3(J)	96,137,543	96,137,543
Lease Liabilities	3(H)	3,679,209	3,345,728
Deferred Tax Liabilities	2(C)	63,894,652	80,678,785
Provisions	3(K)	518,894	682,560
Other Non-Current Liabilities	3(L)	19,575,666	20,304,166
TOTAL NON-CURRENT LIABILITIES		183,805,964	201,148,784
TOTAL LIABILITIES		209,012,611	231,399,684
NET ASSETS		639,633,449	651,743,121
EQUITY			
Contributed Equity	3(M)	217,879,706	207,879,706
Accumulated Surplus		163,982,674	146,631,612
Asset Revaluation Surplus	3(N)	257,771,070	297,231,803
TOTAL EQUITY		639,633,449	651,743,121

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

Statement of Changes in Equity

for the year ended 30 June 2022

Port of Townsville Limited
Annual Financial Statements
2021-2022

	Notes	2022 \$	2021 \$
CONTRIBUTED EQUITY			
Balance at beginning of the year		207,879,706	162,879,706
Shares Issued		10,000,000	45,000,000
Balance at the end of the year	3(M)	217,879,706	207,879,706
ACCUMULATED SURPLUS			
Balance at beginning of the year		146,631,612	145,451,540
Operating result for the year		17,495,060	14,327,198
Transfer from reserves on disposal / derecognition of property, plant and equipment		(205,712)	568,611
Deferred tax adjustment for disposals of property, plant and equipment		61,714	(170,585)
Dividends provided for	3(O)	-	(13,545,152)
Balance at the end of the year		163,982,674	146,631,612
ASSET REVALUATION SURPLUS			
Balance at beginning of the year		297,231,803	221,351,085
Property, plant and equipment revaluation increment / (decrement) - gross		(56,578,188)	108,969,636
Deferred tax adjustment for revaluations		16,911,743	(32,520,308)
Transfer to accumulated surplus on disposal/derecognition of property, plant and equipment		205,712	(568,611)
Balance at the end of the year	3(N)	257,771,070	297,231,803

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

Statement of Cash Flows

for the year ended 30 June 2022

Port of Townsville Limited
Annual Financial Statements
2021-2022

	Notes	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		89,050,126	78,531,930
Payments to Suppliers and Employees		(39,254,716)	(50,370,211)
GST paid/received from the Australian Taxation Office		(2,714,036)	1,004,379
Interest Received		217,780	169,344
Finance Costs		(4,129,512)	(4,938,934)
Income Tax Equivalents paid/received from Queensland Treasury		(982,419)	(7,751,431)
Net Cash Inflow (Outflow) from Operating Activities		42,187,223	16,645,077
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for Property, Plant and Equipment		(40,391,053)	(55,852,870)
Proceeds from Sale of Property, Plant and Equipment		105,736	195,893
Advances to Queensland Treasury		4,383,261	6,436,102
Net Cash Inflow (Outflow) from Investing Activities		(35,902,056)	(49,220,875)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of Lease Liabilities		(215,036)	(201,450)
Capital Issue		10,000,000	45,000,000
Dividends Paid		(13,545,152)	(13,513,216)
Net Cash Inflow (Outflows) from Financing Activities		(3,760,188)	31,285,334
Net (Decrease) / Increase in Cash and Cash Equivalents		2,524,979	(1,290,464)
Cash and Cash Equivalents at Beginning of the Financial Year		10,799,493	12,089,957
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	3(A)	13,324,472	10,799,493

Notes to the Statement of Cash Flows

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

Operating Result for the Year	17,495,062	14,327,198
Depreciation and Amortisation	16,760,338	13,077,237
(Gain) / Loss on Disposal of Non-Current Assets	(92,511)	(63,691)
Net Revaluation Increments - Non-Current Assets	(1,256,864)	(917,207)
<u>Changes in Assets and Liabilities</u>		
(Increase) / Decrease in Trade and Other Receivables	(1,212,215)	(3,253,690)
(Increase) / Decrease in Other Assets	(221,251)	(334,029)
Increase / (Decrease) in Trade and Other Payables	5,014,459	(4,831,696)
Increase / (Decrease) in Provisions	106,604	251,851
Increase / (Decrease) in Current and Deferred Tax balances	5,593,601	(1,610,896)

Net Cash Inflow from Operating Activities	42,187,223	16,645,077
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Reconciliation of Liabilities Arising From Financing Activities

Opening Balance	99,840,986	100,060,630
Cash Flows:		
Repayment of borrowings/payments of leases	(215,036)	(201,450)
Non Cash Changes		
Revaluation Adjustments	544,354	(18,193)

Closing Balance	100,170,304	99,840,987
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The above statement should be read in conjunction with the accompanying notes forming part of the financial statements.

Notes to the Financial Statements

for the year ended 30 June 2022

Port of Townsville Limited
Annual Financial Statements
2021-2022

NOTE 1. BASIS OF FINANCIAL STATEMENT PRESENTATION

(A) GENERAL

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

These financial statements are of Port of Townsville Limited as an individual entity, the Corporation has no subsidiaries.

The financial statements were authorised for issue by the Directors on 22 August 2022. The Directors have the power to amend and reissue the financial statement.

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

(B) PRESENTATION AND MEASUREMENT MATTERS

Historical cost convention

These financial statements have been prepared under the historical cost convention, except where otherwise stated.

Functional and presentation currency

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

Rounding of Amounts

The Port is of a kind referred to in Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements and Directors' Report. Amounts in the financial statements and Directors' Report have been rounded off to the nearest dollar in accordance with that Legislative Instrument.

(C) STATEMENT OF COMPLIANCE

The financial statements comply with the requirements of the *Corporations Act 2001* (Cth), *Government Owned Corporations Act 1993* (Qld), Australian Accounting Standards, other authoritative pronouncements and interpretations issued by the Australian Accounting Standards Board.

Standards applied for the first time

No new accounting standards or interpretations that apply to the Port for the first time in 2021-2022 had any material impact on the financial statements.

In April 2021, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision, Configuration or customisation costs in a cloud computing arrangement. The decision discusses whether configuration or customisation expenditure relating to cloud computing arrangements is able to be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

The Port's accounting policy has historically been to capitalise all costs related to cloud computing arrangements as intangible assets in the Statement of Financial Position. The adoption of this agenda decision could result in a reclassification of these intangible assets to either a prepaid asset in the Statement of Financial Position and/or recognition as an expense in the Statement of Comprehensive Income, impacting both the current and/or prior periods presented.

As at 30 June 2022 intangible assets relating to hosted computing arrangements of \$1.16 million have been capitalised on the Statement of Financial Position. Each item has been assessed in relation to the impact of the IFRIC agenda decision with the Port's analysis indicating that the impact is not material.

Standards early adopted

The Port has not adopted any standards early for 2021-2022.

Standards and Interpretations in issue not yet adopted

The Port has not early adopted any other Australian Accounting Standards and Interpretations that have recently been issued or amended and are not yet effective for the annual reporting period ended 30 June 2022. The Port does not expect there to be any significant impact from these amendments.

