



**PORT of TOWNSVILLE**

Nexus North Queensland

## 2008/2009 ANNUAL REPORT







**Port of Townsville Limited's (the Corporation's) financial and business-related activity for the fiscal year from 1 July 2008 to 30 June 2009 forms the basis of this Report. This Report complies with all necessary statutory requirements, and is intended to communicate a clear and accurate account of the Corporation's performance during this period and inform key audiences of the Corporation's outlook for the future.**

#### **Publication Availability**

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#### **Registered Office Location**

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South Townsville QLD 4810

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# ANNUAL REPORT



## VISION

The Corporation's **Vision** is to be the leader in the provision of innovative, efficient and effective Port services.

The Corporation will accomplish this by:

- › acting commercially and competitively to promote a sustainable economic future for the Port;
- › providing best practice facilities and services to meet the needs of existing and future customers;
- › identifying and securing commercial opportunities;
- › delivering critical infrastructure to ensure timely and sustainable development of the Port;
- › maximising utilisation of existing resources; and
- › enhancing environmental performance in all aspects of the Corporation's operations.

## VALUES

The Corporation's Vision will be driven by a culture that reflects its core values of:

Customers:	A responsive business partner that consistently exceeds customer expectations and promotes and maintains an integrated and coordinated Port community.
Shareholders:	Acting commercially to maximise shareholder returns while appropriately managing business risks.
Community:	Being a responsible corporate citizen providing economic and social value to the community.
Employees:	Providing a work environment that encourages and supports innovation, teamwork, respect and the development of its employees.
Environment & Sustainability:	Commitment to sustainable development, monitoring impacts and minimising environmental harm.
Corporate Governance:	Compliance with governance structures and procedures, transparent and accountable reporting, and minimisation of risk.

# OVERVIEW

Situated 1,359 kilometres north of Brisbane, the Port of Townsville provides north Queensland with a world-class gateway for commerce and trade. It continues to be one of the State's fastest growing ports and services both the North East and North West Minerals Provinces of north Queensland. Currently, the local resources sector represents approximately 50% of Townsville's exports and 75% of imports, with these figures forecast to grow significantly over the coming years.

Port of Townsville Limited prides itself on providing the highest level of service to its customers. The suite of services provided by the Corporation includes the provision of safe navigation within the harbour through maintenance dredging, strategically located lands for development through reclamation works, transport infrastructure, and timely, reliable and effective Port services.

The Port community comprises the Port of Townsville Limited, Commonwealth and Queensland Government agencies and privately-owned and operated facilities and functions - making it a vibrant and ever-growing commercial hub.

The Port's network of embedded service providers offer an integrated range of land-based logistic support, including:

- › customs and quarantine services including licensed bond store and import cleaning facilities;
- › full ships agency and husbandry services;
- › international freight forwarders/customs brokers;
- › ship repairs and engineering;
- › stevedoring;
- › tugs and towage services;
- › container deconsolidation and packing;
- › secure indoor warehousing and storage;
- › dangerous goods handling, transport and storage;
- › container storage, survey and repairs;
- › bulk commodity handling and processing; and
- › a full range of transport services including intermodal connections and over dimensional haulage.

## PORT OF TOWNSVILLE HAS NINE OPERATIONAL BERTHS WHICH OFFER CARGO FLEXIBILITY OPTIONS:

**Berth 1 Bulk liquids, including petroleum products, sulphuric acid and liquid petroleum gas**

**Berth 2 Bulk imported nickel ore**

**Berth 3 Lead ingots, copper cathode and anode, containers, live cattle, general and break bulk cargo, heavy lift and roll on/roll off cargo**

**Berth 4 Cement, molasses, vehicles, general cargo**

**Berth 7 Bulk mineral concentrates, fertiliser exports**

**Berth 8 Frozen beef, scrap metal, fertiliser and sulphur imports, general cargo, molasses**

**Berth 9 Bulk sugar, molasses, cruise ships, naval vessels**

**Berth 10 Live cattle, containers, break bulk and general cargo, roll on/roll off cargo**

**Berth 11 Bulk mineral concentrates**



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# CHAIRMAN'S STRATEGIC REVIEW

**I reflect on the past 12 months with great pride and satisfaction of the many significant achievements for the Port of Townsville, and indeed the broader Townsville region.**

The Corporation welcomed a number of announcements that confirm the importance of the Port of Townsville and the Townsville region as a major economic driver for Queensland and Australia. One only needs to consider several of these milestones, including commencement of construction of the \$190 million Townsville Port Access Road, a \$36.5 million budget commitment from the State for the Townsville Marine Precinct, Legend International Holdings' selection of Townsville for the export to India of up to five million tonnes per annum of phosphate rock and BP Australia's commencement of construction of a \$30 million bitumen storage and distribution facility at the Port to be assured of this fact.

The fulfilment of these achievements and progress has been despite the challenges and impacts that the Corporation has faced in the past year. Over nine million tonnes of trade throughput was handled in 2008/2009, slightly less than the previous year's throughput, as a result of the challenges stemming from the global economic crisis coupled with the unprecedented severe flooding throughout north Queensland early in 2009. The diversity of cargoes handled through the Port and the planning and coordination efforts of Port customers ensured that the impacts for Townsville were significantly less than those experienced in many other ports around Australia and internationally. The resilience of consistent trade performance is a symbol of the Port of Townsville's strength and ability of the Corporation and its customers to work through adversity.

At a time of global insecurity and vulnerability, there has never been a greater need for robust corporate governance controls and a clear strategy to meet the challenges and opportunities presented by the changing economy. The Corporation has, and will

continue to respond to these challenges by pursuing critical infrastructure and integrated planning with customers and key stakeholders to ensure that the Port of Townsville is in the best possible position to capitalise on future trade opportunities.

Since the first wharf was constructed in 1863, the Port of Townsville has remained central to the economic development and wellbeing of the region. The Corporation is committed to a strong economic and social relationship with Townsville City and the wider north and north west Queensland region to ensure its continued sustainable growth and prosperity.

The Corporation has completed extensive planning and approval processes for a number of key major projects that will position the Port of Townsville to secure future trade growth and economic prosperity, consistent with the Port's Master Plan.

The Mount Isa to Townsville road and rail transport corridor is a crucial component of the future economic growth of the region and the Port of Townsville. The Corporation will continue to work closely with QR Limited, the State Government and Port customers to ensure that this is achieved.

During the year the Corporation farewellled Directors Tony Mooney, Debbie Giudes, Sandra Harding, Ken McElligott and John Pennisi from the Board. I would like to extend my sincere gratitude and appreciation for their support and dedicated efforts, and also for providing to the Port of Townsville the benefit of their extensive experience, knowledge and skills over a number of years. I wish them all the best in their future endeavours.

I also welcome our new Directors to the Board; Michael Stolz, Stephen Cantwell, Tony McGrady AM and Diane Zetlin, who together with the other Directors are well qualified to provide leadership and direction to the Corporation through the opportunities and challenges that lie ahead.

I extend my appreciation to the Corporation's Directors, management and employees for their continued efforts in what has been a year of significant challenges. I also thank shareholding Ministers, their staff and departments for their support, cooperation and assistance.

Ross Dunning AC  
Chairman



## BOARD OF DIRECTORS



**Mr Ross Dunning AC BEng, BCom, FCILT, FAIM, FIEAust, FIRSE, MAICD  
Chairman**

Mr Dunning is currently Chairman of the Port of Townsville Limited, Central Co-ordinator for the Goonyella Coal Chain Board, and a non-executive Director of Queensland Energy Resources Limited, Townsville Enterprise Limited and Indec Consulting. He undertakes consulting work in the areas of project management and commercial corporate activity, particularly related to rail, ports and transport generally. He has occupied non-executive Director positions with a number of other ASX listed companies, government owned corporations in Queensland and New South Wales and non-listed public companies.

Mr Dunning attended the University of Queensland obtaining a Civil Engineering degree with Honours in 1963 and successfully completed a degree in Bachelor of Commerce from the same university in 1979. He was awarded the Companion of the Order of Australia (AC) in the 2002 Australia Day Honours List. He is a Fellow of the Chartered Institute of Transport, a Fellow of the Institution of Engineers Australia, a Registered Professional Engineer of Queensland, a Fellow of the Australian Institute of Management and a Fellow of the Institution of Railway Signal Engineers. He is also a member of the Australian Institute of Company Directors.



**Prof. Stephen Graw RFD BCom, LLB (Qld), SJD, FTIA Solicitor  
Deputy Chairman**

Professor Graw is Professor of Law and Head of the School of Law at Townsville's James Cook University (JCU). He has degrees in Commerce and Law from the University of Queensland and a Doctorate in Juridical Studies from the University of Sydney. He specialises in corporate, commercial and taxation law and has written and co-authored five text books on these topics.

Professor Graw is currently a member of the UniSuper Consultative Committee, Chairperson of the Council of the Catholic College of St. Raphael and St. Paul and patron of two community organisations. He also holds the rank of Brigadier in the Standby Army Reserve.



**Ms Melissa Griffith BE (Civil) (Hons), MEng (Coastal), MIE Aust, GAICD  
Director**

Ms Griffith is a civil engineer who has a background in the maritime and coastal engineering sector of the industry. She is currently a consulting engineer in the Brisbane office of Kellogg Brown and Root Pty Ltd and holds a national management role in the transport sector of the business.

Ms Griffith holds a Masters Degree in Engineering in Coastal Engineering from Griffith University at the Gold Coast. She was the 2005 Queensland President of Engineers Australia and is also actively involved with the Engineers Australia National Women in Engineering Committee. Melissa is an active member of the Brisbane City Church.



**The Hon Tony McGrady AM  
Director (appointed 7 May 2009)**

Mr McGrady was the Mayor of Mount Isa before his election to State Parliament in 1989 representing the seat of Mount Isa. Mr McGrady has held the portfolios of Minister for Mines and Energy, Minister for Police and Corrective Services, Minister for State Development and Innovation and Speaker of the Queensland Parliament. Mr McGrady resigned from Queensland Parliament in 2006.

He was previously a Director of the then Townsville Harbour Board from 1973 to 1989.

Mr McGrady is also currently on the Advisory Board of Laramide Resources, an energy company with their head office situated in Toronto.



**Mr Stephen Cantwell MBus, Grad Dip  
T'port M'ment, BBus, FCILT, FCIEAM, GAICD  
Director (appointed 7 May 2009)**

Mr Cantwell is a transport, logistics and infrastructure specialist working with mining, LNG and transport companies in Australia and around the world to deliver growth, innovation and support across a broad portfolio of transportation related activities. He was previously Chief Operating Officer and Acting Chief Executive Officer for QR Limited.

Mr Cantwell has more than 30 years experience in a broad range of strategic, functional and customer facing roles within multi-billion dollar national and international environments.

His executive management positions have covered multi-billion dollar businesses dealing with matters such as leadership, business development, corporate strategy and planning, infrastructure originating and delivery, and mergers and acquisitions.

Mr Cantwell is regularly sought to brief the European coal logistics industry, including investors in London and Europe, and to present at Australian conferences addressing rail, supply chain logistics and critical management and development.



**Mr Michael Stolz BEng (Aeronautical),  
PMP, MAICD  
Director (appointed 7 May 2009)**

Mr Stolz is the founder of Synexus Pty Ltd, a boutique management consultancy based in Queensland with clients in Queensland, Victoria and Dubai. He has extensive experience in providing professional management and project management services in the transport, energy, infrastructure and not for profit sectors.

Mr Stoltz's expertise is in assisting organisations undergoing significant change, such as merger and acquisition activity, restructuring, strategic capability development, systems implementation or business improvement initiatives. He has worked in Australia, the United Kingdom and the European Union.





**Mr Ken McElligott**  
**Director (term expired 30 June 2009)**

Mr McElligott served 15 years as a member of the Queensland Parliament until 1998. His time in Cabinet included periods as the Minister for Health and the Minister for Lands. He previously served seven years as an Alderman at the Townsville City Council, at which time he also served as a Director of the then Townsville Harbour Board.

Prior to entering politics, Mr McElligott was employed as an Administration Officer at James Cook University. Now retired, he is a life member of the Townsville Hockey Association and the Townsville Cricket Association.



**Mr Giovanni (John) Pennisi**  
**Director (term expired 30 June 2009)**

Mr Pennisi retired after selling his paper and cardboard recycling company, Finjon Paper Recyclers. He served in the Queensland Police Service from 1970 to 1995. Prior to his police service he worked as a qualified electrician and also a builder registered with the Queensland Building Services Authority.

Mr Pennisi has a Diploma in Management and has also served on various community organisations, including two years on the Board of the Housing Industry Association.

In 2007 Mr Pennisi received a prestigious award from the Italian Government and Chamber of Commerce for expatriates who achieve significant standings in overseas communities. Mr Pennisi was selected from 20,000 nominees and travelled to Italy to be presented with the award.



**Prof. Sandra Harding BSc (Hons), M. Pub. Admin, PhD, FAICD, FAIM**  
**Director (resigned 31 December 2008)**

Professor Harding has been President and Vice-Chancellor of James Cook University since January 2007, having previously held a number of senior executive roles at Queensland University of Technology, including Deputy Vice-Chancellor (International and Development) and (Executive) Dean of the Faculty of Business.

Professor Harding was Chairperson of the Australian Statistics Advisory Council, and a member of the HIH Assessment Review Panel, a Federal Government appointment. In May 2007 she was appointed by Federal Cabinet to the Council of the Australian Institute of Marine Science. Professor Harding is also a Director on the Boards of Townsville Enterprise Limited and Advance Cairns.

Professor Harding has also worked on Boards linked to the Brisbane City Council and was a Director on the Brisbane Transport Board and Chairperson of Brisbane Marketing Pty Ltd from 2003-2006. She is also non-executive Director of the Global Foundation for Management Education Ltd (Montreal).



**Mr Tony Mooney BA (Hons), FAICD**  
**Director (term expired 30**  
**September 2008)**

Mr Mooney has had over 30 years' involvement in senior local government leadership positions including Mayor of Townsville, President of the Urban Local Government Association and Director of LG Super (Queensland).

Mr Mooney is a member of the Premier of Queensland's Climate Change Task Force and a Fellow of the Australian Institute of Company Directors. He is actively involved in numerous sporting and community groups in Townsville. Mr Mooney currently provides consultancy services to a number of Townsville and national business organisations.



**Ms Debbie Giudes**  
**Director (term expired 30**  
**September 2008)**

Ms Giudes is the Managing Director and sole owner of Lades Pty Ltd which owns and operates seven Escape Travel agencies in Queensland – located in Cairns, Townsville, Mackay and Rockhampton. The group employs over 60 people.

Ms Giudes has won a number of awards including the 2001 Townsville Commonwealth Bank Business Women of the Year Award and the Queensland Westpac Group Business Owner Award at the 2002 Telstra Businesswomen Awards.

Her company was placed 143 in the top 400 Queensland privately-owned companies for 2007. Ms Giudes also chairs the Escape Travel National Franchise Council and is a trustee on the Townsville Grammar School Board.

# CEO'S OPERATIONAL REVIEW

**In the past 12 months, we have seen our share of challenges in terms of trade with customer setbacks from severe weather conditions including flooding and tropical cyclones and non-functional infrastructure of logistic chains; however our diligent focus on delivering potential has set us up for the coming projects in the very near future.**



The global economic crisis had a significant impact on international markets and trade, therefore seeing the flow-on effects through the Port of Townsville, including the cessation of nickel concentrate imports arising from BHP Billiton's closure of the Ravensthorpe Nickel Mine in Western Australia. Severe flooding events in north Queensland early in 2009 also caused significant impacts for customers of the Port of Townsville, particularly in the mining, refining and agricultural sectors. The overall result of these impacts is seen in the trade and revenue figures, which declined around 10% on previous year's results.

Despite this, the Corporation was greatly buoyed by the strong signals being sent by customers for their trade outlook for future years, and their commitment to continued and expanded operations in Townsville, including:

## **Legend International Holdings**

Legend International Holdings (Legend) has announced its intention to export to India up to five million tonnes per annum of phosphate rock through the Port of Townsville commencing late 2009. The Corporation has commenced design of a new Berth 12 in the outer harbour for this project, and is working in close collaboration with Legend and QR Limited to ensure the complete supply chain from mine to port is integrated and coordinated to facilitate the success of this project. A critical component of this is the upgrading of the Mt Isa to Townsville rail line, including the Eastern Port Access rail connection to the Port.

This project provides a significant, sustainable opportunity for the Port of Townsville and north and north west Queensland in terms of economic growth and job creation. It will potentially double exports through the Port of Townsville. The Corporation is continuing to work proactively with Legend, the State and relevant stakeholders to ensure that this tremendous opportunity is secured for the region.

## **BHP Billiton Yabulu**

The announcement by BHP Billiton that it had entered into an agreement for the sale of the Yabulu Refinery located 30 kilometres north of Townsville, to Clive Palmer was welcomed by the Corporation. The announcement followed a future options review of the refinery by BHP on the back of its closure of the Ravensthorpe Nickel operations in early 2009. Nickel ore imports for the Yabulu refinery is the single largest volume commodity handled at the Port of Townsville.