Title	Effective Date
AASB 2020-1 and AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non Current <i>The Port does not expect there to be any impact from these amendments.</i>	1 January 2023
AASB 2021-2 Disclosure of Accounting Policies and definition of accounting estimates <i>The Port does not expect there to be any impact from these amendments.</i>	1 January 2023
AASB 2021-5 Deferred Tax related to Assets and Liabilities arising from a Single Transaction <i>The Port is currently evaluating the interpretation of AASB 2021-5, and does not foresee significant impacts from these amendments.</i>	1 January 2023
Narrow Scope Amendments to AASB 116, AASB 137 in relation to proceeds before intended use, onerous contracts <i>The Port does not expect there to be any impact from these amendments.</i>	1 January 2022

(D) CRITICAL ACCOUNTING ESTIMATES

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

Valuation of property, plant and equipment	Note 3(E)	Provision for long service leave	Note 3(K)
Valuation of investment properties	Note 3(G)	Loss Allowance	Note 3(B)
Depreciation and Assessment of Useful Lives	Note 3(E), 3(F)		

Notes to the Financial Statements

for the year ended 30 June 2022

Port of Townsville Limited
Annual Financial Statements
2021-2022

2022
\$

2021
\$

NOTE 2. OUR FINANCIAL PERFORMANCE

(A) REVENUE

Revenue arises mainly from the user charges collected from the customers in relation to use of port facilities. User charges and fees are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. Generally, the performance obligation in relation to the customer contracts are satisfied over time and not a specific point in time, since the customer simultaneously receives and consumes the benefits provided by the entity's performance as the services are provided.

Revenue is recognised for the major business activities as follows:

USER CHARGES

Cargo Charges / Berthage / Charges for Services

Cargo charges, berthage revenue and charges for services are recognised over time as and when the port related services are provided to the customers. Customers are typically invoiced after the services are provided for an amount that is calculated on a schedule of rates that is aligned with the stand alone selling prices for each performance obligation. Payment is received following invoice on normal commercial terms. The transaction price is allocated to each performance obligation based on the stand-alone selling price. Revenue from take or pay arrangements is recognised when the minimum annual obligation can be measured reliably, after year end.

Properties and Facilities

Revenue from property and facilities is recognised when entitlement to payment arises under the rental agreement. Monies received in advance at the end of the financial year are recognised as a liability. Rental revenue from investment property is recognised as income on a periodic straight line basis over the lease term.

Pilotage Transfer Service Revenue

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

INTEREST RECEIVED

Interest income is recognised when it is probable that the economic benefits will flow to the Port and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(i) USER CHARGES

Cargo Charges	35,853,316	36,160,512
Berthage	12,836,524	12,668,596
Properties and Facilities	15,932,861	11,066,543
Charges for Services	9,951,244	7,968,256
Pilot Transfer Service	7,305,740	7,895,052
	81,879,685	75,758,959

(ii) OTHER REVENUE

	2022 \$	2021 \$		
Proceeds - Sale of Property, Plant & Equipment & Investment Properties	105,469	195,893		
Carrying Value of Disposed Property, Plant & Equipment	(13,225)	(120,000)		
Gain on Sale of Property, Plant & Equipment	92,244	75,893	92,244	75,893
Works Undertaken on Behalf of Other Parties			32,980	8,198
Tax Refunds			-	156,328
Bad Debts Recovered			5,165	2,797
Other Revenue			362,524	82,073
			492,912	325,290

(B) EXPENSES

(i) EMPLOYEE RELATED EXPENSES

Employee related expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, WorkCover premiums and superannuation.

Salaries & Wages	14,556,311	14,160,263
Annual Leave	968,673	895,222
Long Service Leave	297,562	280,332
Superannuation	1,799,198	1,760,566
Payroll Tax	724,608	715,780
Fringe Benefits Tax	170,522	175,653
Workers Compensation	292,310	243,216
Other Employee Related Expenses	386,244	289,241
	19,195,428	18,520,272

Notes to the Financial Statements

for the year ended 30 June 2022

Port of Townsville Limited
Annual Financial Statements
2021-2022

2022
\$

2021
\$

NOTE 2. OUR FINANCIAL PERFORMANCE (continued)

	2022 \$	2021 \$		
(ii) SUPPLIES AND SERVICES				
Payments to Contractors (other than those for Maintenance of Assets or Dredging below)			3,732,020	2,991,889
Payments to Consultants				
Professional/Technical	1,530,117	1,853,761		
Human Resource Management	24,950	34,355		
Finance/Accounting	65,400	46,814		
	1,620,467	1,934,930	1,620,467	1,934,930
Insurance			3,224,975	2,536,591
Maintenance of Assets			2,514,261	4,732,490
Dredging			190,427	1,817,077
Reclassified Work in Progress			236,472	-
Lease Payments			189,986	201,067
Utilities and Services			1,554,537	1,503,443
Other Supplies and Services			3,338,530	1,590,731
			16,601,674	17,308,218

Lease payments include lease rentals for short-term leases, leases of low value assets and variable lease payments. Refer to Note 3(H) for breakdown of lease expenses and other lease disclosures.

(iii) FINANCE COSTS

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

Loan Interest	3,177,372	3,706,102
Interest on Lease Liabilities	138,517	152,262
Competitive Neutrality Fee	922,151	1,032,902
	4,238,040	4,891,266

	2022 \$	2021 \$		
(iv) OTHER EXPENSES				
Proceeds from Sale of Property, Plant & Equipment	-	-		
Carrying Value of Disposed Property, Plant & Equipment	-	(12,202)		
Loss on Sale of Property, Plant & Equipment	-	(12,202)		
Land Tax			2,736,510	2,723,501
Other Expenses			244,172	170,373
			2,980,682	2,906,076

Notes to the Financial Statements

for the year ended 30 June 2022

Port of Townsville Limited
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2021-2022

2022
\$

2021
\$

NOTE 2. OUR FINANCIAL PERFORMANCE (continued)

(C) TAXATION

As a Government Owned Corporation, the Port is not subject to Commonwealth income tax but as from 1 July 2001 the Port has been required to pay tax equivalents under the National Tax Equivalents Regime.

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

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

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

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

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

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

(i) INCOME TAX EQUIVALENTS

Income tax equivalents expense

Current Tax Expense / (Benefit)	5,990,552	1,790,850
Deferred Tax Expense / (Benefit)	189,322	4,349,684
Under/(Over) Provision in Prior Years	396,145	-

6,576,019 6,140,534

Income Tax Equivalents Expense is attributable to:

Profit from Operations	6,179,874	6,140,534
Under/(Over) Provision in Prior Years	396,145	-

6,576,019 6,140,534

Deferred Income Tax (Revenue) Expense included in Income Tax Expense comprises:

Decrease/(Increase) in Deferred Tax Assets	1,193,040	1,363,457
(Decrease)/Increase in Deferred Tax Liabilities	(1,003,718)	2,986,227

189,322 4,349,684

Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable

Profit from Operations before Income Tax Expense	24,071,079	20,467,732
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Tax at the rate of 30% (2021 - 30%)	7,221,324	6,140,319
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Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:

Non-deductible expenses	9,247	215
Other	-	-

7,230,571 6,140,534

Under/(Over) Provision in Prior Years	(607,573)	-
Asset Disposal Adjustment	(46,979)	-

6,576,019 6,140,534

Income Tax Equivalents Expense

Amounts Recognised Directly in Equity

Aggregate current and deferred tax arising in the reporting period and not recognised in the statement of comprehensive income but directly debited or credited to equity.