## **BP Australia – Bitumen Facility**

The announcement by BP Australia of its intention to establish a \$30 million bitumen import, storage and distribution facility at the Port of Townsville was welcome news at the height of the global financial crisis. It is testament to BP's confidence in future growth of the Townsville region. Construction of the new 'Blackport Bitumen' facility has commenced, and is scheduled for completion in October 2010.

## **Coastal Shipping**

The devastation of flooding events in north Queensland early in 2009 also unveiled an opportunity for the Port of Townsville to demonstrate the cost effectiveness and reliability of coastal shipping. The Corporation actively facilitated the transportation of essential goods by sea from Townsville to Cairns during these events, which was the catalyst for a number of other coastal shipping arrangements being implemented. This will be further enhanced with the imminent commencement of a vessel dedicated to the route between Townsville and Brisbane, including Gladstone.

On 1 July 2008 the Corporation converted from a statutory to a company Government Owned Corporation, reinforcing the commercial focus of the organisation and further upgrading the Corporation's reporting and disclosure requirements to facilitate transparency and accountability.



The Corporation also completed the acquisition of the Port of Lucinda on 1 July 2009, opening up opportunities for synergies with Port of Townsville's operations and new trading opportunities for the future.

Early in 2009 the Corporation achieved a significant milestone by being the first port in Australia to successfully obtain external certification of four management systems, including Quality (ISO 9001), Safety (AS 4801), Environment (ISO 14001) and Information Security (ISO 27001) Management Systems.

The Corporation implemented the necessary increases in Port charges to improve cost recovery and commercial performance, whilst also ensuring a pricing structure that would improve efficiencies in cargo handling and shipping operations. The Corporation ensured that customers were provided with significant advance notice of the changes and necessity for these increases to enable forward planning and management of impacts.

The Corporation will continue to implement a program of strategies to improve operational and commercial performance and returns to shareholders, including:

- › continuous review and refinement of the Corporation's berthage and cargo charges to ensure the Corporation fully recovers its costs and achieves the required rate of return to shareholders;

- › ensuring market value rates are implemented for new tenancies and review of existing tenancies as opportunities arise;
- › implementation of Port planning and development improvements to optimise efficiencies in cargo handling and ship turnaround, and to ensure infrastructure networks are capable of supporting future trade growth demands;
- › actively pursuing new trade and business opportunities for the Port of Townsville to increase and diversify revenue streams, including promoting regional priorities to support investment;
- › reviewing non-core and underperforming assets with a view to redevelopment to achieve improved returns, or divestment where the assets are not aligned with the Corporation's strategic objectives;
- › developing initiatives that aim to decrease operational expenses, such as achieving procurement efficiencies and savings and improving asset management; and
- › developing a ten-year financial plan to improve long-term financial planning and management.

Forward planning is crucial to ensure that the capacity of the Port of Townsville grows in step with the growth of the region. The Master Planning process undertaken in 2007 brought into focus the potential trebling of trade for the Port over the next 25 years, highlighting the need for the Corporation to commence upgrades and expansion of Port facilities.

Since the release of the Master Plan the Corporation commenced preliminary investigation and design works to fast-track future construction lead times to meet long-term trade growth in the region.

Over the past 12 months preliminary planning, approvals and design works have been completed for a number of major Port projects, including the construction of Berth 12, upgrade of Berths 4, 8 and 10, preparation of the Eastern Reclaim Area, the Townsville Marine Precinct and the Port Expansion Project.

The Corporation looks to the future with enthusiasm, confident that these planned developments will further strengthen the Port of Townsville as an internationally recognised gateway for trade and commerce.

The Corporation's achievements and future targets can only be achieved through the dedicated efforts and skill of employees, and I extend my sincere thanks for their commitment to realising our vision of being a leader in the provision of innovative, efficient and effective Port services.

Barry Holden  
Chief Executive Officer

## EXECUTIVE MANAGEMENT TEAM



**Mr Barry Holden BCom, CPA, FCILT, MAICD, FAIM**  
**Chief Executive Officer**

Mr Holden was appointed Chief Executive Officer of the Port of Townsville in March 2002. Prior to that he worked for four years as Regional Manager, Western Australian Towage Operations for Adsteam Harbour Ltd managing three tug companies operating a total of 11 tugs in five ports as well as a lines and mooring operation in the BP Kwinana oil refinery. Before moving to Western Australia in 1998, he worked for the Department of the Premier and Cabinet in Townsville in a number of positions.

Mr Holden was employed by the Port of Townsville in various managerial and administrative positions from 1974 to 1997. He is a member of CPA Australia and Fellow of the Chartered Institute of Logistics and Transport, Fellow of the Australian Institute of Management and a member of the Australian Institute of Company Directors. Mr Holden has professional qualifications in commerce and specialist shipping/transport fields and has accumulated in total more than 31 years service at the Port of Townsville.



**Mr Matthew O'Halloran BA/BE (Mech) (Hons)**  
**General Manager Operations**

Mr O'Halloran oversees a dynamic team with responsibility for a broad range of the Corporation's operational functions and services including major projects, engineering, maintenance, environment, marine services and safety.

Prior to joining the Corporation as General Manager Operations, he worked for more than eight years as Operations Manager and Senior Engineer with OMC International Pty Ltd.

Mr O'Halloran holds a Bachelor of Arts/Bachelor of Engineering (Mech) (Honours).



**Ms Raneë Crosby LLB, GAICD**  
**General Manager Support Services**

With more than 12 years experience in the port and shipping industry, Ms Crosby oversees the Corporation's strategic business planning functions, commercial and financial management, corporate governance and legal arrangements, Port planning and development, property management, ICT, human resources and administration functions.

Prior to her appointment as General Manager Support Services, Ms Crosby held various senior management positions within the Corporation, gaining extensive knowledge of Port operations and processes.

Ms Crosby holds a Bachelor of Laws degree and is a graduate of the Australian Institute of Company Directors.



**Mr Shenal Basnayake BBA, MIntS, MICS  
CMILT  
General Manager Business Development**

Mr Basnayake is the newly appointed General Manager Business Development. Mr Basnayake has extensive experience in marketing, human resources and strategic management derived from working on projects for the World Bank, the Asian Development Bank, the United Nations and various private companies.

Mr Basnayake previously worked with Wallenius Wilhelmsen Logistics in the Region Oceania headquarters in various roles including Regional Equipment Controller, Contract Management Coordinator and Special Projects Officer within the Operations Department.

Prior to joining the Corporation he was the Executive Officer for the Darwin Port Corporation. He is also an Officer in the Royal Australian Naval Reserve within the Maritime Trade Operations Branch.

Mr Basnayake's portfolio at the Port of Townsville covers all areas of business development including client services, public relations and research.





# STATEMENT OF CORPORATE INTENT SUMMARY



**The Corporation is a Queensland company Government Owned Corporation established in its current form on 1 July 2008 under the *Corporations Act 2001 (Cth)* and *Government Owned Corporations Act 1993 (Qld)* (as amended by the *Government Owned Corporations Amendment Act 2007 (Qld)*)**

## **Statutory Objectives, Functions and Powers**

The statutory functions and objectives of the Corporation, as set out in its Constitution and section 275 of the *Transport Infrastructure Act 1994 (Qld)*, are to:-

- › establish, manage and operate effective and efficient Port facilities and services in the Port;
- › make land available for:-
  - › the establishment, management and operation of effective and efficient Port facilities and Port services in the Port by other persons; or
  - › other purposes consistent with the operation of the Port;
- › provide or arrange for the provision of ancillary services or works necessary or convenient for the effective and efficient operation of the Port;
- › keep appropriate levels of safety and security in the provision and operation of the Port facilities and Port services;
- › provide other services incidental to the performance of the Corporation's other functions, or likely to enhance the usage of the Port;

- › perform any other functions and exercise any other powers conferred on the Corporation under the *Transport Infrastructure Act 1994 (Qld)*, the *Government Owned Corporations Act 1993 (Qld)* and Regulations or another Act or under the Corporation's Statement of Corporate Intent or Corporate Plan;
- › provide Port services and ancillary services whether in or outside its Ports, whether in or outside Australia and whether for another Port or for someone else; and
- › carry out any activity that is incidental to the attainment of the objects set out above.

The statutory powers of the Corporation, as set out in section 278 of the *Transport Infrastructure Act 1994 (Qld)*, include:

- › all powers necessary or convenient for performing its functions;
- › the power to dredge and otherwise maintain or improve navigational channels in its Port; and
- › the power to reduce or remove shoal, bank or accumulation in its Port that, in the Corporation's opinion, impedes navigation in its Port.

## Financial and Non-Financial Targets

The status of the Corporation's performance during the reporting period towards achieving its financial and non-financial targets as detailed in its Statement of Corporate Intent 2008-2009 and Corporate Plan 2008-2013 is summarised below:

Legend:  On Target  Possibility of Target Not Being Met  Below Target – Unlikely to be Met

Targets/Indicators	2008/2009 Actual	2007/2008 Actual	2008/2009 SCI Annual Target	Status
Financial:				
Earnings before Interest & Tax (EBIT)	\$4,989,488	\$13,061,364	\$6,745,970	
Earnings before Interest, Tax and Depreciation (EBITDA)	\$12,586,804	\$20,068,417	\$14,046,207	
Net Profit After Tax (NPAT)	\$3,172,148	\$9,667,849	\$3,941,370	
Return on Total Assets (Annualised)	2.09%	5.79%	2.93%	
Return on Equity	1.58%	5.23%	2.05%	
Debt : Equity Ratio	0.03	0.04	0.11	
Current Ratio	0.99	1.76	1.34	
Interest Cover Ratio	11.46	23.45	6.05	
Non-Financial:				
Trade Growth & Shareholder Value				
Tonnage Throughput	9,084,821	9,833,991	10,683,500	
No. of New Trades	0	4	2	
Average Berth Utilisation	33.41%	39%	> 30%	
Unplanned Maintenance Items	17.10%	10%	< 10%	
Planned Program Maintenance Activities Completed	66.79%	91%	100%	
Environment				
Number of Environmental Compliance Breaches	0	0	0	
% of Revenue Returned to Environmental Management	1.64%	1.86%	> 1.5%	
External Certification of Environmental Management System	System Certified	Environmental Management System developed and an external certifier engaged. Certification process to be complete in August 2008.	System Certified	
Safety				
Number of Deaths	0	0	0	
Number of Lost Time Incidents	1	1	Reduction	
Lost Time Injury Frequency Rate (LTIFR)	6.65	6.1	Reduction	
Lost Time Injury Duration Rate (LTIDR)	20 days	31 days	Reduction	
Lost Time Incident Rate (LTIR)	1	1.1	Reduction	
External Certification of Occupational Health and Safety (OHS) System	System Certified	OHS System developed and an external certifier engaged. Certification process to be complete in August 2008.	System Developed	

Targets/Indicators	2008/2009 Actual	2007/2008 Actual	2008/2009 SCI Annual Target	Status
<b>Security</b>				
Number of Security Incidents	3	0	0	
<b>Industrial Relations</b>				
Employee Satisfaction	81.54%	96%	> 65%	
% of Total Salaries Spent on Training	1.6%	1.8%	> 1.5%	
<b>Corporate Citizenship</b>				
Customer Satisfaction	66%	78%	> 60%	
Number of Unresolved Customer Complaints	0	0	0	
% of Revenue Returned to Community Initiatives	0.70%	0.57%	> 1.5%	
Number of Unresolved Community Complaints	0	0	0	
Positive Community Perceptions of the Port	91%	60%	> 65%	
<b>Quality, Information Security &amp; Compliance</b>				
Information Security Management System	System Certified	Works Progressing	System Certified	
External Certification of Quality System	System Certified	System Certified	System Certified	
Timely Compliance with Statutory Reporting Requirements in Treasury Financial Circulars	100%	Not a Target	100%	



## Corporate Objectives and Strategies

The Corporation's objectives and strategies are based on the Corporate Plan 2008/2013 and Statement of Corporate Intent 2008/2009.

The status of the Corporation's performance during the reporting period towards achieving its corporate objectives is summarised below:

Objectives	Strategies	Key Actions for 2008/2009	Status	Comments
Strong growth in trade and revenue providing acceptable returns to shareholders, the region & the State.	Understand market drivers and customer requirements and proactively identify and pursue trade and business growth opportunities.	<ul style="list-style-type: none"> <li>› Secure approvals for new trades</li> <li>› Increase communication, collaboration and cooperation with existing Port users</li> <li>› Customer and Community Surveys</li> <li>› Increase in trade forecasting</li> </ul>		<ul style="list-style-type: none"> <li>› IDAS Development approvals, land owner consents and Port of Townsville Limited (POTL) internal permits have been processed.</li> <li>› POTL hosted several trade missions during the reporting period which included representatives from Germany, Papua New Guinea and Vietnam. POTL also participated in the AgInvest Forum and Mining North Queensland Conference in June 2009.</li> <li>› Customer and community surveys complete.</li> <li>› Confidentiality agreements have been signed with certain Port customers for data sharing to improve trade forecasting and planning.</li> </ul>
	Undertake planning and investigations and secure approvals for Port developments and expansion work necessary to accommodate future trade growth.	<ul style="list-style-type: none"> <li>› Preliminary engineering and planning investigations for Port development and expansion projects completed</li> <li>› Detailed design for Eastern Reclamation Area completed</li> <li>› EIS commenced and Expressions of Interest advertised for Port Marina Precinct Development</li> </ul>		<ul style="list-style-type: none"> <li>› Preliminary engineering and environmental studies for the Port Expansion Project are almost complete with a final environmental study on dredge material disposal to be finalised. Once completed the Corporation will progress the IAS, Terms of Reference, and referral under the <i>Environmental Protection Biodiversity Conservation Act 1999</i> (Cth) with the relevant Government agencies.</li> <li>› POTL is working with QR Limited and Legend International Holdings Inc in respect to balloon loop specifications prior to commencement of detailed design works to accommodate rock phosphate exports. POTL is also planning other required infrastructure such as power, water and sewerage on the project site.</li> <li>› The EIS for the Port Marine Precinct Development was approved by the Board of Directors in July 2009 for submission to Government. Tenders for the design, construction and operation of the Precinct have also been assessed.</li> </ul>
	Implement strategies to increase profitability to enhance the Port's value to shareholders and maintain shareholder confidence.	<ul style="list-style-type: none"> <li>› Implementation of new pricing structure to achieve an acceptable rate of return</li> <li>› Review procurement strategies to gain advantages</li> <li>› Review of Corporation's Purchasing Policy to ensure compliance with Government State Purchasing Policy requirements</li> <li>› Review of Sponsorship and Donations Policy</li> <li>› Construction of Ross River east bank rock wall to reduce maintenance dredging costs</li> </ul>		<ul style="list-style-type: none"> <li>› A 10% increase was applied to cargo charges and berthage charges from 1 July 2007. The Corporation has further determined that a 5% increase on cargo charges and a 25% increase in berthage charges will be implemented on 1 July 2009. It is estimated that the increases in cargo dues and berthage charges in the 2009/2010 period will result in an overall increase of 9.2% on the Corporation's gross income based on 2008/2009 shipping data.</li> <li>› A review of POTL's Purchasing Policy is underway. Procurement policies and procedures are currently being reviewed in conjunction with the implementation of a new financial system.</li> <li>› Review of POTL's Sponsorship and Donations Policy complete.</li> <li>› Construction of a Ross River east bank rock wall is being considered as part of the EIS process for the Port Marine Precinct Project.</li> </ul>

Objectives	Strategies	Key Actions for 2008/2009	Status	Comments
	Actively support government investment in key infrastructure needed to secure investment by industry in the region.	› Undertake studies and works required in preparation for construction of the Eastern Access Corridor		› Preliminary internal studies to ensure transport connectivity between the Eastern Access Corridor and the Port complete.
Efficient, reliable, safe and secure Port facilities and services that continually meet customer and operational requirements.	Understand customer requirements, involve customers in decisions that affect their business, and be a lead agency for Port user groups.	› Maintain regular contact with key customer groups to understand and address issues		› Trade, environment, planning and lease related matters have been addressed proactively with Port customers and is monitored on a continual basis. › Port Advisory Body meetings were held on a quarterly basis during the reporting period. › Monthly meetings were held with Port customers to improve customer relationships and services. › Port customer concerns, as voiced by the Corporation, regarding traffic management for the V8 Supercars event to be held in Townsville in July 2009 were appropriately addressed.
	Pursue opportunities that will improve flexibility of existing Port infrastructure and promote cargo handling efficiencies.	› Inner Harbour Berth Upgrades		› Preliminary design of the new Berth 8 ship loader and augmentation works is nearing completion. Sign-off will be obtained from relevant Port customers with detailed design to commence thereafter. › Tenders for the Berth 1 structural upgrades were assessed during the reporting period and will be awarded in July 2009.
	Maintain Port infrastructure in a safe and cost-effective condition.	› Repairs to Berth 2 deck beams › Berth 8 pile and deck maintenance › Berth 9 pile encapsulation works › Berth 11 pile cap corrosion protection wrapping › Maintenance dredging of channels and harbour areas › Maintenance of Port infrastructure and equipment		› Concrete repairs to Berth 2 deck beams are complete. › Berths 8 and 9 pile encapsulation works are progressing and will be completed in August 2009. › Preparation works for Berth 11 pile cap corrosion protection wrapping underway with works to be conducted around shipping movements, tides and weather. › Maintenance dredging is ongoing. › General maintenance of Port infrastructure during the reporting period included painting and mechanical repairs to plant, equipment and marine vessels.
	Actively promote the establishment/upgrade of transport infrastructure to improve connectivity with the Port and efficiencies within the Port.	› Internal road network upgrade investigations to align with/support Eastern Access Corridor		› Preliminary internal studies to ensure transport connectivity between the Eastern Access Corridor and the Port complete.
	Investigate and implement improvements in processes and technologies to improve delivery of services to customers.	› Evaluate and implement E-Business and On-Line business activities › Establish and design framework for e-commerce activities		› E-Business systems such as on-line induction systems, data rooms and on-line information management databases have been developed and implemented. › E-commerce framework has been developed with implementation to be integrated with the implementation of a new financial management system commencing on 1 July 2009.