Current tax - credited directly to equity	61,714	(170,583)
Net deferred tax - debited/(credited) direct to equity as a result of net increment in Revaluation Surpluses	16,911,743	(32,520,307)

16,973,456 (32,690,891)

Notes to the Financial Statements

for the year ended 30 June 2022

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2022
\$

2021
\$

NOTE 2. OUR FINANCIAL PERFORMANCE (continued)

(ii) DEFERRED TAXES

Deferred Tax Assets

The balance comprises temporary differences attributable to:

Amounts recognised in the statement of comprehensive income

Allowance for doubtful debts	278,516	270,380
Accrued payables	120,677	57,920
Provision for annual leave	468,324	461,080
Provision for long service leave - current	771,540	703,190
Provision for long service leave - non current	155,668	204,768
Accrued superannuation	10,345	6,150
Property, Plant and Equipment	-	-
Lease Liabilities	1,209,828	107,315
Deferred grant revenue	5,760,000	6,120,000

Total Deferred Tax Assets	8,774,899	7,930,803
Set-off of deferred tax liabilities pursuant to set-off provisions	(8,774,899)	(7,930,803)

Net Deferred Tax Assets	-	-
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Movements:

Opening balance at 1 July	7,930,803	9,294,260
Under/(Over) Provision in Prior Years	1,003,719	-
Credited / (charged) to the statement of comprehensive income	(159,623)	(1,363,457)

As at 30 June	8,774,899	7,930,803
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Deferred tax assets expected to be recovered within 12 months	2,009,402	1,858,720
Deferred tax assets expected to be recovered after more than 12 months	6,765,497	6,072,083
	8,774,899	7,930,803

Deferred Tax Liabilities

The balance comprises temporary differences attributable to:

Amounts recognised in the statement of comprehensive income

Accrued Trade Receivables	1,870,302	1,616,205
Property, Plant and Equipment	(56,647,522)	(7,700,782)
Property, Plant and Equipment (revaluation component)	127,446,772	94,694,165

Total Deferred Tax Liabilities	72,669,552	88,609,589
Set-off of deferred tax liabilities pursuant to set-off provisions	(8,774,899)	(7,930,803)

Net Deferred Tax Liabilities	63,894,653	80,678,786
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Movements:

Opening balance at 1 July	88,609,590	52,932,473
Credited/(charged) to the statement of comprehensive income	1,033,419	2,986,227
Credited/(charged) to equity	(16,973,456)	32,690,891

As at 30 June	72,669,552	88,609,590
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The Deferred tax liability includes amounts recognised directly in equity as follows:
Revaluation of Property, Plant and Equipment

110,473,315	127,385,058
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(ii) INCOME TAX EQUIVALENTS REFUNDS

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

Notes to the Financial Statements

for the year ended 30 June 2022

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2022
\$

2021
\$

NOTE 3. OUR FINANCIAL POSITION

(A) CASH AND CASH EQUIVALENTS

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

Cash at Bank and On Hand	13,324,472	10,799,493
	13,324,472	10,799,493

INTEREST RATE RISK EXPOSURE

The Port's exposure to interest rate risk is discussed in Note 4(D). The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above. The Port's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out in Note 4(D).

(B) TRADE AND OTHER RECEIVABLES

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

The collectability of trade receivables is reviewed on an ongoing basis. The simplified approach to the impairment of trade receivables has been elected, as receivables do not contain a significant finance component. A provision matrix is used to assess the expected credit losses of trade receivables.

The Port has undergone an analysis of historical credit losses for a period of 36 months prior to 30 June 2022. The historical loss rates have been deemed immaterial.

A specific loss provision is recognised for individual trade receivables when there is objective evidence the amount due will not be able to be collected under the original terms of receivables. When a trade receivable for which a loss allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

Trade Receivables	18,154,749	17,494,629
Loss Allowance	(928,387)	(901,266)
	17,226,362	16,593,363

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

The ageing of trade receivables is as follows:

0 - 30 days	15,753,305	14,336,611
30 - 60 days	39,269	644,501
over 60 days	370,120	761,512
over 120 days	1,063,668	850,740
	17,226,362	16,593,363

LOSS ALLOWANCE

As at 30 June 2022 current trade receivables of the Port with a nominal value of \$928,387 (2021: \$901,266) were impaired and fully provided for. The loss allowance is due to a number of events including two external customers with administrators appointed.

Opening Balance	901,266	883,666
Additional loss allowance	32,286	17,600
Reversal of previous provision	(5,165)	-
	928,387	901,266

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

Notes to the Financial Statements

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\$

2021
\$

NOTE 3. OUR FINANCIAL POSITION (continued)

(C) GOC ADVANCE FACILITY

In conjunction with the Code of Practice for Government Owned Corporations' Financial Arrangements, 2017, an Advance Facility was established with Queensland Treasury, which accrues interest on daily balances. The cash pooling arrangement operates as a receivable for the Port and a payable by Queensland Treasury.

(D) INVENTORIES

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

(E) PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION EXPENSE

INITIAL RECOGNITION

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

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

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

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

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

SUBSEQUENT RECOGNITION

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

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

For assets that are revalued using the income based approach, any accumulated depreciation and accumulated impairment losses are eliminated against the gross amount of the asset prior to restating for the revaluation. This is referred to as the net method and is utilised as the income based approach does not reflect replacement costs or assessment of remaining useful lives, and the net method of revaluation provides more meaningful reported asset figures.

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

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

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

Notes to the Financial Statements

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2022
\$

2021
\$

NOTE 3. OUR FINANCIAL POSITION (continued)

Fair Value

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

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

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

The Port recognises transfers into and transfers out of fair value hierarchy levels at the end of the reporting period. There were no transfers during the year.

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

Channels and swing basins, wharves, buildings, small boat harbours and facilities, infrastructure, breakwaters and land are categorised as Level 3 at 30 June 2022.

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

Unobservable Input	Input	Relationship of unobservable input to fair value
Discount Rate	7.79%	The higher the discount rate the lower the fair value
CPI/Inflation	2.50%	The higher the CPI rate the higher the fair value
Terminal Value	EBIT multiple (17.5)	The higher the terminal value the higher the fair value
Forecast Trade	Maximum volumes of 18.5 million tonnes	The higher the trade forecast the higher the fair value
Other Revenue	As per Approved Budget, inflation thereafter	The higher the revenues the higher the fair value
Expenses	As per Approved Budget, inflation thereafter	The higher the expenses the lower the fair value
Capital Expenditure	Limited to replacement of existing assets	The higher the capital expenditure the lower the fair value

The income based valuation was undertaken by the Port as at 30 June 2022 using the following key assumptions:

- Detailed cash flow projections are prepared consisting of projections of nominal after tax cash flows up to and including the year ending 30 June 2022. The future cash flows are denominated in Australian dollars and are projected on a nominal, ungeared, post-tax basis over the expected useful lives of the assets (100 years). Mid of period discounting (to discount future cash flows to their net present value) has been adopted.
- The Port has established the cash generating units of Shipping Operations, Property Management, Port of Lucinda and Pilot and Security Services. Direct revenues and costs are apportioned utilising the most appropriate allocation method for that type of expenditure e.g. the written down value of relevant assets or proportional revenue received.
- Forecast revenue assumptions have been based on customer contracts (where applicable), advice from customers, assessment of feasibility of new trades or increases in capacity of supporting infrastructure, global market conditions for commodities and long-term historical trade patterns. However, forecast trade is limited to capacity of existing infrastructure and volumes subsequent to that are assumed to be constant. A 1% change in the trade projection results in 1.56% change in fair value.
- Determined charges for revenues are based on current established rates, budget rates for the first five year period and increased at a rate of inflation of 2.5% thereafter.
- Expenditure cash flows are based on prudent and efficient operating costs which are assumed to be largely fixed in nature due to the underlying nature of maintenance required on port assets remaining constant, irrespective of volumes.
- Net cash flows assume a discount rate equal to the relevant Corporate Weighted Average Cost of Capital (WACC), with a CPI of equivalent to the RBA average inflation target being utilised for cash flow growth rates (2.50%). This is due to the sympathetic relationship between WACC and CPI. An independent change in either CPI or WACC of 1% can affect total non-current asset values by up to 24%, but a sympathetic increase of 1% in both indices has a sensitivity of 21.05%.
- An annually reviewed weighted depreciation rate on WDV is used to calculate depreciation by asset category. A 1% change in depreciation impacts fair value by 0.03%.
- Due to the nature of the Port's long life assets, the period of assessment covers the maximum life of existing assets of 100 years. Terminal value calculations are also calculated over several periods to determine possible variations. An equivalent 30 year terminal fair value calculation varies by 14.27%. Average variance to terminal value calculations from 20 to 90 years is 3.72%.
- Future capital expenditure beyond that already approved in the budget has been limited to the replacement of existing assets, noting the \$232 million Channel Capacity Upgrade project is included. No revenue has been included that would necessitate the expansion of port facilities nor would require additional expenditure above what has been included.
- The five year budget includes recognition of the significant impacts of COVID-19 on the global, Australian and local economies, with an outlook beyond the next six months being highly unpredictable, and as such the budget has been prepared on a conservative basis.
- Working capital balances are assumed to increase in line with the general growth of revenues and expenditures.
- Tax calculations in the cash flow projections assume a corporate tax rate of 30%.
- Assets are not valued above their recoverable value.