Objectives	Strategies	Key Actions for 2008/2009	Status	Comments
	Implement and continually improve safety and security initiatives and measures.	<ul style="list-style-type: none"> <li>› Undertake security audits in accordance with approved Port Security Plan</li> <li>› Review and streamline emergency response framework including on-line system</li> <li>› Improve benchmark status for security management</li> </ul>		<ul style="list-style-type: none"> <li>› Security audits conducted on an ongoing basis in accordance with the approved Port Security Plan. No significant non-conformances have been reported.</li> <li>› Review and update of POTL's emergency response framework complete.</li> <li>› Continual review, improvement and implementation of security initiatives is evidenced by a reduction in security related incidents. Security training and exercises were also carried out during the reporting period.</li> </ul>
Appropriately planned development of the Port to maximise land and infrastructure usage and accommodate future growth in a timely and sustainable manner.	Identify and develop strategic plans for future Port developments required to meet trade growth in a sustainable manner.	› Complete Port Development Plan based on the Port of Townsville Master Plan recommendations		› Draft Port Development Plan has been completed including updated findings resulting from trade assessments and engineering and environmental investigations for major projects.
	Implement key projects identified in the City-Port Strategic Plan to ensure the Port's ability to continue to expand operations.	› Complete the Internal Transport Network Plan		› Works and studies progressing on Internal Transport Network Plan. POTL is working with QR Limited and the Department of Main Roads to ensure optimal connectivity between the Port Access Road and the internal Port road network. Internal preliminary studies on the road network are complete.
	Relocate inappropriate land uses to more suitable locations as leases expire or opportunities arise.	<ul style="list-style-type: none"> <li>› Complete planning for relocation of gas terminal</li> <li>› Review other lease arrangements and identify planning for future suitable locations</li> </ul>		<ul style="list-style-type: none"> <li>› Review of lease arrangements undertaken with all new leases and as current leases expire.</li> <li>› Draft Land Use Plan complete with consultation expected to commence in August 2009.</li> </ul>
	Establish strong relationships and understanding with key stakeholders having an interest in future Port developments.	› Regular stakeholder meetings and forums		<ul style="list-style-type: none"> <li>› Regular meetings were held with stakeholders and government during the reporting period.</li> <li>› Port Advisory Body meetings were held on a quarterly basis throughout the reporting period. No significant issues or concerns arose from these meetings.</li> <li>› POTL also arranged a joint stakeholder project management group for phosphate trade facilitation during the reporting period.</li> </ul>
	Implement strategies that support sustainable development and minimise adverse impacts on adjoining land areas and the environment.	<ul style="list-style-type: none"> <li>› Finalise the Land Use Plan in consultation with key stakeholders</li> <li>› Investigate sustainability strategies for future Port operations</li> </ul>		<ul style="list-style-type: none"> <li>› Draft Land Use Plan is complete with consultation expected to commence in August 2009.</li> <li>› Efficiencies Plan developed and Sustainability Working Group established to investigate and implement sustainability strategies for future Port operations.</li> </ul>
	Identify and implement initiatives that promote excellence in environmental management.	<ul style="list-style-type: none"> <li>› Completion of planned environmental monitoring and research activities and publicise results</li> <li>› Continued implementation of the Port-Wide Environmental Management Strategy</li> <li>› Certification of the Environmental Management System</li> </ul>		<ul style="list-style-type: none"> <li>› POTL hosted regular Environmental Working Group meetings throughout the reporting period to ensure a Port-wide approach to environmental management.</li> <li>› An ambient air quality monitoring program has been completed by the Environmental Working Group with the results indicating that ambient air quality in the Townsville City area meet air quality guidelines. Environmental statistics published in Annual Report each year.</li> <li>› Certification of Environment system in accordance with ISO14001:2004 has been achieved.</li> </ul>



Objectives	Strategies	Key Actions for 2008/2009	Status	Comments
A responsible business partner and corporate citizen consistently meeting the expectations of stakeholders and the community.	Engage stakeholders and the community on future Port projects and developments, and continually implement strategies to improve appreciation of the Port.	<ul style="list-style-type: none"> <li>› Marine Industries Precinct Project</li> </ul>		<ul style="list-style-type: none"> <li>› The EIS for the Port Marine Precinct Development was approved by the Board of Directors in July 2009 for submission to Government. Tenders for the design, construction and operation of the Precinct have also been assessed.</li> </ul>
	Contribute to and support the communities in which the Port operates.	<ul style="list-style-type: none"> <li>› Review and update Sponsorships and Donations policy to ensure strategic alignment with business direction</li> </ul>		<ul style="list-style-type: none"> <li>› POTL's Sponsorships and Donations policy has been reviewed and budgets strategically aligned to business direction.</li> </ul>
	Investigate and respond in a timely manner to stakeholder and community concerns and complaints relating to the Port.	<ul style="list-style-type: none"> <li>› Develop a stakeholder consultation plan for major Port developments and projects</li> </ul>		<ul style="list-style-type: none"> <li>› Community consultation for the Townsville Marine Precinct Project has been ongoing throughout the reporting period. Presentations to relevant stakeholders have been conducted in relation to the Eastern Reclamation Area and Berths 8, 10 and 12 projects.</li> </ul>
	Promote to the community the important role that the Port plays in sustainable development through developing partnerships with relevant stakeholders.	<ul style="list-style-type: none"> <li>› Port Community Partnerships Forum meetings (quarterly)</li> <li>› Participation in community events</li> </ul>		<ul style="list-style-type: none"> <li>› POTL was involved in a number of community events including the Sea Sunday Morning Tea, Pink Ribbon Day (Breast Cancer), Pancake Day (Uniting Care) and the World's Greatest Shave.</li> <li>› Sponsorship/Donations were provided to a number of organisations and for various events including the Dajarra State School, Disability Action Week, Export Awards, Townsville Volunteer Coastguard, Townsville Maritime Museum, James Cook University Corporate Rowing, Mount Isa Mining Expo, "Welcome to the Isa" signage program, Fishing and Fisheries Research Centre (JCU) and Community Partners' Program – Bush Children Mount Isa.</li> <li>› A Port Community Partnerships Forum was held in February 2009.</li> </ul>
A work environment that attracts, develops and retains motivated, capable and high-performing people to meet our objectives.	Ensure that communication at all levels is open and candid, promoting a culture of honesty, transparency and mutual respect.	<ul style="list-style-type: none"> <li>› Monthly newsletter</li> <li>› Review and re-align Share Portal to key business strategies</li> </ul>		<ul style="list-style-type: none"> <li>› The "High Tidings" employee newsletter has been converted to electronic format and is distributed to employees on a monthly basis via email.</li> <li>› Internal HR, OHS, Quality, Information Security, Environment, Risk and Compliance intranet portals have been developed and are on-line for easy access by employees.</li> </ul>
	Promote and encourage employee training and development.	<ul style="list-style-type: none"> <li>› Complete training and competency gap analysis</li> <li>› Identify training plan for all employees</li> </ul>		<ul style="list-style-type: none"> <li>› Training and competency gap analysis complete.</li> <li>› Training plans for all employees in terms of core competencies have been identified.</li> </ul>
	Foster an environment that challenges and motivates individuals and recognise and reward performance.	<ul style="list-style-type: none"> <li>› Identify and evaluate alternative approaches to total remuneration and incentive arrangements</li> <li>› Introduce a Reward and Recognition Scheme</li> </ul>		<ul style="list-style-type: none"> <li>› Executive remuneration reviews completed. Reward and Recognition Scheme implemented.</li> </ul>
	Achieve and maintain an organisation structure that supports the corporate direction and objectives of the Corporation and makes effective use of resources.	<ul style="list-style-type: none"> <li>› Workforce planning reviewed against corporate direction (Workforce Plan)</li> </ul>		<ul style="list-style-type: none"> <li>› Workforce planning reviewed against corporate direction with amendments to be made to the Workforce Plan in July 2009.</li> </ul>

Objectives	Strategies	Key Actions for 2008/2009	Status	Comments
	Implement and streamline business and information systems to ensure corporate information and key processes are captured, visible and effective.	<ul style="list-style-type: none"> <li>› Implementation of Geographical Information System</li> <li>› Introduction of Share Portal site</li> <li>› QA Certification</li> <li>› Integration of QA, Environment, OHS and Information Security Systems</li> <li>› Implement new Finance Management Package</li> </ul>		<ul style="list-style-type: none"> <li>› The Geographical Information System has been developed and successfully implemented. A new Financial Management System will be implemented on 1 July 2009.</li> <li>› POTL intranet site has been modified to incorporate management systems as a portal accessible by all employees.</li> <li>› Certification achieved for Quality (ISO9001:2000), Information Security (ISO27001:2006), Occupational Health and Safety (AS4801:2004) and Environment (ISO14001:2004). Systems on target for integration audit in August 2009.</li> </ul>

#### Statement of Corporate Intent 2008/2009 – Deletions and Modifications

In accordance with section 121(1) of the *Government Owned Corporations Act 1993* (Qld) (GOC Act), the Corporation sought approval from its shareholding Ministers to delete information on the Weighted Average Cost of Capital and associated calculations in the Corporation's Statement of Corporate Intent 2008/2009 (SCI) upon the basis that the information is of a commercially sensitive nature.

In 2008-09, the Board sought and obtained agreement from the shareholding Ministers to make two modifications to the Corporation's 2008-09 Statement of Corporate Intent to include additional information in relation to sponsorship, advertising, corporate entertainment, donations and other arrangements.

Corporate events over \$5,000 were budgeted items, further details on these events can be found on page 39.

The Corporation also sought approval to remove references which may have infringed on commercial-in-confidence arrangements.

The deletions and modifications to the SCI did not impact on the financial position of the Corporation as these events had been provided for in the Corporation's 2008/2009 budget.

# PLANNING AND LAND USE



**The Corporation manages a land and sea jurisdiction of more than 400 square kilometres, which includes more than 200 hectares of land that has been developed for Port operations. Extensive master planning undertaken by the Corporation demonstrates a requirement for more than 100 hectares of new land to be created over the next 30 years to meet forecast trade growth.**

The Corporation is committed to the sustainable planning and development of Port lands that promotes the economic growth of the Port and ensures efficient Port services whilst integrating with and enhancing the surrounding community.

The Corporation seeks to achieve this objective by:

- › regularly assessing market conditions and providing Port infrastructure that meets future growth demand;
- › optimising the use of land and infrastructure;
- › ensuring transport connectivity is protected;
- › ensuring sustainable management of resources;
- › providing leadership in environmental protection; and
- › ensuring that impacts on adjoining land uses are appropriately managed and minimised.

## Key Achievements 2008/2009

### Land Use Plan

The Corporation is required to have in place a Land Use Plan (to be reviewed at a minimum every eight years) to ensure that the Port is appropriately planned, developed and managed to meet the Corporation's intentions for future development.

The Land Use Plan is prepared in accordance with the provisions of the *Transport Infrastructure Act 1994* (Qld) and applies to all strategic Port land. The Land Use Plan is used to guide development on strategic Port lands, and provides the statutory framework for the assessment of developments on strategic Port land in accordance with the *Integrated Planning Act 1997* (Qld) and the Integrated Development Assessment System (IDAS). The Corporation is the Assessment Manager for developments that are on Strategic Port Land.

A new draft Land Use Plan and a number of supporting Port Planning Codes and Guidelines were developed during the financial year which provides a comprehensive framework for future developments at the Port of Townsville. The Land Use Plan incorporates some of the recommendations from the Department of Infrastructure and Planning's planning reforms. This will ensure consistency with Townsville City Council's new Planning Scheme, which is expected to be developed over the next 12-24 months.

The Corporation will undertake consultation on the new Land Use Plan during the second half of 2009 with a view to achieving approval of the Land Use Plan by the Minister for Transport in late 2009.

### Port Development Plan

The Port Development Plan is a non-statutory plan that outlines the Corporation's intended future development of the Port of Townsville. This plan represents the findings and recommendations of two major planning exercises undertaken by the Corporation, including the Port of Townsville Master Plan and the Townsville City-Port Strategic Plan.

The Townsville Port Master Plan was undertaken in conjunction with the Department of Infrastructure and Planning, examining trade forecasts to 2030 under a number of scenarios, and the Port infrastructure that would be required to meet these trade forecasts. The Townsville City-Port Strategic Plan was undertaken in conjunction with the Department of Infrastructure and Townsville City Council and examined the most appropriate use and development of lands located in the city-port interface areas to ensure compatibility of land uses and the protection and growth of the Port of Townsville and the City of Townsville into the future.

### City-Port Interface Land Redevelopments

As part of the Government Owned Corporation (GOC) Reforms announced by the Queensland Government as part of the Treasury Major Economic Statement, GOCs are to review their asset holdings

and identify surplus, non-performing and non-core assets. These assets are to be assessed for their potential to be monetised.

The Corporation owns a number of properties located in the upper reaches of Ross Creek and Ross River that:

- › are considered to be underperforming assets;
- › have traditionally been used for activities that are may not be appropriate for the future given their location; or
- › may in the future potentially become surplus to the Corporation's business requirements.

A number of preliminary investigations have previously been undertaken to consider future uses for these lands, with a view to adopting a planning strategy that ensures consistency of planning objectives for the Port and City of Townsville by both the Corporation and Townsville City Council.

This year the Corporation commenced a review of these properties, and will finalise a strategy for integrating development opportunities arising from local land use changes and asset restructuring with a view to:

- › improving commercial returns on lands owned by the Corporation which are currently under-utilised or delivering inadequate returns;
- › ensuring that re-development of port-city interface areas meets urban growth and inner-city revitalisation needs whilst ensuring that the future development and operation of the Port of Townsville is not compromised.

### Land Rental Reviews

Rental revenue accounts for just under 10% of the Corporation's total operating revenue. As a consequence of legacy contracts and arrangements entered into prior to corporatisation, the Corporation is prevented from achieving full commercial returns on its property holdings. It is estimated that such legacy contracts account for approximately \$4 million per annum in land rental that would normally be achieved on current commercial terms.

For all new leases and tenancies, the Corporation has implemented market value rates. Market value rates have been applied throughout the past 12 months for a number of existing leases as part of the rental review process, with transitional arrangements entered into as appropriate to ensure that impacts for customers are able to be appropriately managed.

### Cultural Heritage Management Plan (CHMP)

In late 2008 the Corporation successfully negotiated a Cultural Heritage Management Plan (CHMP) with the Traditional Owners of Townsville for the Townsville Marine Precinct and Port Expansion Projects. The CHMP will assist the Corporation in discharging its cultural heritage duty of care under the *Aboriginal Cultural Heritage Act 2003* (Qld) (the Act) and details a number of immediate and long-term strategies and actions that will ensure:

- › the identification and management of Aboriginal Cultural Heritage on land and water on which the projects are to be developed;
- › increased awareness, understanding and appreciation of Aboriginal Cultural Heritage;
- › social and other benefits to the Traditional Owners in recognition of Aboriginal Cultural Heritage and their cooperation in the preparation of the CHMP.

The Corporation worked closely with Traditional Owners to ensure that sustainable long-term measures could be implemented that recognise and support Aboriginal Cultural Heritage. One of the key outcomes of this process was the establishment of a Charitable Advancement Trust to be managed jointly by representatives of the Corporation and Traditional Owners, the objectives of which are to:

- › alleviate and relieve poverty, sickness, distress, misfortune, helplessness or destitution;
- › advance and support education and training;
- › promote and improve health including the provision of health care services and facilities, old aged care, palliative care and funeral services;

- › provide and improve family, housing and youth support services; and
- › promote and protect Aboriginal culture, including art, dance, language, history and culture, the care and protection for traditional lands and waters, the protection of Aboriginal Cultural Heritage, the exercise of native title rights and traditions and the protection and exercise of traditional laws and customs.

The Corporation will continue to work closely with the Traditional Owners of Townsville to ensure Aboriginal Cultural Heritage is protected and appropriately managed throughout the development of the Townsville Port Marine Precinct and Port Expansion projects.

### Townsville Ocean Terminal, Future Development Area and Surplus Casino Land

The \$1 billion Townsville Ocean Terminal Project was announced by the State Government in 2006. The framework for this project includes developments over a number of sites in the project area, including the Surplus Casino Lands, Casino Site and the Future Development Area (incorporating the Townsville Ocean Terminal and the Breakwater Cove Residential Development). The Corporation will own and manage the Ocean Terminal once constructed.

In the past 12 months a number of developments on the Surplus Casino Land have been completed. The Corporation worked closely with developers, the State Government and Townsville City Council to ensure that a comprehensive framework of Port protection measures were in place and applied for residential and commercial developments on these sites, given their proximity to operational areas of the Port of Townsville.

On 30 January 2009 the Coordinator-General approved the Environmental Impact Statement (EIS) for the Ocean Terminal and Breakwater Cove project, subject to certain conditions and recommendations. Through active involvement in the EIS process undertaken by the project proponent, the Corporation was successful in



securing a number of key Port protection measures for the project, including increased separation distances for residential developments from the Port and reduced numbers of detached dwellings.

The Corporation will continue to work closely with the project proponent, the State Government and Townsville City Council to ensure that Port operations are protected with the provision of a dedicated facility for cruise and military vessels for the benefit of the Townsville region.

*Subsequent to the reporting period of this report, the project proponent of the Townsville Ocean Terminal was placed into administration. The State Government is committed to the terminal development going ahead and is currently reviewing alternative arrangements for the development.*

## Looking Forward - 2009/2010 Strategies

The Corporation will undertake the following key actions in 2009/2010:

- › completion of the public consultation and approval process for the new Land Use Plan such that both the Land Use Plan and Port Development Plan proceed to publishing;
- › continued implementation of market rental reviews for tenancies as opportunities arise to improve commercial returns on lands owned by the Corporation;
- › finalisation of master planning of surplus, non-core and underperforming land holdings located in the city-port interface areas and finalisation of a strategy for the future development and management of these lands;
- › completion of development agreements and leases for a number of major projects and developments at the Port of Townsville, including the Townsville Marine Precinct, Berth 12 Construction, Eastern Reclaim Area Developments, Berth 10 Upgrade and Berth 8 Upgrade; and
- › development and implementation of Port Protection Measures for the Townsville Ocean Terminal and Breakwater Cove (Future Development Area) project areas.

# BUSINESS DEVELOPMENT

The Corporation is committed to increasing trade throughput at the Port of Townsville through the provision of outstanding customer service, promotion of the Port's profile and strategic planning to provide Port customers with effective and efficient infrastructure in a timely manner.



The Corporation has successfully been a driver of industry collaboration within the region leading to increased information sharing and a whole of industry and Government focus on promoting trade growth and development in the Townsville region.

The Corporation will continue to foster collaborative relations with Port customers, the community and stakeholders in order to maintain high levels of service and provide shareholders with a commercially acceptable rate of return.

## Trade

Cargo throughput for the financial year ended 30 June 2009 totalled 9,084,821 tonnes – comprising of imports totalling 4,767,034 tonnes and exports totalling 4,317,787 tonnes. This is a reduction of 7.62% (749,170 tonnes) compared to the 2007/2008 financial year.

Traditional commodities continued to dominate trade volumes with nickel ore accounting for 2,616,563 tonnes of imports and sugar accounting for 1,078,520 tonnes of exports. The following tables summarise trade throughput at the Port of Townsville during the 2008/2009 financial year:

**Summary of trade for 2008/2009**  
Tonnes

Direction	Commodity	Total
Import	Cement	460,538
	Concentrates Zinc	228,476
	Fertilizer	91,600
	General Cargo	152,086
	Motor Vehicles	15,500
	Nickel Ore	2,618,563
	Oil - General Purpose	880,719
	Oil - Yabulu	107,178
	Ravensthorpe MHP	41,438
	Sulphur	101,703
	Sulphuric Acid	37,578
	Copper Anode	31,655
<b>Import Total</b>		<b>4,767,034</b>

**ONE** INDIVIDUAL IMPORT  
RECORD WAS BROKEN  
IN 2008/2009 COMPARED  
WITH **LAST** FINANCIAL YEAR:

GENERAL CARGO  
**152,086 TONNES**

**FIVE** INDIVIDUAL EXPORT  
RECORDS WERE BROKEN  
IN 2008/2009 COMPARED  
WITH **LAST** FINANCIAL YEAR:

CATTLE  
**131,887 TONNES**

COPPER REFINED  
**205,500 TONNES**

MOLASSES  
**244,463 TONNES**

ZINC INGOTS  
**158,945 TONNES**

ZINC CONCENTRATES  
**544,104 TONNES**

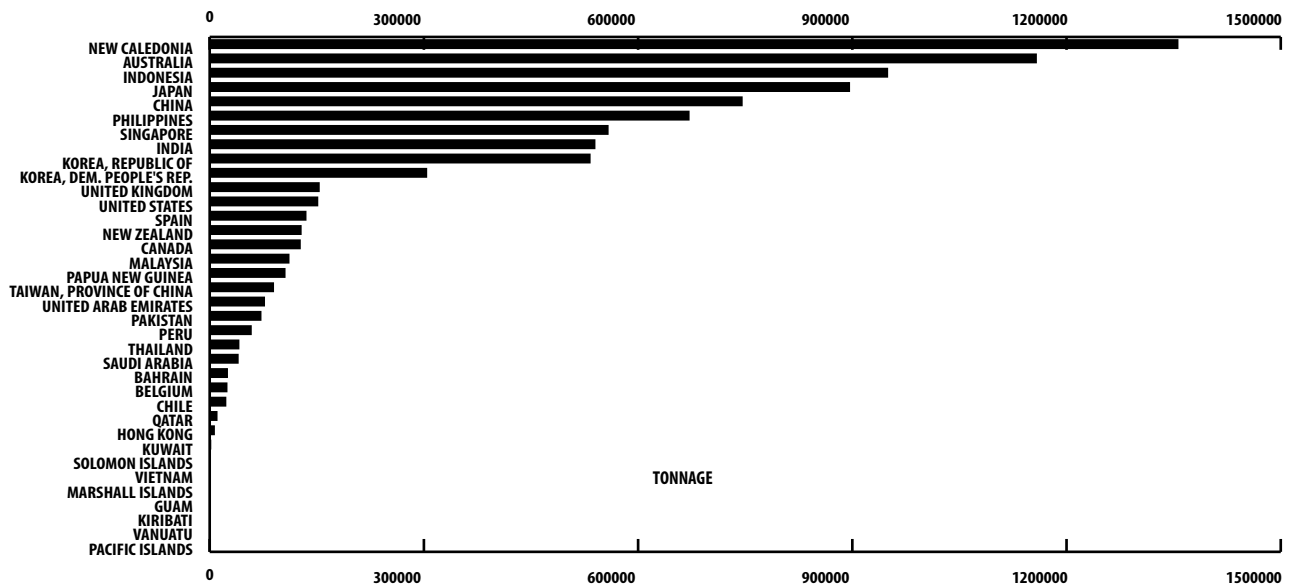
Export	Cattle	76,204
	Concentrates - Copper	454,050
	Concentrates - Lead	325,585
	Concentrates - Zinc	544,104
	Contaminated Oil	5,566
	Copper - Refined	205,500
	General Cargo	150,018
	High Analysis Fertilizer	773,619
	Lead Ingots	153,192
	Meat Products - By Products	1,388
	Meat Products - Frozen Meat	123
	Meat Products - Tallow	5,321
	Molasses	244,463
	Nickel - Refined	1,146
	Sugar	1,078,520
	Sulphuric Acid	30,497
	Zinc Ferrites	67,218
	Zinc Ingots	158,945
	Silver Concentrate	8,110
	Concentrate Lead Containers	34,220
Export Total		<b>4,317,787</b>
TOTAL THROUGHPUT		<b>9,084,821</b>

The top ten performing cargo categories (by volume) for the financial year accounted for almost 84% of total throughput. These top performing cargoes are highlighted below:

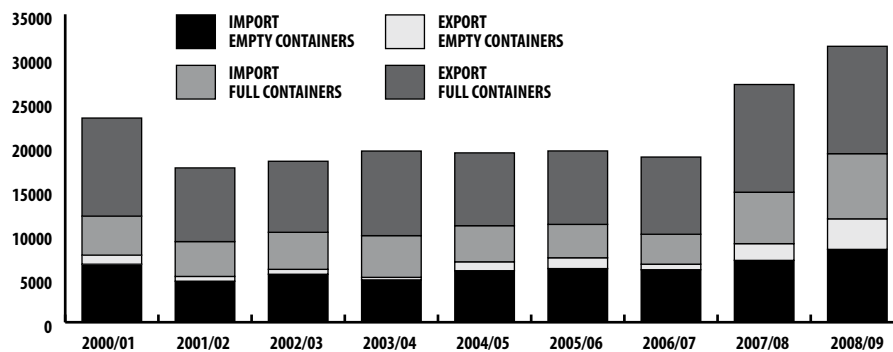
Top 10 Performing Cargoes		
Rank	Cargo Group	Grand Total
1	Nickel Ore	2,618,563
2	Sugar	1,078,520
3	Oil - General Purpose	880,719
4	High Analysis Fertilizer	773,619
5	Concentrates - Zinc (Exports)	544,104
6	Cement	460,538
7	Concentrates - Copper	454,050
8	Concentrates - Lead	359,805
9	Molasses	244,463
10	Concentrates Zinc (Imports)	228,476

**Nickel Ore is the largest volume import at the Port of Townsville which is imported for refining at the Yabulu nickel refinery.**

Port of Townsville Trade by Country 2008/2009



Port of Townsville Container Traffic  
TEU'S FROM 2000/2001 TO 2008/2009



Container Traffic by Country 2008/2009:

Country	Number of Containers	Country	Number of Containers
AUSTRALIA	5,063	MALAYSIA	444
CHILE	3	MARSHALL ISLANDS	41
CHINA	5,271	NEW CALEDONIA	8
GUAM	27	NEW ZEALAND	1,876
HONG KONG	488	PACIFIC ISLANDS	19
INDONESIA	743	PAPUA NEW GUINEA	11,767
JAPAN	16	SINGAPORE	2,330
KIRIBATI	91	SOLOMON ISLANDS	286
KOREA, REPUBLIC OF	774	TAIWAN, PROVINCE OF CHINA	1,896
KUWAIT	91	<b>GRAND TOTAL</b>	<b>31,361</b>



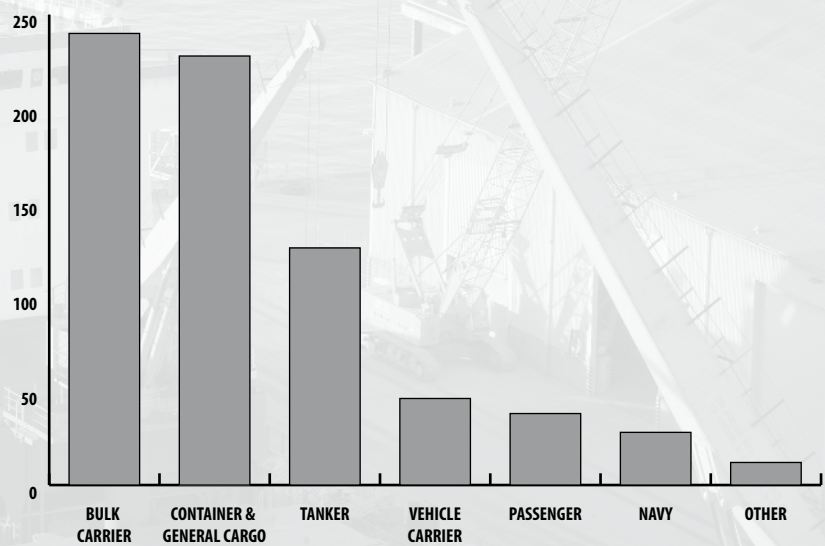
## Shipping

During the 2008/2009 financial year, 718 vessels with a total gross tonnage of 13,008,550 tons berthed at the Port of Townsville.

**Summary of Cargo Vessels Arriving at Port of Townsville in 2008/2009:**

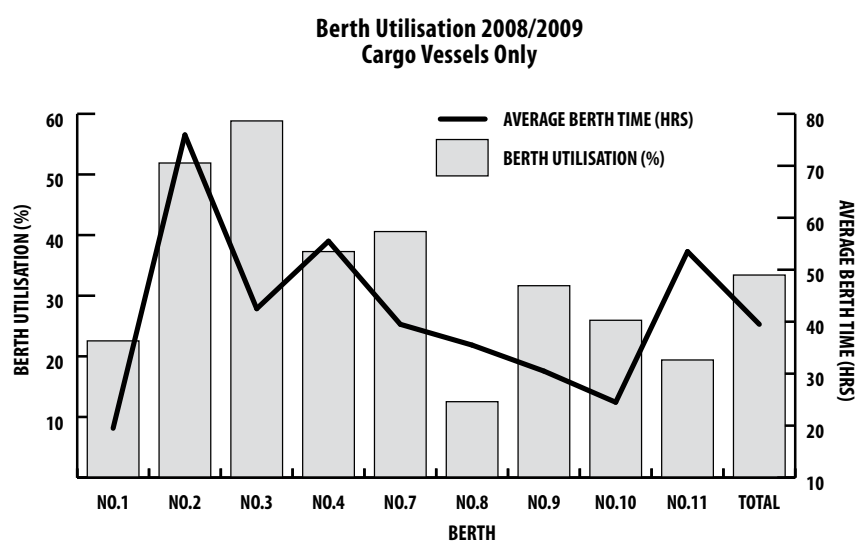
Vessels	Total
Bulk Carrier	240
Container & General Cargo	228
Tanker	126
Vehicle Carrier	46
Passenger	38
Navy	28
Other	12
<b>TOTAL</b>	<b>718</b>

**Summary of Cargo Vessels Arriving at Port of Townsville in 2008/2009**



## Berth Utilisation

Average berth utilisation for the financial year was 33.41%. The following chart provides an indication of utilisation by berth.



## Looking Forward - Strategies 2009/2010

The impact of the global financial crisis and the flow-on effects to local trade has been a key issue for the Corporation and its customers over the last financial year. Recovery is expected to be subdued in the coming period however strong fundamentals underpin the medium to long term outlook. The strategic direction to be taken by the Corporation in the coming year is focused on developing category specific marketing plans and continuing to provide both existing and new clients with innovative solutions. Overall, despite the turmoil in the global economy, the Corporation has maintained a positive outlook.

The very recent resolution of the uncertainty surrounding the viability of BHP Billiton's nickel processing facility at Yabulu provided a very welcome positive outcome after a period of speculation. Also of particular note is the Legend International Holdings rock phosphate project. The Corporation is currently finalising negotiations to enable Legend to commence export in late 2009, ramping up to five million tonnes per annum by 2012. Further focus of conversion in the coming year will centre on the export of magnetite.

Numerous smaller mining, agricultural and industrial ventures look to commence in the medium term and require assistance and liaison from the Business Development team through varying phases of planning. New commodities expected to perform in the medium term include bitumen imports, containerised concentrates export, and molybdenum/rhenium concentrates export and manganese export.

There are also existing trades and sectors forecast to show high levels of growth in the coming financial year including live cattle exports, containerised and general cargo.

### **Live Cattle Exports**

Live cattle export volumes are being positively impacted by the increasing demand from South East Asia and the Middle East.

### **Containerised and General Cargo**

The Corporation has approached trade opportunities in containerised and general cargo with a renewed vigour which has resulted in several local importers assessing their supply chain fundamentals and importing directly into Townsville. The introduction of a new liner service with direct links to Taiwan initially, and more recently Shanghai, and the continued support provided by existing liner services has resulted in increased public support at a regional level. The adopted program to promote the Port of Townsville hub concept and attract direct international containerised cargo imports provides regional customers with time and cost savings and assists in the creation and retention of local jobs.

### **Coastal Shipping**

Coastal shipping is a sector supported by work done by organisations including the Australian Shipowners Association and Ports Australia on policy development in coastal shipping.

Active facilitation by the Corporation of the transportation of essential goods by sea from Townsville to Cairns during severe flooding in north Queensland early in 2009 confirmed the potential capacity of coastal shipping. This aspect will see further strong performance with the imminent commencement of a vessel dedicated to the route between Townsville and Brisbane, including Gladstone.

A deliberate direction has been taken by the Corporation to enhance perception of external factors which impact on Port operations. National trends affecting infrastructure investment and bottlenecks, multi-modal and carbon emission trading will all affect the environment in which the Corporation operates. International factors such as the impact of the global financial crisis on our major trading partners and the implementation of free trade agreements will have flow-on effects to local trade patterns.

# CUSTOMER RELATIONS



**The Corporation is committed to building and strengthening partnerships with current and potential customers through a shared understanding of business drivers and values to maximise and grow trade and business opportunities. The Corporation will continue to work in partnership with its customers to ensure the investments made in the Port of Townsville are equitable, transparent and assured of ongoing success.**

Strong communication with Port customers ensures a full understanding of customer requirements and positions the Corporation to deliver port services that meet or surpass customer expectations. The more knowledge the Corporation has about its customers, the better the Corporation's understanding will be of its customers' present and future needs. Improvements in service delivery, resulting in a greater retention of business is then provided for. The Corporation is cognisant of the need to also ensure its customers are considered during the strategic planning process and informed of decisions affecting their operations.