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2022
\$

2021
\$

NOTE 3. OUR FINANCIAL POSITION (continued)

Assessment of Useful Lives

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

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

2021-2022 Carrying Amounts		\$ Gross / Fair Value	\$ Accumulated Depreciation	\$ Carrying Amount
Channels and Swing Basins	At Fair Value 2022	159,511,233	-	159,511,233
	At Fair Value 2021	178,837,615	-	178,837,615
Land	At Fair Value 2022	78,394,235	-	78,394,235
	At Fair Value 2021	89,338,949	-	89,338,949
Wharves	At Fair Value 2022	166,348,688	-	166,348,688
	At Fair Value 2021	184,548,807	-	184,548,807
Breakwaters	At Fair Value 2022	48,887,221	-	48,887,221
	At Fair Value 2021	56,589,885	-	56,589,885
Buildings	At Fair Value 2022	18,022,246	-	18,022,246
	At Fair Value 2021	19,766,304	-	19,766,304
Small Boat Harbours	At Fair Value 2022	7,943,892	-	7,943,892
	At Fair Value 2021	8,753,956	-	8,753,956
Infrastructure	At Fair Value 2022	86,697,588	-	86,697,588
	At Fair Value 2021	78,564,899	-	78,564,899
Plant and Equipment	At Cost 2022	43,339,858	14,496,015	28,843,842
	At Cost 2021	26,218,338	12,761,386	13,456,953
*Capital Works in Progress	At Cost 2022	128,275,752	-	128,275,752
	At Cost 2021	130,861,956	-	130,861,956
Total 2022		737,420,713	14,496,015	722,924,698
Total 2021		773,480,710	12,761,386	760,719,324

*Capital Works in Progress

Harbour Works (includes Inner Harbour works, Port Expansion and Channel Upgrade Project)	125,383,071	127,628,345
Port Developments (includes East Port and Harbour City Developments)	2,165,529	1,219,335
Equipment	727,152	2,014,276
	128,275,752	130,861,956

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

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

Channels and Swing Basins	68,381,925	69,231,139
Land	25,672,905	25,672,905
Wharves	100,430,285	102,453,037
Breakwaters	5,687,189	5,745,633
Buildings	13,748,971	13,748,971
Small Boat Harbours	4,797,997	4,914,270
Infrastructure	59,921,918	43,310,885
	278,641,190	265,076,840

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NOTE 3. OUR FINANCIAL POSITION (continued)

RECONCILIATION OF CARRYING AMOUNTS

	\$	\$	\$	\$	\$ Revaluations		\$	\$
2021-2022	Carrying Amount at 1 July 2021	Additions	Disposals & Derecognitions	Transfers	Recognised in Statement of Comprehensive Income	Recognised in Revaluation Surplus	Depreciation Expense	Carrying Amount at 30 June 2022

Assets at Fair Value

Channels and Swing Basins	178,837,614	-	-	-	-	(17,443,935)	(1,882,447)	159,511,232
Land	89,338,950	-	-	-	(365,824)	(10,578,890)	-	78,394,236
Wharves	184,548,808	-	-	1,041,285	(178,681)	(13,467,428)	(5,595,296)	166,348,688
Breakwaters	56,589,886	-	-	-	-	(6,574,227)	(1,128,437)	48,887,221
Buildings	19,766,304	-	-	500,348	(4,873)	(1,475,052)	(764,482)	18,022,246
Infrastructure	78,564,898	-	-	19,115,180	(527)	(6,433,574)	(4,548,392)	86,697,585
Small Boat Harbours	8,753,956	-	-	-	-	(605,083)	(204,981)	7,943,892

Assets at Cost

Plant & Equipment	13,456,953	-	(13,225)	18,934,696	-	-	(2,221,413)	28,843,842
- transfers to / from Intangibles	-	-	-	(1,313,169)	-	-	-	-
Capital Works in Progress	130,861,957	37,005,306	-	(39,591,510)	-	-	-	128,275,754
	760,719,327	37,005,306	(13,225)	(1,313,169)	(549,906)	(56,578,188)	(16,345,446)	722,924,698

	\$	\$	\$	\$	\$ Revaluations		\$	\$
2020-2021	Carrying Amount at 1 July 2020	Additions	Disposals & Derecognitions	Transfers	Recognised in Statement of Comprehensive Income	Recognised in Revaluation Surplus	Depreciation Expense	Carrying Amount at 30 June 2021

Assets at Fair Value

Channels and Swing Basins	149,190,234	-	-	-	-	31,201,400	(1,554,020)	178,837,614
Land	74,456,861	-	(120,000)	-	-	15,002,089	-	89,338,950
Wharves	151,771,500	-	(461)	3,085,522	-	34,349,170	(4,656,922)	184,548,808
Breakwaters	48,731,953	-	-	-	-	8,811,404	(953,470)	56,589,886
Buildings	16,705,639	-	-	-	-	3,662,546	(601,880)	19,766,304
Infrastructure	67,179,660	-	(910)	234,445	-	14,301,586	(3,149,883)	78,564,898
Small Boat Harbours	7,280,547	-	-	-	-	1,641,441	(168,032)	8,753,956

Assets at Cost

Plant & Equipment	10,478,544	-	(10,831)	4,704,583	-	-	(1,715,344)	13,456,953
Capital Works in Progress	83,033,636	55,852,870	-	(8,024,550)	-	-	-	130,861,957
	608,828,575	55,852,870	(132,202)	-	-	108,969,636	(12,799,552)	760,719,327

Notes to the Financial Statements

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2022
\$

2021
\$

NOTE 3. OUR FINANCIAL POSITION (continued)

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

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the port commencing from the time the asset is held ready for use. The useful life over which assets are depreciated and the level at which assets are recognised are significant estimates and judgements. Complex assets are disaggregated into identifiable components.