A program of scheduled monthly meetings with Port customers is in place, with more frequent contact as requested by Port customers, which is crucial to ensuring the success of this program. The Corporation's Customer Service Policy sets out the service levels customers can expect from the Corporation's officers in response to enquiries, requests, applications and complaints to ensure that timely and effective responses are consistently delivered.

## Customer Complaints

All customer and community complaints are taken extremely seriously. The Corporation maintains a register of complaints and ensures all complaints are addressed in a timely, appropriate and professional manner.

The Corporation complied with the response timeframes detailed in the Customer Service Policy in the fiscal year, with eight complaints resolved in accordance of the requirements of the policy, with all necessary steps taken to address all concerns.

## Matters of Special Interest

### Port Advisory Body

The Port Advisory Body (PAB) is comprised of representatives of the Corporation, Port customers, service providers, businesses and organisations with current or future significant long-term interests in the Port and its operations. The PAB provides the Corporation with a forum to provide reports or advice to Port customers on the following issues:

- › Port of Townsville's operations and in particular, any issues of significance that may affect Port customer operations;
- › community or Government issues and initiatives which could have a direct impact on Port operations;
- › future development strategies for the Port and related services.

The PAB enables Port customers and others to raise concerns, queries and suggestions relating to Port operations and community or Government relationships and for these issues to be referred to other committees or the Corporation's officers as required. The PAB also allows for networking, discussions, and information exchange between Port customers and the Corporation.



Some of the key matters addressed by the Port Advisory Body in 2008/2009 included:

- › introduction of e-business initiatives, including on-line berth applications, to improve services to customers;
- › introduction by Maritime Safety Queensland of a Port Procedures Manual for the Port of Townsville;
- › introduction by Maritime Safety Queensland of a dedicated Vessel Traffic System (VTS) for Townsville;
- › changes to the pricing structure for Port charges at the Port of Townsville;
- › discussions on impact of global economic crisis and outlook for the Corporation and its customers; and
- › operational matters associated with major projects within the Port.

### **Environmental Working Group**

The Port of Townsville Environmental Working Group (EWG) consists of environmental representatives from the Port community. The aim of the EWG is to facilitate the continued development and implementation of integrated and coordinated environmental management initiatives which ensure the protection and maintenance of the Port environment.

Specifically, the role of the EWG is to achieve the following objectives in an independent technical advisory capacity to:

- › provide a forum for discussion of matters relevant to the management of the environment of the Port of Townsville;
- › to provide a forum through which strategic environmental management objectives at the Port of Townsville may be developed;
- › facilitate the development and maintenance of an integrated and coordinated approach to environmental management;
- › provide comment on and facilitate environmental research initiatives throughout the Port; and
- › provide cost sharing and cost effective solutions to environmental issues.

In addition, the EWG has a number of less formal objectives, including:

- › providing technical support and advice with regard to individual environmental management initiatives;
- › presenting a unified voice from Port customers and the Corporation in relation to Port related activities;
- › updating Port customers on any changes in environmental legislation, policy or guidelines related to their activities;
- › improving the working relationship and understanding amongst Port customers and the Corporation; and
- › promoting self regulation through a network of integrated, cooperative environmental management.

The EWG, which meets every quarter, continues to develop and implement a wide range of environmental management proposals and cooperative programs that raise the profile and management of environmental issues at the Port.

# RESEARCH

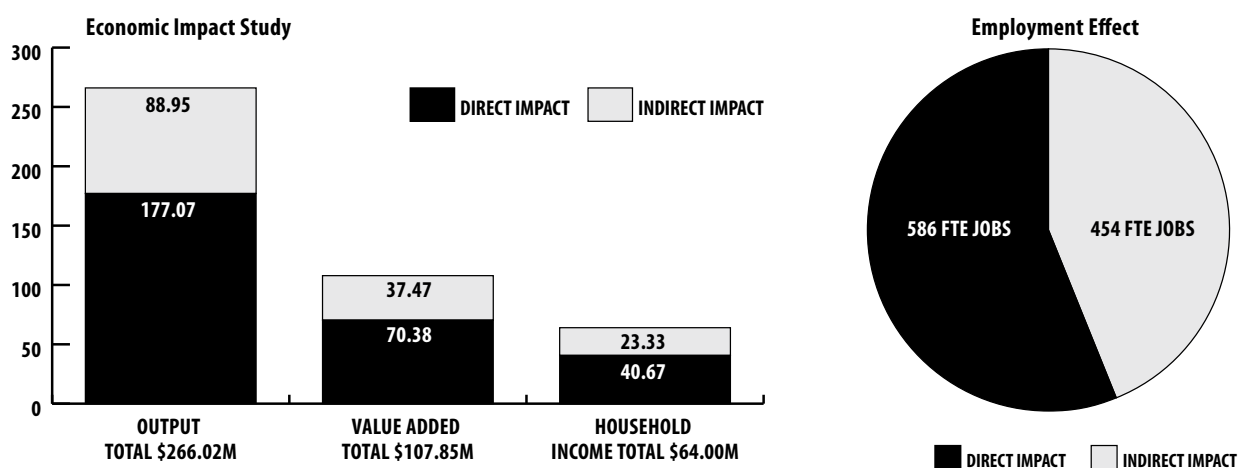
The Corporation maintains an active awareness of the most up to date trade statistics and trends for existing and potential Port customers and future market directions for trading cargoes and investigates specific barriers to growth. This ensures trade projections to enable more accurate revenue forecasting.

A number of project-based investigations have been undertaken to secure advantages for the Corporation's future decision-making and planning, including:

## Economic Impact Study

The results of the Economic Impact Study (EIS) confirm Port of Townsville's role as an economic catalyst and its significance to the regional economy; meeting several elements of the Corporation's objectives:

- › to enhance its reputation as a responsible business partner and corporate citizen;
- › promoting to the community the important role the Port plays;
- › to aid development of effective development strategies; and
- › to advance the Port's value to shareholders and maintaining shareholder confidence – by demonstrating the Port's influence on regional prosperity.



The total economic impact of the Port of Townsville on the Queensland economy is a combination of Port output, value added, household income generated and jobs generated. The EIS values this impact in the 2006/07 financial year as follows:

Value	Effect	Direct	Indirect	Definition
\$266.02 million	Total Port Output	\$177.07 million	\$88.95 million	This is the total output attributable to activities required for the movement of vessels, cargo and passengers through the Port of Townsville. This measure does not include the value of imports and exports or other activities not associated with ship operations and the transport of cargo. As such, economic output is only a partial measure and understates the true economic worth of the Port in terms of total trade facilitation benefits.
\$107.85 million	Value Added	\$ 70.38 million	\$ 37.47 million	Payments to the primary inputs of production (labour, capital, land). This is equal to gross revenue less the cost of intermediate inputs into production and imported goods and services.
\$ 64.00 million	Household Income	\$ 40.67 million	\$ 23.33 million	Wages, salaries and other payments to labour; including overtime payments and income tax, but excluding payroll tax.
1,039	FTE Employment	586	454	Number of working proprietors, managers, directors and other employees in terms of the number of full-time equivalent jobs.

## Community and Customer Survey Results

The Community and Customer Surveys were implemented as part of the Corporation's ongoing commitment to service delivery excellence and to afford both Port users and the local residents a medium to express opinions concerning the Port of Townsville.

The results of the community and customer survey undertaken in early 2009 indicates that 66% of Port customers are satisfied with the services provided by the Corporation and 91% of the community hold positive perceptions of the Port of Townsville which is an improvement on previous years.

## Mining Development Monitoring Database

The Mining Development Monitoring Database provides a comprehensive overview of all mining projects in the Port of Townsville catchment area categorised by probability of conversion. The result is a constantly evolving catalogue of projects to supply the Corporation with current information with which it can pursue future trade and business development opportunities.

The database is an ongoing venture which will provide improved information provision for infrastructure and forecasting requirements. The database has already received and taken into account feedback from Queensland Mines and Energy and will be a catalyst for improved information sharing.



# PUBLIC AFFAIRS

**Consistent with our corporate objectives, the Corporation sponsored a number of industry and community publications, events and initiatives throughout 2008/2009.**

The events sponsored by the Corporation above \$5,000 are outlined in the following table:

Sponsorships	
Townsville Enterprise Limited	\$104,000
Department of Communities Disability Action Week	\$10,000
Magnetic Island Swim 2008	\$5,455
Cowboys Bush Kids	\$8,000
"Mt Isa Champions" Sign	\$8,000
Donations	
Ingham Flood Appeal	\$10,000
Red Shield Appeal	\$5,000
Townsville Maritime Museum	\$56,100
Australian Volunteer Coast Guard	\$25,000
Industry and Trade	
Annual Report	\$20,195
Mount Isa Mining Expo	\$9,000
Mining the Isa Conference	\$9,000

## Sponsorships

### Townsville Enterprise Limited

The Corporation continued its support as a major sponsor of the region's peak promotion and marketing organisation, Townsville Enterprise Limited (TEL). In 2008/2009 the Corporation's sponsorship totalled \$104,000. TEL promotes economic growth in Townsville and works with Government and major organisations in the region to facilitate projects and the needs of the region.

### Department of Communities – Disability Action Week

The Corporation was proud to sponsor the Disability Action Week State Launch in July 2008. The Corporation committed \$10,000 to the launch that aimed to bring the community together through a prolific program of celebratory activities.

### Magnetic Island Swim 2008

The Corporation continued its support of the Magnetic Island Swim with sponsorship of \$5,455 to assist with the operation and management of the open water swim from Magnetic Island to The Strand.

### Cowboys Bush Kids

This year the Corporation supported the *Cowboys in the Community – Bush Children's Mount Isa* with a donation of \$8,000. Under the *Cowboys in the Community* banner, the program is working to ensure the ongoing success and growth of Bush Children's Mount Isa for North Queensland communities. The centre provides vital health and community services – including speech pathology, psychology and occupational therapy – for children in Mount Isa and the surrounding area.





### **Shave for a Cure**

Employees, contractors and clients of the Corporation raised a total of \$1,660 for the Leukaemia Foundation's World's Greatest *Shave for a Cure* in March 2009. The funds raised from the event will help the Leukaemia Foundation to continue providing practical care and support to patients and families living with leukaemia, lymphomas, myeloma and related blood disorders. It will also fund research into better treatments and hopefully cures. *Shave for a Cure* is one of Australia's biggest fundraising events.

### **"Mt Isa Champions" Sign**

As a commitment to the north west region, the Corporation in partnership with the Mount Isa Townsville Economic Zone (MITEZ) sponsored a campaign to assist in the promotion of the city of Mount Isa. The Mount Isa – Birthplace of Champions campaign has constructed a number of signs around the city that promotes the number of celebrities that have originated from the region. The Corporation sponsored the creation of one such sign by making a donation of \$8,000.

## **Community Donations**

### **Ingham Flood Appeal**

In February 2009, as a result of the effects of ex tropical cyclone "Ellie", torrential rains inundated and isolated residents of the town of Ingham and the surrounding Hinchinbrook Shire. Many residences were impacted by the floods which caused extensive damage and loss to residents. The Corporation donated \$10,000 to the Premier's Ingham Flood Appeal.

### **Red Shield Appeal**

The Corporation continued its annual commitment to the Salvation Army Red Shield Appeal with a donation of \$5,000.

### **Townsville Maritime Museum**

The Corporation is a major benefactor/sponsor of the Townsville Maritime Museum. In 2008/2009 the Corporation continued its support both in-kind and financially with a donation of \$56,100 to the museum.

### **Australian Volunteer Coast Guard**

The Corporation has committed to donate \$50,000 over two years to the Australian Volunteer Coast Guard to assist in the replacement of the Townsville Flotilla's main rescue vessel Spirit of Rotary.

This is a solid example of the strong bond between the Corporation and the Australian Volunteer Coast Guard. In a city where 17,000 boats are registered and 40% of the population goes fishing or partakes in a recreational activity at least once a year, the Australian Volunteer Coastguard remains vital in the preserving of life at sea.

### **Australian Age of Dinosaurs**

The Corporation donated a 20ft shipping container to Australian Age of Dinosaurs Ltd, a non-profit organisation located in the western Queensland town of Winton, dedicated to the discovery, preservation, and display of Australian dinosaurs.

The container shipping container will be used to house the fossil laboratory's air compressor and pneumatic equipment.

## Industry and Trade Donations

### Mount Isa Mining Expo

The annual Xstrata Mount Isa Mining Expo showcases the quality and wealth of mining and mining activities within the Carpentaria Minerals Province.

### Mining the Isa Conference

The Mining the Isa Conference is an industry focused opportunity that provides an update on developments in the Mount Isa and Carpentaria region over the past 12 months and provides a mining industry insight into proposals and the outlook for the year ahead.

In 2008, the Corporation sponsored the Breakfast function and gave a presentation to the mining industry on the services and capability of the Port of Townsville.

### Retailers' Workshops

The Corporation hosted two free information workshops specifically tailored to Townsville's major retailers on importing directly into Townsville.

Held in November 2008 and April 2009, industry specialists discussed details of sea transportation and intermodal logistics chains with a view to:

- › providing businesses with case studies and practical tips to assist them with achieving direct import possibilities;
- › increasing participants' knowledge of the Port of Townsville and the advantages for businesses in both logistical and financial terms by importing their products directly through the Townsville Port;
- › enabling the Corporation and industry to improve awareness and understanding of business needs to streamline a solution to suit the importer;
- › unravelling the mysteries of industry terms and jargon for the benefit of participants; and
- › explaining to participants the supply chain and clarifying the roles of each link in the chain.

The workshops were a great success leading to three new trade opportunities through the Port and new business to the region.

The Corporation plans to continue to hold similar workshops with an expansion of themes to exporting and intermodal transport chains.

### Asian Market Forum

The Asian Market Forum is an annual event jointly coordinated by James Cook University, Queensland Department of Primary Industries, Townsville Chamber of Commerce, the Corporation and Townsville Enterprise Limited. The forum showcases assessments of economic developments and trade opportunities in the Asian region with an emphasis on China, Japan, Korea, India and Southeast Asia.

### AgInvest Forum

Queensland Primary Industries and Fisheries (QPIF), the Department of Employment, Economic Development and Innovation (DEEDI), held AgInvest Forum 2009 to promote agribusiness and investment in the region

This event proved to be a renowned success with a number of new business opportunities and trade developments arising from the promotion of the Corporation's services.

### **Australian Marine Environment Protection Association (AUSMEPA)**

AUSMEPA provides free resources to schools across Australia regarding the importance of the marine environment and the need for its protection. The new education programs, 'Ships and the Marine Environment' and 'Ports and the Marine Environment' are available on the recently upgraded AUSMEPA website at [www.ausmepa.org.au](http://www.ausmepa.org.au).

Students can learn through these programs about the role of ports, the types of ships visiting Australian ports, safety and environmental issues and the organisations required to operate a port.

## **Corporate Entertainment**

Corporate entertainment and hospitality events costing over \$5,000 undertaken by the Corporation in the reporting period are outlined below:

<b>Event</b>	<b>Date</b>	<b>Cost (\$)</b>
Annual Charity Golf Day	August 2008	\$12,340
"RePORT Card" Function	October 2008	\$8,495
Employee Christmas Party	December 2008	\$13,825
<b>TOTAL</b>		<b>\$34,660</b>

### **2008 Port of Townsville Charity Golf Day**

In 2008 the Corporation hosted its annual Charity Golf Day in conjunction with QANTAS. Over \$8,000 was raised for the North Queensland Paralympic Fundraising Committee to assist local paralympians compete in the Beijing Paralympics.

Six paralympians from the Australian Paralympic Track and Field Team participated in the Golf Day, including Paul Raison, Matthew Cameron, Amy Winters, Don Elgin, Amanda Fraser and Heath Francis.

### **RePORT Card Function**

Subsequent to the release of the 2007/2008 Port of Townsville Annual Report, the Corporation hosted an inaugural stakeholders' information function called the *RePORT Card Function*.

The function gave the Corporation the opportunity to present the trade and development results for the 2007/2008 financial year and inform key industry leaders and stakeholders about the key projects currently being pursued by the Corporation.

## **Looking Forward – 2009/2010 Strategies**

The primary marketing objective for the Corporation during the 2009/2010 financial year is to increase profitable trade through the Port of Townsville and achieve a commercially acceptable rate of return for shareholders. The Corporation will achieve this by:-

- › developing a suite of targeted marketing collateral;
- › undertaking appropriate and relevant trade research;
- › ensuring sponsorships, donations, corporate entertainment and advertising activities are aligned with the Corporation's corporate objectives;
- › promoting the facilities and the capability of the region to local, national and international markets; and
- › effectively communicating to and increasing collaboration with Port customers, stakeholders, employees and the local community.

# OPERATIONS

**The Corporation's operational functions include Port security, management of ship movements, berth allocation, maintenance of wharf, channel and land infrastructure, environmental monitoring, and planning and delivery of new Port infrastructure to meet future trade requirements.**

Consistent with the Corporation's Statement of Corporate Intent 2008/2009, the following projects were undertaken during the reporting period to achieve the Corporation's strategic objectives:

## Engineering

### Channel and Harbour Dredging

To ensure safe navigation channels are maintained within the Port, maintenance dredging was undertaken resulting in the removal of 348,270m<sup>3</sup> of dredge material from Berths 9, 10 and 11, the Platypus and Sea channels, outer harbour, departure channels and the inner harbour silt trench. An improvement of approximately one metre in the average depth was achieved in these areas in addition to the removal of approximately 1,200m<sup>3</sup> of dredge spoil from the berth pockets of Berths 1 and 8.