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

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

	Range		Average	
	2022	2021	2022	2021
Channels and Swing Basins	0.94%-0.96%	0.94% - 0.96%	0.94%	0.89%
Wharves	1.19%-9.09%	0.71% - 9.09%	3.20%	2.95%
Breakwaters	1.00%-2.14%	1% - 2.15%	1.30%	1.31%
Buildings	1.52%-6.67%	1.52% - 10.52%	3.30%	3.42%
Infrastructure	0.78%-20%	0.78% - 19.98%	6.19%	2.73%
Small Boat Harbours	1.90%-2.59%	1.9% - 2.59%	2.15%	2.24%
Plant and Equipment	0.18%-34.60%	0.18% - 34.55%	11.27%	10.20%
Intangibles	8.85%-33.33%	6.92% - 20.63%	15.98%	11.10%

(G) INVESTMENT PROPERTIES

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

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

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

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

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

VALUATION BASIS

Fair value estimates for investment properties are in Level 2 for Investment Lands having being based on significant professional judgement at the time using the market based approach; and Level 3 for Investment Buildings due to the specialised nature of the assets and significant professional opinion required.

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

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

Current year revaluations have been based on desktop independent assessments made by Jones Lang Lasalle Public Sector Valuations Pty Ltd. Valuation conclusions were reached after reviewing recent market activity by the Port, town planning schemes and assessment of the overall health of the Australian and Queensland economies taking into account specific industry conditions likely to impact on asset prices. Qualitative research indicated that the Port investment property values increased on average 3.4% over the last twelve months (2021: 1.6%)

Limited comparisons can be made between the general industrial land market and the Port's land market. The Port market is characterised by leasehold land occupied by trade orientated companies. Land values are driven by site rental levels and lease terms, and while there has been a deterioration in the mining industry and broader economy, the limited availability of land for development has helped to support land values.

Land

Opening balance at 1 July	36,787,206	36,065,888
Net gain (loss) from fair value adjustment	735,744	721,318
Closing balance at 30 June	37,522,950	36,787,206

Notes to the Financial Statements

for the year ended 30 June 2022

Port of Townsville Limited
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2021-2022

	2022 \$	2021 \$
NOTE 3. OUR FINANCIAL POSITION (continued)		
Buildings		
Opening balance at 1 July	15,867,049	15,671,160
Net gain (loss) from fair value adjustment	1,071,026	195,889
Closing balance at 30 June	16,938,075	15,867,049
Work in Progress		
Opening balance at 1 July	-	-
Additions	2,760,000	-
Closing balance at 30 June	2,760,000	-
Total Investment Properties Closing balance at 30 June	57,221,025	52,654,255
Amounts recognised in the Statement of Comprehensive Income for Investment Properties		
Rental income	1,635,533	1,151,649
Direct operating expenses from property that generate rental income	(5,201)	(11,288)
Direct operating expenses from property that did not generate rental income	(21,757)	(61,349)
Net gain (loss) from fair value adjustment	1,806,770	917,206
Comprehensive Income	3,415,345	1,996,218

(H) LEASES

AMOUNTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION FOR LEASES

Right of Use Assets		
Opening balance at 1 July	3,631,992	3,845,847
Depreciation	(199,330)	(195,662)
Valuation adjustment	544,354	(18,193)
Closing balance at 30 June	3,977,016	3,631,992
Lease Liabilities		
Current	353,553	357,716
Non-Current	3,679,209	3,345,728

AMOUNTS RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME FOR LEASES

Depreciation charge of right of use assets	199,330	195,662
Interest expenses (included in Finance costs)	138,517	152,262
Expenses relating to leases of low-value and short term assets (included in Supplies and Services)	189,986	201,067
	527,832	548,992

The Port measures right-of-use assets from concessionary leases at cost on initial recognition, and measures all right of use assets at cost subsequent to initial recognition.

The Port has elected not to recognise right-of-use assets and lease liabilities arising from short-term leases and leases of low value assets. The lease payments are recognised as expenses on a straight-line basis over the lease term. An asset is considered low value where it is expected to cost less than \$10,000 when new.

Where a contract contains both a lease and non-lease components such as asset maintenance services, the Port allocates the contractual payments to each component on the basis of their stand-alone prices. However, for leases of plant and equipment, the Port will elect not to separate lease and non-lease components and instead accounts for them as a single lease component.

When measuring the lease liability, the Port uses its incremental borrowing rate as the discount rate where the interest rate implicit in the lease cannot be readily determined, which is the case for all of the Port's leases. To determine the incremental borrowing rate, the Port uses loan rates provided by Queensland Treasury Corporation that correspond to the commencement date and term of the lease.

The Port has a number of lease agreements with the Department of Resources for use of government land. The leased land includes land under water, which is used by the Port for port and transport related purposes only.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the Port's incremental borrowing rate. When adjustments to lease payments take effect, the lease liability is reassessed and adjusted against the right of use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period.

Given the nature of the leases (held in perpetuity), there is no depreciation charge associated with these assets, with the exception of one parcel which is expected to be converted to freehold in 2024.

Payments associated with short term leases of equipment are recognised on a straight line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low value assets comprises of IT/office equipment.

Notes to the Financial Statements

for the year ended 30 June 2022

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2022	2021
\$	\$

NOTE 3. OUR FINANCIAL POSITION (continued)

(I) TRADE AND OTHER PAYABLES

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

CURRENT

Trade Payables	13,262,954	7,569,737
Competitive Neutrality Fee	229,906	257,518
Retention	54,688	496,742
	13,547,549	8,323,997

(J) FINANCIAL LIABILITIES

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

LOAN COVENANTS

Under the terms of the borrowing facilities with Queensland Treasury Corporation, the Port is required to comply with the following financial covenants:

- The EBIT Interest Coverage of greater than or equal to 2.00 times.
- A Debt to EBITDA ratio of no more than 3.50 times.

The Port has complied with these covenants throughout the reporting period.

(K) PROVISIONS

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

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

CURRENT

Fringe Benefits Tax	46,447	28,154
Employee Benefits - Long Service Leave	2,571,801	2,343,966
Employee Benefits - Annual Leave	1,561,079	1,536,934
Dividend	-	13,545,152
	4,179,326	17,454,205

NON-CURRENT

Employee Benefits - Long Service Leave	518,894	682,560
	518,894	682,560

Amounts not expected to be settled within the next 12 months

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service, or are expected to reach this threshold in the next 12 months. The non-current portion represents entitlements of those employees that have not yet reached, or are expected to reach, the required period of service in the next 12 months.

Short Term Obligations

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

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

Notes to the Financial Statements

for the year ended 30 June 2022

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2021-2022

2022
\$

2021
\$

NOTE 3. OUR FINANCIAL POSITION (continued)

Other Long-Term Employee Benefit Obligations

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

The current portion of long service leave has been calculated on employees with greater than ten years service. Long service leave provision is presented as current if the Port does not have an unconditional right to defer settlement for at least 12 months, otherwise they are presented as non-current.

Retirement Benefit Obligations

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

Movements in Provisions

Movements in each class of provision during the financial year are set out below:

	Dividend	Fringe Benefits Tax	Employee Benefits - Long Service Leave	Employee Benefits - Annual Leave
	\$	\$	\$	\$
CURRENT				
Carrying amount at start of year	13,545,152	28,154	2,343,966	1,536,934
<u>Charged/(credited) to the statement of comprehensive income</u>				
- additional provisions recognised	-	170,900	63,536	1,246,906
Amounts transferred/reclassified	-	-	384,772	-
Amounts used during the period	(13,545,152)	(152,607)	(220,472)	(1,222,760)
Carrying amount at end of year	-	46,447	2,571,801	1,561,079

	Employee Benefits - Long Service Leave
	\$
NON-CURRENT	
Carrying amount at start of year	682,560
<u>Charged/(credited) to the statement of comprehensive income</u>	
- additional provisions recognised	242,011
- unused amounts reversed or unwound	(20,906)
Amounts transferred/reclassified	(384,772)
Amounts used during the period	-
Carrying amount at end of year	518,894

(L) OTHER LIABILITIES

Other Liabilities includes revenue received in advance relating to operating leases on investment properties and revenue received in advance for specific projects detailed below. The revenue received is recognised as deferred income and is recorded as revenue when the future service or performance to which it relates has been provided.

- The Berth 10 upgrade project provides a dedicated facility for military vessels. In 2010-2011, the Department of Defence contributed \$30 million towards future licence fees in respect to the new facility to ensure access over 25 years. The licence fees are to be recognised as revenue on a straight line basis over a period of 25 years. The revenue is recognised from completion of the Berth 10 upgrade, which was October 2013. The balance at reporting date is \$18,000,000 (\$1,200,000 current, \$16,800,000 non-current).

In addition, there is a lease arrangement in place for a staging area to accommodate Defence equipment when vessels are in port. The payment in advance of \$1,822,000 covers the period 2011 to 2031 for this staging area which is located in the Port's Nexus Business Park. The balance at reporting date is \$979,167 (\$125,000 current, \$854,167 non-current).

- The Townsville Dry Tropics Partnership for Healthy Waters is a waterways focused initiative made up of stakeholders from industry, scientific research, education, community and all levels of government.

The Partnership produces Report Cards and scientific summaries that provide our community with an independent picture of the ecological, social and economic health of our waterways and reef in the Dry Tropics region. The Report Card will help guide future planning and investment into waterway, marine catchment and reef health.

In 2021-2022, the Port signed on to host the initiative with funding received of \$980,454, to be spent on activities over the next four years. The balance at reporting date is \$908,168 (\$311,668 current, \$596,500 non-current).

Notes to the Financial Statements

for the year ended 30 June 2022

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2022
\$

2021
\$

NOTE 3. OUR FINANCIAL POSITION (continued)

(M) CONTRIBUTED EQUITY

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

Authorised capital - 500,000,000 ordinary shares of \$1 each	500,000,000	500,000,000
Issued capital		
Opening balance at 1 July - 207,879,706 (2020: 162,879,706) ordinary shares of \$1 each fully paid	207,879,706	162,879,706
Issue of shares	10,000,000	45,000,000
Amount at the reporting date - 217,879,706 (2021: 207,879,706) ordinary shares of \$1 each fully paid	217,879,706	207,879,706

ISSUED CAPITAL - ORDINARY SHARES

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

CAPITAL RISK MANAGEMENT

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

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

(N) RESERVES

ASSET REVALUATION SURPLUS

The property, plant and equipment revaluation surplus is used to record increments and decrements on the revaluation of non-current assets, as described in Note 3(E).

Balances of Asset Revaluation Surplus by category are as follows:

Channels and Swing basins	79,247,200	91,457,954
Land	37,715,574	45,120,797
Wharves	63,601,068	73,028,268
Breakwaters	33,296,109	37,898,069
Buildings	7,728,784	8,761,320
Small Boat Harbours	2,790,333	3,213,891
Plant and Equipment	254,607	258,082
Infrastructure	31,022,780	35,378,807
Land and Buildings transferred to Investment Properties	2,114,615	2,114,615
	257,771,070	297,231,803

(O) DIVIDENDS

Provision is made for the amount of any dividend, being appropriately determined or recommended by Directors, on or before the end of the financial year but not distributed at balance date. Directors recommended payment of a final dividend of 100% (2021: 100%) of net profit after tax, excluding the effects of asset revaluations. For the 2021-22 year, shareholding Ministers approved the Board's recommendation for the retention of dividends otherwise payable from final audited net profits after tax. The dividend retention is intended to be used by the Port to support future investment in critical infrastructure and growth initiatives. Therefore the final dividend amounts to \$0 (2021: \$13,545,152).

ORDINARY SHARES

Dividends provided for or paid	-	13,545,152
Dividends per share	-	0.065

Notes to the Financial Statements

for the year ended 30 June 2022

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2022	2021
\$	\$

NOTE 4. OTHER

(A) GOODS AND SERVICES TAX (GST)

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

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

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

(B) COMMITMENTS

Capital Expenditure Commitments (Non-recoverable GST inclusive)

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

Not later than one year	141,717,877	150,955,541
Later than one year but not later than five years	801,026	1,497,577
	142,518,903	152,453,118

Operating Commitments (Non-recoverable GST inclusive)

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

Not later than one year	6,309,273	3,948,112
Later than one year but not later than five years	1,202,876	623,722
	7,512,149	4,571,833

Future Minimum Lease Commitments Receivable

Future minimum lease amounts receivable under non-cancellable operating leases at balance date. These are the undiscounted lease amounts to be received on an annual basis for the following periods:

Not later than one year	13,028,564	11,852,540
Later than one year but not later than five years	57,233,928	50,818,338
	70,262,492	62,670,878

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

(C) CONTINGENT ASSETS/LIABILITIES

There were no known contingent assets/liabilities of a significant nature at 30 June 2022 (2021: Nil).

(D) FINANCIAL RISK MANAGEMENT

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

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

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

The Audit and Risk Committee oversees how management monitors compliance with the Port's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by The Port. The Audit and Risk Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes reviews of risk management controls and procedures, and reports the results to the Audit and Risk Committee.

CREDIT RISK

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any loss allowance, as disclosed in the statement of financial position and notes to the financial statements. The Port has major customers, of which the top ten contribute 63% of revenue. When necessary, the Port will establish a loss allowance that represents estimates of possible incurred losses of trade and other receivables, and is shown in Note 3(B).

Notes to the Financial Statements

for the year ended 30 June 2022

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2021-2022

2022
\$

2021
\$

NOTE 4. OTHER (continued)

LIQUIDITY RISK

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

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

2022	< 1 year	Payable In 1-5 years	> 5 years	Total Contractual Cash Flows	Carrying Amount
Payables	13,547,549	-	-	13,547,549	13,547,549
QTC Borrowings	3,119,663	12,401,743	96,137,543	111,658,949	96,137,543
2021	< 1 year	Payable in 1-5 years	> 5 years	Total Contractual Cash Flows	Carrying Amount
Payables	8,323,997	-	-	8,323,997	8,323,997
QTC Borrowings	3,179,749	12,709,383	96,137,543	112,026,675	96,137,543

The Port has available a business card facility with a limit of \$175,000. Loan facilities as shown in Note 3(J) to the accounts are provided by Queensland Treasury Corporation. New borrowings are subject to the approved Loan Program with the sanction of the Treasurer of Queensland. The Port has a Working Capital Facility available with Queensland Treasury Corporation, total available funds are \$30 million.

MARKET RISK

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

INTEREST RATE RISK

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

Fixed Rate Maturing In:	0-1 Years		1-5 Years		Over 5 Years	
	2022	2021	2022	2021	2022	2021
Financial Assets						
Cash on Hand	-	-	-	-	-	-
Cash at Bank	13,323,972	10,798,993	-	-	-	-
Receivables	-	-	-	-	-	-
Financial Liabilities						
Payables	-	-	-	-	-	-
QTC Borrowings	3,119,663	3,179,749	12,401,743	12,709,383	96,137,543	96,137,543

	Non Interest Bearing		Carrying Amount as per Balance Sheet		Weighted Average Book Rate	
	2022	2021	2022	2021	2022	2021
Financial Assets						
Cash on Hand	500	500	500	500		
Cash at Bank	-	-	13,323,972	10,798,993	0.11%	0.16%
Receivables	17,226,362	16,593,362	17,226,362	16,593,362		
Financial Liabilities						
Payables	13,547,549	8,323,997	13,547,549	8,323,997		
QTC Borrowings	-	-	96,137,543	96,137,543	3.23%	3.31%

In the above Financial Instruments, book value equates to net fair value, with the exception of QTC Borrowings. The market rate of QTC Borrowings as at 30 June 2022 was \$91,550,178 (30 June 2021: \$108,008,597). Borrowings recorded a market value adjustment of -\$4,587,364 (2021: \$11,871,054) principally as a result of past movements in the market value of liabilities in the Debt Pools.