Works are underway to dredge Ross River Channel and return it to its design depths following significant shoaling during the wet season storm events. The total cost of dredging works for the year was approximately \$2.9 million.

### Electrical Upgrade Works

Works to upgrade the high voltage electrical system at the Port have been completed. These works included detailed design of the upgraded system, construction of pits and laying conduits, supply and installation of cables and switching equipment, and construction of an additional point of supply at a total project cost of \$3.21 million.

### Structural Concrete Repairs

Repair works are being undertaken on the Berth 8 and 9 piles to rectify structural issues that have resulted from pile cracking. The works involve encapsulation of the piles with a 220mm thick reinforced concrete casing from the seabed pile cap up to a nominated level approximately around two metres Lowest Astronomical Tide. All piles have been fully cleaned and inspected to determine the extent of encapsulation required.

The works are progressing in three stages of around 70 piles each, allowing repairs to be carried out on the most severely cracked piles concurrent with pile cleaning and inspection activities. The Corporation has ensured that the repair works do not significantly impede on Port customer requirements and shipping operations.

### Quarry Investigations and Approvals

The Port Master Plan identified the requirement for significant expansion of reclamation areas over the next 30 years if the Port of Townsville is to have sufficient land to accommodate forecast trade growth. A major risk to the viability of these expansions is security of supply of fill material and in particular, quality armour rock.

In order to mitigate this risk, the Corporation has continued to investigate opportunities within the region to secure long-term supplies of high quality fill material. Potential sites have been identified and further investigations will be undertaken during the 2009/2010 financial year in order to determine whether these sites are suitable for the long-term establishment of a quarry to supply the Corporation's expansion projects.

### Saltwater Fire System Review and Upgrade

The Corporation is undertaking a complete compliance investigation, testing, specification, and upgrade process for the saltwater fire system. Anticipated works to upgrade the fire system include upgrades to the detection and

communication systems. Design for these works is underway and will be completed during the 2009/2010 financial period.

### Berth 1 Upgrade

The Corporation has finalised detailed design and technical specifications to upgrade the operators' facilities at Berth 1, the hazardous/flammable bulk liquids berth. The project has been placed out to open tender for construction, with works due to commence during the 2009/2010 financial year.

The upgraded facilities, designed in consultation with the Berth 1 user group, will meet the needs of existing operators, improve accessibility for maintenance crews and occupational health and safety, and allow the Corporation to create additional space for future new product infrastructure.

### Administration Building Extension

Extension of the administration building and alterations to the engineering building were completed in 2008/2009, providing the Corporation with sufficient workspace to accommodate the personnel required to deliver major works planned in the medium term to meet projected trade growth.





### **Bulk Fuel Pipeline Construction**

The Corporation completed the design and construction of a common-user diesel fuel bunker line during the reporting period to facilitate further trade in bulk diesel fuel resources and defence force visitation. The fuel pipeline is being installed from the existing BP tank farm with the capability of extension to Shell and Caltex's fuel tank farms. The design allows for future extension to Berths 8 and 10 if required. The approximate cost of the project is expected to be \$6.7 million.

## **Major Projects**

### **Townsville Port Marine Precinct**

The Townsville Port Marine Precinct project involves the reclamation of land at the mouth of Ross River to for the development of a state of the art marine facilities precinct. Works commenced during the financial period on the environmental approvals process for the project including submission of an Initial Advice Statement to the Queensland Department of Infrastructure and Planning to seek a declaration of the project as a project of State significance. The declaration of the project as a project of State significance was approved and subsequently declared on 22 August 2008.

The Environmental Impact Statement (EIS) and delivery model development for the project were substantially completed during 2008/2009. The cost of these works was approximately \$2.8 million.

### **Port Expansion Project – Preliminary Investigations and Environmental Impact Statement**

The Port Master Plan completed in 2007 indicated that a high growth scenario for the Port could see cargo throughput treble over the next 25 years. Recent enquiries from potential importers and exporters support this proposition. In order to meet trade demand the Port will be required to expand seaward, creating an outer harbour and potentially an additional six berths.

A contract was awarded to Maunsell (AECOM) in 2008 to conduct Preliminary Engineering and Environmental Studies (PEES) to further define the Port expansion concept. The PEES will produce an Initial Advice Statement and draft Terms of Reference for the preparation of an Environmental Impact Statement (EIS) to be submitted to the Queensland Department of Infrastructure and Planning seeking to have the project declared a project of State significance.

The PEES studies have been completed so the Corporation can commence preparation of an EIS for the project during the 2009/2010 financial year. The approximate cost of these works is \$2.5 million.

### **Berth 12 – Construction and Berth Pocket & Swing Basin Dredging**

Following approaches from Legend International Holdings (Legend) to export rock phosphate from the Port ramping up to five million tonnes per annum (mtpa) and commencing late 2009, the Corporation has commenced design of a new Berth 12 in the outer harbour, with works funded jointly by Legend and the Corporation.

Berth 12 has been excised from the Port Expansion project due to time lines required for the project. It will be designed as an exposed berth similar to Berth 11. The berth will be capable of accommodating loaded panamax-sized ships. The design is mindful of trends towards larger vessels and will be capable of accepting such vessels in the future with minimal alterations. Design works will be completed in late 2009 at an estimated cost of \$2 million.

Preparation of business cases and negotiations with Legend are ongoing. It is anticipated that the Corporation will be responsible for the marine infrastructure and dredging works for Berth 12. Legend will design and install all materials handling and ship-loading infrastructure.

### **Eastern Reclamation Area – Design and Construction of Services and Drainage**

Legend requires land infrastructure in order to

commence interim exports of rock phosphate as well as to reach the ultimate target of five mtpa by late 2011. This infrastructure will include a rail loop and offloading facilities, receipt and storage shed and reclaimers and conveyor network to transfer cargo to the new Berth 12.

It is proposed that this infrastructure will be located on the Eastern Reclamation Area (ERA). This requires the final preparation of lands plus construction of power, water and waste facilities, drainage and access roads to be undertaken by the Corporation. Legend will design and construct its own receipt, storage and out loading facilities and QR Limited will be responsible for rail.

Design works for the Corporation's component has progressed significantly and will be completed in 2009. The Corporation has also completed detailed design of the rail loop formation on behalf of QR Limited in order to facilitate the project. The approximate cost of these works is \$1.3 million.

### **Berth 8 Upgrade (Solution to Berth 6/7) – Investigation and Design**

During 2009 a contract was tendered for the design of conveyors, transfer towers, a ship loader and argumentation works on Berth 8. The approximate cost of these works is \$3.5 million. The Corporation is currently negotiating with Berth 7 users in respect to the transfer of their operations to an upgraded Berth 8. Once Berth 7 operations are relocated it is planned that Berths 6 and 7 will be decommissioned and demolished.

### **Berth 10 Redevelopment – Investigation and Design**

The Australian Defence Force (ADF) is in the process of procuring new panamax-sized Landing Helicopter Dock (LHD) vessels that will operate regularly from Townsville. In addition, there is a trend in the medium term towards increasing demand for general cargo handling at the Port. These are the drivers to upgrade Berth 10 to accommodate larger vessels.

Extensive consultation has been undertaken to clarify the requirements of the ADF and to identify options for upgrading the wharf structure and berth pocket. Tenders have been called for the detailed design of the proposed upgrade works with the contract to be awarded early in the new financial year. Detailed design works will be completed during 2009/2010; meanwhile detailed scoping discussions with the ADF and other potential users are ongoing.

## Environment

### Water Quality Monitoring

Port of Townsville water quality monitoring program was initiated in 2004, with 32 samples collected bi-annually (pre and post-wet season) from Ross Creek, the inner harbour, outer harbour and Ross River areas. Samples are tested for a range of heavy metals, nutrients, suspended solids, total oil and grease, petroleum hydrocarbons and physico-chemical parameters.

Results from the 2008/2009 sediment samples were all within national and state guidelines with the exception of suspended solids and total phosphorus, due likely to natural causes such as tidal movement, wind driven re-suspension and upstream sources.

A stormwater monitoring program, formalised in late 2008, observes a number of outlets and includes an automatic sampler on the primary stormwater drain.

### Air Quality Monitoring

Port of Townsville's air quality monitoring program was established in 1994 in consultation with the Queensland Environmental Protection Agency. It monitors both inhalable dust (PM10) and nuisance dust (dust deposition).

PM10 is continually monitored by a Tapered Element Oscillating Microbalance (TEOM) located at Berth 10, downwind of the majority of Port operations. Results from the TEOM for 2008/2009 indicate that PM10 levels were within State and National

guideline levels (Environmental Protection Policy Air and National Environment Protection Measure).

In addition to the TEOM, 13 dust deposition gauges are strategically placed on Port land. There are four gauges located along the Port boundary monitoring potential offsite impacts from Port activities. At these sites, the Department of Environment and Resources Management's nuisance guidelines were exceeded on seven out of 35 samples between July 2008 and March 2009. Of these seven, five were due to higher volumes of combustible material such as leaf litter and other organic materials.

### Sediment Monitoring

The Sediment Monitoring Program has been ongoing since 1995. Samples are collected quarterly from the inner harbour, outer harbour, Ross Creek, Ross River, Platypus Channel and Sea Channel and tested for a range of heavy metals.

Results of monitoring undertaken during 2008/2009 financial period indicate that levels of copper, lead and nickel were generally within variations recorded over the past 10 years however levels of zinc increased marginally in 2008/2009. The Corporation and Port users continue to review operations to identify opportunities for improved performance in this area.

### Environmental Incidents

An environmental incident is any unplanned event or action that impacts or may impact on the environment within Port jurisdiction. All reported incidents are recorded and investigated. If required, action is taken to mitigate the impact and ensure that procedures are in place to prevent reoccurrence. The Corporation has implemented measures to ensure environmental incidents are addressed and reported regularly to the Port community and regulatory agencies.

During the reporting period, 23 environmental incidents were recorded. The most common incidents involved discharge into marine waters. All incidents were determined to be minor based upon

a risk assessment of their environmental impact.

### Prawn Farm Remediation

In February 2009, the Corporation completed remediation of the former Sun Sun Prawn Aquaculture Farm, an area of approximately 30 hectares located adjacent to Stuart Creek. The site was abandoned and handed back to the Corporation in a highly disturbed and degraded state after failure of the venture in 1993.

Natural re-vegetation was restricted due to high levels of actual and potential acid sulphate soils, caused by the modified landform and ongoing impacts from recreational off-road traffic and illegal dumping of rubbish. The Corporation remediated the site by neutralising the acid sulphate soils and returning it to a landform consistent with the surrounding area. This allows for regular tidal inundation of the area encouraging natural rehabilitation.

The remediation project was seen as highly successful in achieving its objectives by all Government agencies involved. In 2009, the project was nominated and won first prize for the Civil Contractors Federation Earth Awards in the category for projects between \$1 million and \$5 million.

### Environmental Management System

External certification of the Corporation's Environmental Management System to ISO14001 was achieved in early 2009. The Corporation is continuing to review and improve the system in accordance with the intent of the standard to ensure the best environmental management measures are in place.

### Sustainability

Sustainability values have long been recognised by the Corporation. Over a number of years, a range of initiatives have been implemented including extensive vegetation of Port lands and implementation of measures to reduce electricity



consumption. In 2008/2009 a diesel/electric hybrid truck, the first such vehicle in north Queensland, was purchased for the Corporation's maintenance workshop.

In addition, the Corporation has established a Sustainability Working Group (SWG) to provide a structured approach towards identifying, prioritising and implementing sustainability initiatives. Sustainability audits have been conducted against which strategies have been developed and implemented to improve performance across the organisation.

### Waste Management Plan

Systems are in place to handle and monitor regulated wastes generated by the Corporation including waste oils, oiled products and sewage.

A baseline waste audit was undertaken for the Corporation's activities and services as a component of sustainability audits carried out in 2008 and a number of improvement opportunities were identified. These included:

- › undertaking a detailed waste audit to clearly identify the types and volumes of waste generated for specific areas of the Port;
- › review of the current waste contract in light of any recycling programs;

- › investigation into the reporting of collected waste by volume and/or weight;
- › commissioning and implementation of a sustainable procurement policy;
- › improvement in the segregation of paper and cardboard; and
- › the needs for employee awareness training to ensure employees are aware of correct waste separation policies.

A number of these recommendations are currently being implemented by the Corporation as follows:

- › a detailed waste audit is included as a target in the Corporations 2009/2010 Environmental Management Action Plan;
- › tendering of the Corporation's waste contract, including the provision of recycling services and the requirement for the successful tenderer to report waste by volume or weight;
- › the development and progressive implementation of a Sustainability Policy which incorporates sustainability principles into the planning, management, operation and performance phases of the Corporation's activities; and
- › a review of current waste improvement strategies to identify further opportunities to minimise waste (a key action included in the 2009/2010 business unit plan for the Corporation's operations division).

## Greenhouse Gas Emissions

The Corporation is committed to supporting the Queensland Government's Q2 target to cut Queensland's greenhouse gas emissions by one third by 2020. This commitment includes implementation of the Government's climate change and other environmental strategies.

Under the Kyoto Protocol six gases have been identified as the main greenhouse gas emissions that need to be reduced. The gases are carbon dioxide, hydro fluorocarbons, methane, nitrous oxides, per fluorocarbons and sulphur hexafluoride. As part of standard emission measurement practices these gases are mainly reported as carbon dioxide equivalent emissions (CO<sub>2</sub>-e).

The Queensland Government continues to develop and improve whole-of-Government data collection processes and systems to standardise reporting of its greenhouse gas emissions.

The Corporation's key greenhouse emissions are those that are linked to the following business activities:

- › vehicle usage;
- › hired vehicles;
- › plant and other equipment;
- › electricity consumption; and
- › air travel.

The following table outlines the Corporation's emissions during the period 1 July 2008 to 30 June 2009.

Activity	Greenhouse gas emissions (tonnes of CO <sub>2</sub> )
Vehicle usage	
Corporation owned vehicles	159
Hired vehicles	
Avis	1.2
Other (Taxi, Bus Travel)	1.2
Plant and other equipment	
Corporation owned plant and other equipment	361
Electricity consumption	
Purchased directly from an electricity retailer	1,167
Air travel	
Domestic and international air travel on commercial airlines	123
<b>TOTAL</b>	<b>1,812.4</b>

All greenhouse gas emissions arising from the air travel activities undertaken by the Corporation during the reporting period have been offset in accordance with the Queensland Government's *Purchasing Carbon Offsets for Queensland Government Air Travel* policy.

### Tree Day

The Corporation is proud to have hosted Tree Day for several years. In 2008/2009, further planting was undertaken in the Port of Townsville Environmental Park located adjacent to the Nexus Business Park. Over 40 people from the Port community and the public planted 215 native trees, shrubs and grasses.

### Clean Up Australia Day

Planning is underway for the Corporation to participate in Clean Up Australia Day, rescheduled to September 2009 for north Queensland local government areas.

## Marine Services

The Corporation's Marine Services division has continued to build on current practices and procedures to ensure consistency and compliance with other legislative requirements. A number of new permit systems have been implemented to ensure Port Control is fully informed of activities taking place in the Port and can coordinate them with other concurrent actions.

To ensure effective and efficient operations of the Port a complete refit has been completed in the Port Control Tower to ensure the area is functional and correctly equipped for Port Service Officers who operate the tower on a 24 hour basis.

Marine Services continues to encourage all Port Service Officers to undertake an extended period in the tower as duty officer on a rotating basis. This has vastly improved the skills and knowledge of the officers in all aspects of Port operations.

Marine Services, in consultation with the Regional Harbour Master, Townsville and other Port users were at the forefront of coordination and response with the two low-pressure systems off the Queensland coast in early 2009. The new SMS/email alert system has proven an effective tool to ensure the Port community is kept fully informed of the operational status during severe weather and other emergency events.

### Security

The Corporation and the Port Security Committee organised and hosted a number of security related activities through 2008/2009.

To reduce costs, the Corporation and Security Committee jointly engaged an external auditor to conduct an audit of the Port of Townsville Port Security Plan and associated activities. The Port Security Committee undertook a full risk

assessment and revision of the Port Security Plan that was submitted to Government in May 2009.

A combined security desktop exercise in September 2008 led into a full-scale emergency exercise, also attended by Queensland Police, Fire and Ambulance personnel who imparted their skills and knowledge to the great benefit of members of the security committee.

In May 2009 the Corporation hosted a group of Asia Pacific Economic Cooperation (APEC) dignitaries investigating best practice maritime security frameworks throughout the APEC region. The delegation included representatives from Papua New Guinea, Vietnam and the United States.

### Pilot Vessels

The pilot transfer vessel *Petrel II* had its annual refit in early 2009. The Corporation continues to provide a safe and reliable pilot transfer service, which conducted over 1,200 transfers in the past year.

Safety procedures are constantly reviewed in consultation with vessel crews and Maritime Safety Queensland (MSQ) pilots to ensure best practice in terms of safety and reliability.