SENSITIVITY ANALYSIS

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

	Carrying Amount	Interest Rate Risk			
		- 1%		+ 1%	
		Increase/(Decrease) Profit	Equity	Increase/(Decrease) Profit	Equity
Financial Assets					
Cash and Cash Equivalents	13,324,472	(133,245)	(133,245)	133,245	133,245
Receivables	17,226,362	-	-	-	-
Financial Liabilities					
Payables	13,547,549	-	-	-	-
QTC Borrowings	96,137,543	961,375	961,375	(961,375)	(961,375)

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

NET FAIR VALUES

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

Notes to the Financial Statements

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2021-2022

2022
\$

2021
\$

NOTE 4. OTHER (continued)

(E) KEY MANAGEMENT PERSONNEL

The Port's shareholding Ministers are identified as Key Management Personnel (KMP). All Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The Port does not bear any cost of remuneration of shareholding Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements as from 2016-17, which are published as part of Queensland Treasury's Report on State Finances. Details of persons who held ministerial office during the financial year can be found in the Governance section of the Annual Report.

DETAILS OF DIRECTORS

Directors in office at 30 June 2022 are as follows:

Director	Date of Appointment	Date of Termination/Resignation
Ms A. Sherry AO (Chair)	1 October 2021	30 September 2025
Mr B. Webb	1 October 2011, Last re-appointed 1 October 2020	30 June 2022
Hon. M. Reynolds CBE, AM, BSW, MAICD	16 December 2016, Last re-appointed 1 October 2019	30 September 2022
Ms C. Navarro	1 October 2020	30 September 2023
Ms T. Bishop	1 October 2021	31 May 2024
Ms D. O'Toole	1 October 2021	31 May 2024

DIRECTORS' REMUNERATION

All remuneration of Directors including Directors' fees and Board Committee fees is determined by Governor in Council. In accordance with the disclosure requirements for Government Owned Corporations, details of remuneration provided to Directors during the year are below.

Remuneration of Specified Directors	Year	Director Fees	Committee Fees	Superannuation	Total Remuneration
Ms Ann Sherry AO (Chair)	2021/2022 2020/2021	37,500 -	3,279 -	4,078 -	44,857 -
Mr Bradley Webb - Resigned 30 June 2022	2021/2022 2020/2021	25,750 25,750	6,559 9,473	3,231 3,346	35,540 38,569
Hon. Mike Reynolds CBE, AM, BSW, MAICD	2021/2022 2020/2021	25,750 25,750	10,203 9,838	3,595 3,381	39,548 38,969
Ms Connie Navarro	2021/2022 2020/2021	25,750 19,312	6,924 7,652	3,267 2,562	35,941 29,526
Ms Tess Bishop	2021/2022 2020/2021	19,312 -	6,558 -	2,587 -	28,457 -
Ms. Danielle O'Toole	2021/2022 2020/2021	19,312 -	6,558 -	2,587 -	28,457 -
Ms Renita Garard AM (Chair) - Term of Office expired 30 September 2021	2021/2022 2020/2021	12,500 50,000	1,093 6,073	1,359 5,327	14,952 61,400
Mr Shayne Hanran - Term of Office expired 30 September 2021	2021/2022 2020/2021	6,438 25,750	2,551 10,203	899 3,416	9,887 39,369
Total Remuneration Specified Directors	2021/2022 2020/2021	172,312 146,562	43,725 43,239	21,604 18,031	237,641 207,833
Insurance premiums to indemnify liabilities while acting as a Director	2021/2022 2020/2021	- -	- -	- -	149,464 131,880

EXECUTIVE REMUNERATION

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

The Port's remuneration policy provides for a review of executive salaries each year with any adjustments effective 1 July. Details of executive remuneration are included in the Annual Report and Statement of Corporate Intent in accordance with legislative and policy requirements. Increases in Chief Executive Officer and Senior Executive remuneration are made and approved in accordance with the Policy for Government Owned Corporations Chief and Senior Executives Employment Arrangements 2021.

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

The fixed remuneration on appointment is within a remuneration range approved by the Board, in addition to annual increases, and are in accordance with Governance Arrangements for Chief and Senior Executives.

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

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

In line with Queensland Government policy associated with the response to COVID-19, no performance payments were issued during 2020-21 and 2021-22 in relation to performance pay accrued in 2019-20 and 2020-21.

Notes to the Financial Statements

for the year ended 30 June 2022

Port of Townsville Limited
Annual Financial Statements
2021-2022

2022
\$

2021
\$

NOTE 4. OTHER (continued)

Details of remuneration provided to Specified Executives at 30 June 2022 are as follows:

Remuneration of Specified Executives	Year	Short Term Benefits	Superannuation	Other Benefits (Incl motor vehicle)	Performance Payments *	Termination Payments	Total Remuneration
Ms R. Crosby Chief Executive Officer	2021/2022 2020/2021	430,006 370,103	39,689 36,106	- -	- -	- -	469,695 406,209
Mr D. Sibley Chief Financial Officer	2021/2022 2020/2021	297,729 268,318	26,645 23,132	- -	- -	- -	324,374 291,451
Mr D. Penny Chief Operating Officer	2021/2022 2020/2021	298,124 270,651	26,873 23,367	- -	- -	- -	324,998 294,018
Ms M. Wise (Resigned April 2022) Chief Infrastructure Officer	2021/2022 2020/2021	218,934 256,545	22,876 29,684	- -	- -	68,226 -	310,035 286,230
Mr A. van Staden (Acting from April 2022) Chief Infrastructure Officer	2021/2022 2020/2021	58,639 -	6,789 -	- -	- -	- -	65,428 -
Ms C. Brumme-Smith (Resigned May 2021) General Manager Business Strategy & Sustainability	2021/2022 2020/2021	- 208,291	- 19,813	- -	- -	- -	- 228,104
Total Remuneration Specified Executives	2021/2022 2020/2021	1,303,433 1,373,909	122,872 132,103	- -	- -	68,226 -	1,494,528 1,506,011

* Performance payments are cash payments made in the relevant financial year based on the achievement of key performance objectives and measure by key management personnel with respect to the preceding financial year (ie. Payments shown in current reporting period will relate to performance achievements for the prior financial year). As per directions from shareholding Ministers, no performance payments will be issued for the 2020-2021 and 2021-2022 financial years.

Benefits

Short term benefits include salaries, allowances and leave entitlements earned and expensed for the year, including unused leave entitlements paid on termination.

Termination payments include payments made in lieu of notice on termination and other lump sum separation entitlements (excluding unused leave entitlements) payable on termination.

LOANS TO KEY MANAGEMENT PERSONNEL

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

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

For details regarding any other transactions other than compensation paid refer to Related Party Transactions below.

(F) RELATED PARTY TRANSACTIONS

CONTROL

The Port is a Queensland Government Owned Corporation, with all shares held by shareholding Ministers on behalf of the State of Queensland. There was no income received, or due and receivable, by the shareholding Ministers from the Port during the year. No shareholding Minister has received or become entitled to receive any benefit by reason of a contract made by the Port.

KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in Note 4(E).

TRANSACTIONS WITH RELATED PARTIES

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

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

- AECOM, of which Mr S. Hanran is Managing Director. The Port made payments in relation to LED Lighting Transition Plan of \$69,957, Line Markings and Road Signs Master Plan of \$44,667, and Berth 10 works of \$14,036 during the year.
- Queensland Ports Association, of which Ms R. Crosby is the Chair. The Port made payment for membership fees of \$9,900 during the year.
- Townsville Enterprise Limited, of which Ms R. Crosby is a Board Member. The Port made payment for membership fees of \$40,389.
- Maritime Museum, of which Mr B. Webb is Chairman, Mr D. Penny and Mr D. Sibley are also Directors and Members. The Port made contributions of \$25,000 to the Museum during the year.

Notes to the Financial Statements

for the year ended 30 June 2022

Port of Townsville Limited
Annual Financial Statements
2021-2022

2022
\$

2021
\$

NOTE 4. OTHER (continued)

- Holding Redlich Lawyers, of which Mr M. Reynolds' daughter-in-law is an employee. The Port made payments in relation to Lease Arrangements of \$10,978, The Waterfront for \$3,326 and other works of \$4,831 during the year.
- Mount Isa Townsville Economic Zone (MITEZ), of which Ms C. Navarro is Secretary and Mr D. Sibley is a Member. The Port made payment for membership fees of \$16,500 during the year.

TRANSACTIONS WITH STATE OF QUEENSLAND CONTROLLED ENTITIES

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

Revenue

Queensland Treasury Corporation:		
- Interest Revenue	198,957	144,098
Department of Transport and Main Roads (Maritime Safety Queensland) - Pilotage transfers	7,305,740	7,894,268

Expenses

Queensland Audit Office (QAO) - Audit fees	120,000	105,000
Qleave - Portable long service leave	19,299	30,940
QR Limited - Track Maintenance, and Crossing Works	-	56,484
Queensland Treasury Corporation:		
- Loan interest expense	3,037,973	3,566,703
- Loan administration charge	139,399	139,399
- Competitive Neutrality Fee	922,151	1,032,902
Office of State Revenue:		
- Payroll Tax	724,608	715,780
- Land Tax	2,736,510	2,723,501
Department of Natural Resources and Mines - Land Rent	401,298	401,298
Department of Environment & Science - Permit Fees & Equipment Hire/Maintenance		
- Permit Fees & Equipment Hire/Maintenance	57,069	33,155
- Fish Habitat Area Expansion works	44,000	-
Department of Transport and Main Roads		
- Beacon extraction	303,795	-
- Simulation works	117,054	173,064
- Pilot Training	14,141	8,161
Queensland Transport - vehicle registrations	50,241	46,350
Ergon Energy - Electricity	616,445	573,618
Townsville City Council		
- Property Charges	902,403	917,874
- Dry Tropics Membership	31,465	27,500
Queensland Fire & Emergency Services - Alarm Management fees	11,208	17,470
Australian Institute of Marine Science - Channel Upgrade ITAC meetings	53,164	60,859
Contributions to QSuper on behalf of employees	1,725,948	1,691,510

Assets

Queensland Treasury		
- Advances Facility	29,904,740	34,288,001

Liabilities

Queensland Treasury Corporation:		
- Financial Liabilities	96,137,543	96,137,543
Provision for Dividend to Queensland Treasury	-	13,545,152

OUTSTANDING BALANCES ARISING FROM TRANSACTIONS WITH RELATED PARTIES

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

GUARANTEES

As at 30 June 2022 there were no guarantees provided by the Port on behalf on a related party.

(G) EVENTS OCCURRING AFTER THE YEAR END DATE

There has not been any matter or circumstance that has arisen since 30 June 2022 that has significantly affected, or may significantly affect:

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

Directors' Declaration

for the year ended 30 June 2022

Port of Townsville Limited
Annual Financial Statements
2021-2022

In the Directors' opinion:

- (a) the financial statements and associated notes are in accordance with the *Corporations Act 2001* (Cth) including:
 - (i) complying with Accounting Standards and Interpretations, the *Corporations Regulations 2001* (Cth) and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the financial position of the Port as at 30 June 2022 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Port will be able to pay its debts as and when they become due and payable.

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



Ms Ann Sherry AO
Chair

29 August 2022



Ms Connie Navarro
Director

29 August 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of Port of Townsville Limited

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Port of Townsville Limited.

In my opinion, the financial report:

- a) gives a true and fair view of the company's financial position as at 30 June 2022, and its financial performance and cash flows for the year then ended
- b) complies with the *Corporations Act 2001*, the Corporations Regulations 2001 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the directors' declaration.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*. I am also independent of the entity in accordance with the auditor independence requirements of the *Corporations Act 2001*, and confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the **directors as at the time of this auditor's report.**

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

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in the audit of the financial statements. I addressed these matters in the context of the audit of the financial report as a whole and in forming our opinion. I do not provide a separate opinion on these matters.

Valuation of property, plant and equipment - Note 3(E)

Key audit matter	How my audit addressed the key audit matter
<p>Property, plant and equipment is reported at fair value and where applicable at cost. Approximately 78% of the property, plant and equipment was valued at fair value which was determined using the income-based valuation model.</p> <p>The key assumptions used in the valuation model included:</p> <ul style="list-style-type: none"> • forecasting operating revenue • estimating future capital and operating costs • determining of terminal values • the discount rate applied to future cashflows. 	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the discounted cash flow model, and assessing its design, integrity, and appropriateness with reference to common industry practices. • Checking, on a sample basis, the accuracy and relevance of the input data used, including reconciling input data to supporting evidence such as approved budgets. • Performing a sensitivity analysis to establish that management's assumptions for fair value including cash flows, terminal values and discount rates are within a reasonable range of audit expectations for fair value. • Assessing the reasonableness of cash flow forecasts and terminal value estimates relative to board approved budgets, historical growth trends and other relevant internal and external evidence. The reasonableness of board approved budgets was assessed with reference to their historical accuracy and the budget preparation process. • Evaluating whether the discount rate applied was within a reasonable range, with reference to market data and industry research. • Challenging the reasonableness of key assumptions based on my knowledge of the entity and industry. • Verifying the mathematical accuracy of net present value calculations.

Useful lives estimated for depreciation expense - Note 3(E) and 3(F)

Key audit matter	How my audit addressed the key audit matter
<p>The straight-line depreciation method used requires significant judgements for:</p> <ul style="list-style-type: none"> • Identifying the significant parts of the supply system that have different useful lives • Estimating the remaining useful lives of those significant parts. 	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Evaluating management's approach for identifying the parts of property, plant, and equipment with different useful lives for reasonableness, having regard to recent replacement projects and long-term asset management plans. • Evaluating remaining useful life estimates for reasonableness with reference to historical disposal rates, condition assessments for older assets, and long-term asset management plans and budgets.

Other information

Other information comprises financial and non-financial information (other than the audited financial report). At the date of this auditor's report, the available other information in the company's annual report for the year ended 30 June 2022 was the directors' report.

Those charged with governance are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Responsibilities of the company for the financial report

The company's directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Corporations Act 2001*, the Corporations Regulations 2001 and Australian Accounting Standards, and for such internal control as the company's directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The company's directors are also responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an **auditor's report** that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the company.
- Conclude on the appropriateness of the company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I **am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report.** However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the company's directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the company's directors, I determine those matters that were of most significance in the audit of the financial report of the current period and are **therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.**



Bhavik Deoji
as delegate of the Auditor-General

31 August 2022

Queensland Audit Office
Brisbane

Annual Report 2021–22

PORT OF TOWNSVILLE LTD

www.townsville-port.com.au