Works have continued on the back-up pilot vessel *Brolga*. This vessel has given the Corporation flexibility in its small vessel fleet for pilot transfers, hydrographical survey and waterside security.

As *Petrel II* approaches the end of its operational life, the Corporation is investigating options for a replacement pilot vessel that must comply with new standards for pilot transfer vessels required by Maritime Safety Queensland.

### Defence Vessels

The Corporation, through the Marine Services Unit continues to support and accommodate the needs of Defence vessels on their visits to the city for rest and recreation and for active duty.

Townsville is the major Port base for the Australian and United States combined defence exercise

Talisman Sabre 2009. Marine Services contributed substantially to the planning of this exercise to ensure the activities taking place in Townsville are successful and cause minimal disruption to commercial Port operations.

## Safety

In 2009 a new position of Safety Manager was created and the safety function moved from Support Services to Operations. This is part of a plan to improve safety performance at the Port by enhancing safety leadership and cultural awareness of safety within the highest risk areas of activities undertaken by the Corporation. Detailed strategies are being developed and will be implemented throughout 2009/2010 to achieve these ends.

### Safety Management System

In 2009 the Corporation obtained certification of its Safety Management System to AS/NZS 4801:2001 as part of its certified Integrated Management System. The Corporation continues to review and improve the system in accordance with the intent of the standard to ensure the best practice safety management measures are maintained and implemented.

### Safety Committee

The Corporation's Safety Committee represents employees across all business functions. The Committee meets every eight weeks and comprises 10 members, including management and employee representatives. At least one member of the senior management team also attends each Committee meeting.

The Committee provides a formal consultative forum to raise and resolve health and safety issues, and to consider and recommend initiatives aimed at improving the Corporation's safety awareness and performance. The Committee discusses issues relating to accidents and incidents, personal protective equipment, physical conditions of worksites and safety improvement initiatives and targets.

The Corporation also facilitates a whole of Port safety group representing key users of the Port of Townsville. This group aims to ensure a coordinated Port-wide approach to achieving excellence in safety awareness and management at the Port of Townsville. The group meets quarterly and has been assisting the Corporation in its implementation of the following key safety initiatives:

- › hot works permit system (completed and operational online);
- › a notification system for Port users undertaking work on Berth 1 (completed and operational online);
- › enhancement of the Port of Townsville Emergency Management System by procuring and installing flashing lights, sirens and loud hailers onto two Port patrol vehicles (completed and operational);
- › introducing an online Safety, Security and Environmental Induction System (completed and operational online);
- › upgrades to the Benwell Road gate entry to ensure safe traffic turnaround;
- › implementation of changes to employee parking and traffic flow;
- › installation of reversing beepers to appropriate vehicles;
- › gap analysis training for Port Services Officers in defensive techniques and conflict management through negotiation;
- › design and construction of fresh water hose reel trolleys for the berths;
- › provision of safety drills and training as part of the Berth 1 emergency procedures for the fire system; and
- › installation of non-slip surface paint to outside pathways.

### Safety Slogan

Through the Safety Committee, the Corporation adopted "Gunna Goanna" as its safety mascot with the slogan "Safety is No Accident" which is displayed in working areas and Port gate entrances.



### Looking Forward – 2009/2010 Strategies

Major actions and goals for the Corporation's Operations division during 2009/2010 include:

- › design works and engagement of contractors for construction of Berth 12;
- › rail formation works for a balloon loop on the Eastern Reclamation Area;
- › commencement of headworks for subdivision of the Eastern Reclamation Area;
- › finalisation of approvals and commencement of construction of the Townsville Port Marine Precinct at the mouth of Ross River;
- › finalisation of design and engagement of construction contractors for Berth 8 upgrade;
- › commencement of design works for the Berth 10 upgrade;
- › completion of stage II of pile encapsulation works for Berths 8 and 9 completed;
- › completion of berth 1 upgrade works completed;
- › maintenance dredging of channels and harbour;
- › maintenance of Port security consistent with legislative requirements;
- › review of emergency response and business continuity plans; and
- › complete review of environmental monitoring programs.



# HUMAN RESOURCES

## People

**The Corporation's continuing success is directly attributable to the efforts and commitment of its employees.**

**The Corporation is dedicated to assisting its employees achieve a balance between work and family life and developing a workplace culture where employees are valued and have the opportunity to broaden their skills and knowledge base.**

The Corporation provides contemporary human resources and industrial relations services to management and employees to create an environment where personnel can communicate ideas and information freely to engender a team ethos within the organisation.

The Corporation's Board of Directors has an active Human Resources and Workplace Health and Safety Committee which reviews, monitors and establishes human resources policy frameworks.

Employee numbers have increased from 70 in 2004/2005 to 100 in 2008/2009, comprising 68 males and 32 females with an average age of 41 years. Almost 30 percent are aged over 50 years and 12 employees were born overseas.

### Turnover Statistics 2008/2009

- › Employees as at 30 June 2009 – 100
- › Turnover – 13%
- › Voluntary Early Retirement (VER) – no VER packages were offered or taken during the financial year.

Month	Appointments	Resignations
July	0	2
August	4	1
September	1	0
October	4	1
November	8	1
December	2	1
January	0	0
February	2	2
March	2	1
April	0	3
May	2	0
June	4	1
<b>Total</b>	<b>29</b>	<b>13</b>

### Human Resource Framework

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

- › Workforce Plan;
- › Employment & Industrial Relations Plan;
- › Human Resources Manual (incorporating a number of policies and procedures);
- › Enterprise Agreements;
- › Formal Employee Induction Program;
- › Training & Development Policy;
- › Formal Succession Plan for Key Executive Positions;
- › Employee Performance Review Process;
- › Reward & Recognition Scheme;
- › Workplace Health & Safety Management System;
- › Corporate Health & Wellbeing Programs; and
- › Employee Assistance Program.

### Employee Values

Information and opinions obtained from employee performance reviews and other communications identified the following factors as being important to employees remaining with the Corporation:

- › job satisfaction;
  - › competitive remuneration arrangements;
  - › work/life balance;
  - › communication efficiencies;
  - › organisational effectiveness;
  - › management and Board leadership and direction; and
  - › opportunities for training and career development.
- Flexibility for the Corporation and employees with regard to hours of work and workloads is promoted through a range of practices. Some of those work practices include:
- › part time work arrangements;
  - › multi skilling and job rotation;
  - › purchase of additional annual leave;
  - › paid maternity leave;
  - › leave without pay;
  - › study leave;
  - › special leave; and
  - › adjusted start/finish/lunch times.



### Corporate Health Program

The Corporation's Corporate Health Program continued throughout 2008/2009. The Corporation believes in the good health and wellbeing of its employees and engaged external professional expertise to facilitate various health initiatives. Corporate health events conducted during the financial period included:

- › skin cancer checks;
- › cooking demonstration to encourage healthy cooking and eating;
- › ergonomics training;
- › breast/cervical/prostate/bowel cancer awareness;
- › wellness checks (blood pressure, blood sugar, body mass index and cholesterol); and
- › weekly fitness class during lunch breaks.

The Corporation also provides free flu injections to employees with 42 injections administered in 2008/2009.

### Training and Professional Development

The Corporation is proactive in encouraging and assisting employees in undertaking professional development, training and further education. There are five employees who are currently undertaking study courses supported by the Corporation - Microsoft Certified Systems Administrator, Masters in Management (Information Technology), Bachelor of Spatial Science (Survey), Bachelor of Commerce and Certified Practising Accountant programs.

The Corporation has also undertaken a competency/skills gap analysis to ensure employees have the competencies, skills and experience required of their position. Opportunities will be provided to carry out further training if required.

### Apprentices and Trainees

The Corporation employs one mature age fabrication apprentice, one third-year fitter apprentice and one first-year fabrication apprentice from the Australian Technical College. The Corporation also engaged work experience students from James Cook University and the Australian Technical College (school-based apprentice) during the financial year.

### Communication

The Corporation produces and distributes a monthly employee newsletter called 'High Tidings'. It covers a wide range of topics and has proven a successful tool for disseminating information to the Corporation's workforce.

### Workforce Planning

The Corporation has in place a strategic Workforce Plan, which sets out strategies that will be pursued to ensure the Corporation has the right people with the right capabilities to achieve future business needs and objectives. Key objectives identified in the Workforce Plan include:

- › structure, recruitment and selection of the best people to meet objectives;
- › appropriately inducted, trained and skilled employees;
- › motivation, management and reward performance;
- › service delivery;
- › strong leadership and communication; and
- › equity and inclusivity.

### Superannuation

The Corporation applies the *Superannuation Guarantee (Administration) Act 1992* (Cth) (as amended from time to time) and associated

legislation in respect to employees' entitlement to superannuation. As the Corporation uses QSuper as its default superannuation fund, it does not have access to any surplus from defined benefit funds.

If employees choose to have their employer superannuation contributions made to the QSuper Scheme, they have two options - contributory or non-contributory.

Contributory employees may contribute up to five percent of their base salary to the scheme. The Corporation then contributes an equivalent amount plus an additional 7.75% of the base salary.

Non-contributory employees who decide not to make contributions will have an amount as determined by superannuation guarantee legislation paid into the QSuper Accumulation Plan by the Corporation. This amount is 9% of the base wage.

The Corporation continues to actively encourage employees to become contributing members of superannuation and to consider the long-term benefits of salary sacrifice and additional voluntary contributions.

### Enterprise Bargaining

Enterprise agreements currently in operation are:

- › 085298085 – Port of Townsville Port Services Collective Agreement 2007 between the Corporation and Australian Maritime Officers Union (AMOU) was lodged with the Workplace Authority on 2 September 2008 and expires on 30 June 2010. The agreement covers 20 Port Services Officers. Work hours under the agreement are in accordance with the Port Control Roster, and average 42 hours per week.
- › 085298020 – Port of Townsville Administrative, Technical, Supervisory and Professional Employees Collective Agreement 2007 between the Corporation and AMOU was lodged with the Workplace Authority on 2 September 2008 and expires on 30 June 2010. The agreement covers 46 employees. Work hours under the agreement are 36.25 hours per week, between the hours of 8.00am and 6.00pm, Monday to Friday.

- › [095960448 - Port of Townsville Maintenance Employees' Collective Agreement 2007](#) between the Corporation and the Maritime Union of Australia (MUA) was lodged with the Workplace Authority on 9 April 2009 and expires on 30 June 2010. The agreement covers 23 maintenance employees. Hours worked average 38 per week over a four-week cycle, between the hours of 6.00am and 6.00pm, Monday to Friday.

### **Relationship between the Corporation and Unions**

The Corporation maintains a productive working relationship with the MUA and the AMOU. Employee representatives of these unions are consulted with in respect to all industrial matters affecting their members, in accordance with union collective agreements.

### **Job Security**

The Corporation is committed to providing long-term job security to all employees. The Corporation currently has 28 employees with more than 10 years service, and 10 employees with more than 20 year's service. The Corporation recognises long and meritorious service with presentations to employees with 15 and 25 years continuous service.

### **Chief Executive and Senior Executive Remuneration**

The Corporation has in place a policy for the Recruitment and Remuneration of Chief and Senior Executives which has the approval of shareholding Ministers. Details of senior executive remuneration are included in this Annual Report, and the Statement of Corporate Intent 2008/2009, in accordance with legislative and policy requirements.

Any increase in senior executive remuneration will be limited to a maximum advised by shareholding Ministers in accordance with the *Government Owned Corporations Governance Arrangements for Chief and Senior Executives* guidelines issued by Queensland Treasury.

### **Equal Employment Opportunity and Anti-discrimination**

The Corporation has adopted and implemented an Equity Policy which aims to promote equality of opportunity by prohibiting unfair discrimination, sexual harassment and associated objectionable conduct. The policy contains information relating to equal employment opportunity, anti-discrimination, sexual harassment and prevention of harassment and bullying. New employees are trained in this policy as part of the Corporation's induction process with training in relation to this policy undertaken on an annual basis thereafter. The Corporation continues to ensure that the principals of merit and equity are upheld in the processes associated with the recruitment, selection, and promotion of employees.

### **Women's Initiatives**

The Corporation currently employs 32 women, of which nine are classified at Port of Townsville Level 5 and above. There are currently four women working in senior or middle management positions.

As at 30 June 2009 there was 20% female representation on the Board. The Corporation promotes the balancing of work and family responsibilities by having flexible working hours and family leave arrangements. The Corporation also offers paid maternity leave.

### **Looking Forward – 2009/2010 Strategies**

Over the next 12 months, the Corporation will continue to implement strategies aimed at improving workplace relations, encouraging employee development and improving employee satisfaction.

Key actions for 2009/2010 include:

- › completion of annual performance reviews to monitor levels of employee satisfaction and identify any negative workplace and organisational issues, formulate and implement strategies that continually improve the workplace environment;

- › training and development of employees to ensure that required skill and knowledge bases exist and employees are confident and competent to carry out their duties;
- › renegotiation of enterprise agreements; and
- › continued implementation and improvement of the corporate health program to encourage employee health and wellbeing.

# HEALTH AND SAFETY

The health and safety of the Corporation's employees is a high priority in all operations of the Port. The Corporation is committed to maintaining a position of excellence through a systematic and preventative approach to managing occupational health, safety and welfare.

To achieve this objective, the Corporation:

- › communicates Health and Safety Policy and Procedures to all employees and other stakeholders as appropriate, to ensure they are aware of their obligations with respect to Port operations;
- › complies with all applicable health and safety laws, regulations, statutory obligations and other applicable requirements;
- › ensures that health, safety and welfare management and practices are incorporated into all aspects of the Corporation's operations;
- › seeks to achieve the personal commitment of all employees, contractors, suppliers and consultants to healthy and safe workplace practices;
- › provides health and safety risk management systems and procedures that are relevant to the nature and scale of work undertaken;
- › maintains and monitors health and safety performance indicators;
- › sets measurable objectives and targets to continually improve health and safety performance; and
- › periodically reviews and revises Health and Safety Policy and Procedures to maintain their relevance.

The Corporation achieved certification of its Safety Management System to AS4801:2001 in February 2009 and is confident that by having robust, effective control mechanisms in place, the Corporation is well positioned to minimise accidents and injuries in the workplace.

## Lost Time Injuries

The Lost Time Injury Frequency Rate (LTIFR) increased from 6.1 to 6.42 in the 12 months ending 30 June 2009 as a result of one lost time injury during the reporting period.

The Corporation is committed to reducing this figure in the 2009/2010 reporting period and is proactively investigating accidents and near misses to identify and implement measures to ensure they do not recur.

When an employee is injured, the Corporation works diligently to ensure the employee is rehabilitated as quickly as possible and is able to return to work on restricted or full duties.

## Proactive Safety Management + Performance Indicators

The Corporation proactively undertakes a number of initiatives such as safe work observations, risk assessments, tool box talks, etc, in order to minimise the incidence of workplace related injuries.

## Rehabilitation and Work Cover Claims

During the reporting period four Work Cover claims were lodged and accepted with two employees returning to work on full duties and two other employees currently on suitable duties plans and undergoing rehabilitation. The Corporation's Workplace Rehabilitation Policy and Procedures are accredited by Q-COMP.

## Looking Forward – 2009/2010 Strategies

During 2009/2010 the Corporation will continue to implement strategies aimed at pursuing continued improvements in workplace health and safety. Some key actions include:

- › maintaining certification of the Safety Management System against AS/NZS 4801:2001;
- › implementation all actions from a detailed three-year accident/incident analysis of the Corporation's safety performance;
- › implementation of a new training, competency and recertification regime based on occupational health and safety risks providing cost effective relevant training and optimum safety capability outcomes;
- › implementation of a safety behavioural program to develop a safety culture through encouraging employees to manage and monitor their own safety performance as the key to reducing workplace incidents and accidents.



# CORPORATE GOVERNANCE

**The Corporation's governance framework consists of the systems and procedures by which the organisation is directed, controlled and held to account. Good governance assists the Corporation in achieving its strategic goals through sound planning, risk management and delegated authority. It encompasses the mechanisms by which the Corporation is responsive to its stakeholders.**

## Company Conversion

The Corporation transferred its registration from a statutory GOC to a company GOC incorporated under the *Corporations Act 2001* (Cth) on 1 July 2008 so that the Corporation could operate, as far as practicable, on a commercial basis and in a competitive environment while providing for continued public ownership.

As part of this process the Corporation's shareholding Ministers approved the company's name change from Townsville Port Authority to Port of Townsville (gazetted on 14 March 2008) in preparation for the transition to become a company GOC. Port of Townsville became Port of Townsville Limited on 1 July 2008 once registered as a public company and must now comply with the statutory requirements of the *Corporations Act 2001* (Cth).

## Governance Framework

The Corporation is a company Government Owned Corporation (GOC) established in its current form on 1 July 2008 pursuant to the *Corporations Act 2001* (Cth) and *Government Owned Corporations Act 1993* (Qld) (as amended by the *Government Owned Corporations Amendment Act 2007* (Qld)) (GOC Act). There are a number of statutes with which the Corporation is required to comply however the following set the core legislative framework in which the Corporation operates:

- › GOC Act and Regulations;
- › *Transport Infrastructure Act 1994* (Qld) and Regulations;
- › *Financial Accountability Act 2009* (Qld) and Regulations (replacing the *Financial Administration and Audit Act 1977* (Qld) and Regulations);
- › *Financial and Performance Management Standard 2009* (Qld) (replacing the *Financial Management Standard 1997* (Qld)); and
- › *Corporations Act 2001* (Cth).

The Corporation's corporate governance framework has been developed and incorporates all governance recommendations outlined in the *Corporate Governance Guidelines for Government Owned Corporations* (February 2009), the *ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations* (where applicable and relevant to the Corporation as a company GOC) and the *Queensland Auditor-General's Reports No. 2 2002-03* and *No. 10 2002-03*.

The Board is ultimately responsible for establishing the Corporation's corporate governance framework taking into account the reasonable expectations of shareholders, the law, regulators, and society in general and any government policies binding the Corporation.

## Governance Structure

The Corporation has two shareholding Ministers, namely the Treasurer and Minister for Employment and Economic Development, the Honourable Andrew Fraser MP and Minister for Transport, the Honourable Rachel Nolan MP. The Corporation's governance structure as at 1 July 2009 is shown below:

<div> <b>STATE OF QUEENSLAND</b>  Treasurer and Minister for Employment and Economic Development  The Honourable Andrew Fraser MP  Minister for Transport  The Honourable Rachel Nolan MP </div>		
<div> <b>BOARD OF DIRECTORS</b>  Mr Ross Dunning AC (Chairman)  Prof. Stephen Graw (Deputy Chair)  Ms Diane Zetlin  Ms Melissa Griffith  Mr Michael Stolz  Mr Stephen Cantwell  The Hon. Tony McGrady AM </div>		
<b>FINANCE, AUDIT &amp; RISK MANAGEMENT COMMITTEE</b> Prof. Stephen Graw (Chair) Mr Ross Dunning AC Ms Diane Zetlin	<b>BUSINESS DEVELOPMENT, PROJECT MANAGEMENT, PLANNING &amp; ENVIRONMENT COMMITTEE</b> Mr Ross Dunning AC (Chair) Mr Stephen Cantwell Mr Michael Stolz The Hon. Tony McGrady AM	<b>HUMAN RESOURCES &amp; WORKPLACE HEALTH &amp; SAFETY COMMITTEE</b> Mr Ross Dunning AC (Chair) Ms Melissa Griffith Ms Diane Zetlin
<div> <b>CHIEF EXECUTIVE OFFICER</b>  Mr Barry Holden </div>		
<b>GM – BUSINESS DEVELOPMENT</b> Mr Shenal Basnayake	<b>GM – OPERATIONS</b> Mr Matthew O'Halloran	<b>GM – SUPPORT SERVICES</b> Ms Ranees Crosby
<ul style="list-style-type: none"> <li>› Business Development</li> <li>› Customer Relations</li> <li>› Marketing</li> <li>› Public Relations</li> <li>› Community Engagement</li> </ul>	<ul style="list-style-type: none"> <li>› Port Operations</li> <li>› Major Projects</li> <li>› Engineering</li> <li>› Port Maintenance</li> <li>› Capital Works</li> <li>› Environmental Management</li> <li>› Workplace Health &amp; Safety</li> <li>› Marine Services</li> <li>› Port Security</li> </ul>	<ul style="list-style-type: none"> <li>› Commercial &amp; Financial Management</li> <li>› Strategic Planning</li> <li>› Port Planning &amp; Property Management</li> <li>› Governance &amp; Legal</li> <li>› Human Resources</li> <li>› Information Management</li> <li>› Information &amp; Communication Technology</li> </ul>

## Structure of the Board and Executives

The Board of Directors currently comprises of seven non-executive directors (including the Chairman and Deputy Chair). The number of Directors are those appointed from time to time by the Governor in Council (on the recommendation of shareholding Ministers) in accordance with the GOC Act. In appointing a person as a director, the Governor in Council must have regard to the person's ability to make a contribution to the GOC's commercial performance and, if the GOC has a Statement of Corporate Intent, the implementation of the Statement.

Directors' name and tenure details as at 1 July 2009 are shown below:

Name	Position	Initial Appointment	Last Re-Appointed	Appointment Expiry
Mr Ross Dunning AC	Chair	1 October 2007	Not Applicable	30 September 2010
Prof. Stephen Graw	Deputy Chair	1 July 2001	1 July 2009	30 September 2012
Ms Melissa Griffith	Director	1 July 2005	1 October 2007	30 September 2009
Mr Stephen Cantwell	Director	7 May 2009	Not Applicable	30 September 2011
Hon Tony McGrady AM	Director	7 May 2009	Not Applicable	30 September 2011
Mr Michael Stolz	Director	7 May 2009	Not Applicable	30 September 2011
Mr John Pennisi	Director	1 July 2001	1 October 2008	30 June 2009
Mr Ken McElligott	Director	1 July 2005	1 October 2008	30 June 2009
Prof. Sandra Harding	Director	1 October 2007	Not Applicable	31 December 2008
Ms Debbie Giudes	Director	1 July 2006	Not Applicable	30 September 2008
Mr Tony Mooney	Director	15 September 1990	1 October 2007	30 September 2008
Ms Diane Zetlin	Director	1 July 2009	Not Applicable	30 September 2012

A Director may resign from office by signed notice given to shareholding Ministers. The Governor in Council may remove a Director (on the recommendation of shareholding Ministers) at any time for any reason or none.

The Chief Executive Officer is appointed, in accordance with the GOC Act, by the Board with the prior written approval of the shareholding Ministers. Senior executives are appointed in accordance with the GOC Act by the Board.

### Role of the Board

The role of the Board as outlined in section 88 of the GOC Act includes:

- › responsibility for the GOC's commercial policy and management;
- › ensuring that, as far as possible, the GOC achieves, and acts in accordance with, its Statement of Corporate Intent and carries out the objectives outlined the Statement;
- › accounting to the GOC's shareholders for its performance as required by this Act and other laws applying to the GOC; and
- › ensuring that the GOC otherwise performs its functions in a proper, effective and efficient way.

## **Responsibilities of the Board**

Other responsibilities of the Board include:

- › responsibility for the Corporation's commercial policy and management;
- › approval of budgets and other performance indicators and performance against them;
- › approval of major decisions and, where appropriate, make recommendations to shareholding Ministers;
- › ensuring compliance with applicable laws;
- › ensuring risks facing the Corporation have been identified, assessed and that the risks are being properly managed;
- › ensuring that policies on key issues are in place and are appropriate, including reviewing compliance;
- › approving and fostering an appropriate culture matched to the Corporation's values and strategies;
- › appointment of the Chief Executive Officer (CEO) by the Board with prior written approval of the shareholding Ministers, and evaluation of the CEO's ongoing performance against predetermined criteria;
- › determining appropriate remuneration arrangements for Senior Executives in accordance with relevant policies and standards, ensuring shareholding Ministers are at all times consulted and informed in writing;
- › succession planning for critical positions;
- › serving on committees as required;
- › ensuring that corporate governance practices are in accord with best practice and appropriate for the entity and that compliance is appropriately monitored; and
- › promoting the reputation of the Corporation and not act in a manner that may damage the Corporation's reputation.

The Corporate Governance Manual details the responsibilities of the Board, Chief Executive Officer and Executives. In addition, an Authorities and Delegations Policy is in place which specifies the approval thresholds for the Board, Chairman, Chief Executive Officer and Senior Executives.

## **Board Committees**

The Board may delegate its powers to a committee of Directors. The Corporation has three committees as follows:

- › Finance, Audit and Risk Management Committee;
- › Human Resource and Workplace Health and Safety Committee; and
- › Business Development, Project Management, Planning and Environment Committee.

These Board committees are discussed in further detail below:

### **Finance, Audit and Risk Management Committee**

Chair – Prof. Stephen Graw

Members – Mr Ross Dunning AC, Ms Diane Zetlin

The primary objective of the Committee is to assist the Board of Directors in fulfilling its responsibilities prescribed in the *Financial Accountability Act 2009* (Qld) (formerly the *Financial Administration and Audit Act 1977* (Qld)), the *Financial and Performance Management Standard 2009* (Qld) (formerly the *Financial Management Standard 1997* (Qld)), the *Corporations Act 2001* (Cth) and other relevant legislation and prescribed requirements by providing independent comment, advice and counsel to the Board on matters considered by the Committee at its regular meetings.

The Committee's role is to:

- › assess and contribute to the audit planning processes relating to the risks and threats to the Corporation, taking into account the financial and operational environment in which it operates and its performance management framework;
- › assess and enhance the Corporation's corporate governance, including its systems of internal control and the internal audit function;
- › evaluate the quality of, and facilitate the practical discharge of the internal audit function, particularly in respect of planning, monitoring and reporting;
- › through the internal audit function, oversee and appraise the Corporation's financial and operational reporting process;
- › monitor and evaluate the risk management systems in place to protect the Corporation, including reviewing the adequacy of insurance policies in place; and
- › monitor and evaluate the effectiveness of the Corporation's compliance framework to ensure compliance with applicable laws, regulations, standards and best practice guidelines.

Other key responsibilities of the Committee, through the respective audit functions, are to assist the Board of Directors with discharging the responsibilities of "due care and diligence" in relation to:

- › the delivery of the Corporation's outputs efficiently, effectively and economically to obtain optimal value for money;
- › optimising the Corporation's performance in terms of quality, quantity, timeliness, costs and where appropriate, location;
- › reporting the Corporation's financial and operational information to the users of its reports in a relevant, reliable and timely manner;
- › correctly applying relevant Australian Accounting Standards, Statements of Accounting Concepts, Urgent Issues Group Abstracts, the Treasurer's Minimum Reporting Requirements for Government Departments, Queensland Treasury's Accounting Policy Guidelines and Cost-Effective Internal Control guidelines and like policy documents; and
- › ensuring the integrity and consistency of the Corporation's corporate culture relative to ethical conduct and probity, including in relation to its tendering, contracting and other procurement processes.

The committee has observed the terms of its Charter and has due regard to *Queensland Treasury's Audit Committee Guidelines*.

Significant Achievements:

- › oversight of conversion of Port of Townsville Limited from a statutory Government Owned Corporation to a company Government Owned Corporation registered under the *Corporations Act 2001* (Cth) on 1 July 2008;
- › oversight of Port of Townsville Limited's acquisition of the Port of Lucinda, which took effect from 1 July 2009;





- › oversight and support for the development of an Integrated Management System, including the attainment of external certification of the Corporation's Quality (ISO 9001), Safety (AS 4801), Environment (ISO 14001) and Information Security (ISO 27001) Management Systems;
- › reviewing the development and implementation of a comprehensive Compliance Framework, including a Trade Practices Compliance Program; and
- › reviewing and updating a number of policies relating to financial management, corporate governance and risk management.

The qualifications of those Directors on the Financial Administration and Risk Management Committee are detailed on pages 7 to 13 of this report.

### **Human Resource and Workplace Health and Safety Committee**

Chair – Mr Ross Dunning AC

Members – Ms Melissa Griffith, Ms Diane Zetlin

The primary objective of the Human Resource and Workplace Health and Safety (HR&WHS) Committee is to assist the Board of Directors in fulfilling its corporate governance responsibilities by reviewing recommendations, monitoring and establishing Human Resources and Workplace Health and Safety policy frameworks consistent with the Corporation's business needs and objectives, commercial profile and relevant legislation.

The HR and WHS Committee assists the Board in fulfilling its corporate governance responsibilities by:

- › reviewing and advising the Board of Directors in relation to remuneration policies and practices to ensure effectiveness, integrity and compliance with Government policy and to ensure that the overall remuneration policy and approach fits the strategic objectives of the Corporation. The Committee will periodically review all policies covering fixed remuneration, incentives and any remuneration related reward systems;
- › evaluating and advising the Board of Directors on the performance of designated Senior Executives, including the Chief Executive Officer;
- › reviewing and advising the Board of Directors on the Corporation's management succession plan;
- › developing and implementing procedures for the Board's periodic evaluation of its performance and effectiveness, and overseeing implementation of recommendations from these reviews;
- › monitoring and evaluating the effectiveness of the policies and processes in place to effectively manage human resources, industrial relations and workplace health and safety matters in the workplace, and ensuring they are sensitive to general concerns of shareholding Ministers, employees, government and unions;
- › evaluating compliance with statutory responsibilities and applicable policies relating to human resources, employment, industrial relations and workplace health and safety matters;
- › responding to emerging issues relating to human resources, employment, industrial relations and workplace health and safety that have the potential to impact upon the Corporation (e.g. changes in legislation or Government policy); and
- › liaising as necessary with the Finance, Audit and Risk Management (FARM) Committee in relation to human resources, industrial relations and safety matters.

Significant Achievements:

- › reviewing and supporting development of the Corporation's Safety Management System which achieved external certification to AS4801:2001 in February 2009;
- › successful implementation of the Corporate Health Program;
- › approval of the *Policy for the Recruitment and Remuneration of Chief and Senior Executives*;
- › reviewing and updating the Corporation's Succession Plan for executive positions; and
- › reviewing and updating a number of HR and WHS policies.

The qualifications of those Directors on the HR and WHS Committee are detailed on pages 7 to 10 of this report.

**Business Development, Project Management, Planning and Environment (BPPE) Committee**

Chair – Mr Ross Dunning AC

Members – Mr Stephen Cantwell, Mr Michael Stolz and the Honourable Tony McGrady AM

The primary objective of the BPPE Committee is to assist the Board of Directors in fulfilling its responsibilities to maximise trade and business growth opportunities, ensure the long-term sustainable development of the Port and monitor compliance with planning and environment statutory and regulatory standards defined under relevant State and Federal legislation.

Specific responsibilities of the Committee include:

- › reviewing the development and implementation of strategic business development initiatives and the ensuring business development policies and procedures are consistent with the strategic planning and development objectives of the Corporation;
- › monitoring the progress of trade projections against the Corporation's Statement of Corporate Intent, Corporate Plan and other strategic plans;
- › reviewing and making recommendations to the Board of Directors on trade and business growth opportunities and development;
- › monitoring the progress of the program of major capital works required for the Corporation to meet its medium and long term objectives from concept development to commissioning;
- › ensuring appropriate health and safety and environmental management practices are implemented for each major capital works to comply with the Corporation's policies and relevant legislation;
- › reviewing the adequacy and effectiveness of the Corporation's environmental management strategies, plans and policies;
- › monitoring compliance with the Corporation's planning strategies/protocols and environmental licences and policies;
- › monitoring compliance with the Corporation's environmental reporting obligations to the Environmental Protection Agency and other regulatory authorities;
- › evaluating compliance with statutory responsibilities and applicable policies relating to business development, project management and procurement and planning & environment matters;
- › responding to emerging issues relating business development, project management and planning and environment that have the potential to impact upon the Corporation (e.g. changes in legislation or Government policy);

- › liaising as necessary with the Finance, Audit and Risk Management Committee and/or Human Resources and Workplace Health and Safety Committee in relation to business development, project management and planning and environment matters.

**Significant Achievements:**

- › oversight of the Environmental Impact Statement (EIS) for the Townsville Marine Industries Precinct Project, including securing State Government funding of \$36.5 million towards the project;
- › announcement by Legend International Holdings of its intention to export up to 5 million tonnes of phosphate rock to India through the Port of Townsville, and advancing design works for the construction of a new Berth 12 and Eastern Reclaim Area works for this project;
- › reviewing design and planning for the upgrade of Berths 8 and 10;
- › oversight of the Preliminary Engineering and Environmental Studies for the Port Expansion Project; and
- › continued expansion and positive results from the Corporation's Air Quality Monitoring Program.

The qualifications of those Directors on the BPPE Committee are detailed on pages 7 to 10 of this report.

Board Committee Charters can be viewed on the Corporation's website at [www.townsville-port.com.au/corporate\\_governance](http://www.townsville-port.com.au/corporate_governance).

## Board and Committee Attendances

Director	Board Meetings		FARM Committee		BPPE Committee		Human Resource and Workplace Health & Safety Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Mr Ross Dunning AC	14	14	5	5	3	3	3	3
Prof. Stephen Graw	14	13	5	5	0	0	3	3
Mr Tony Mooney (Director to 30/09/2008)	3	3	0	0	1	0	0	0
Mr John Pennisi (Director to 30/06/2009)	14	13	0	0	3	2	0	0
Mr Ken McElligott (Director to 30/06/2009)	14	14	0	0	3	3	0	0
Ms Melissa Griffith	14	13	0	0	0	0	3	3
Ms Debbie Giudes (Director to 30/09/2008)	3	1	0	0	0	0	0	0
Prof. Sandra Harding (Director to 31/12/2008)	6	3	3	2	0	0	0	0
Mr Stephen Cantwell (Commenced 7/5/09)	2	2	0	0	0	0	0	0
Hon Tony McGrady AM (Commenced 7/5/09)	2	2	0	0	0	0	0	0
Mr Michael Stolz (Commenced 7/5/09)	2	2	0	0	0	0	0	0

## Director and Executive Remuneration

The Corporation's directors are paid fees for their services. The quantum is approved by the Corporation in general meeting or by a resolution without a meeting (i.e. as approved by shareholding Ministers).

Remuneration arrangements for the Chief Executive Officer and Senior Executives are determined by the Board in accordance with *Government Owned Corporations Governance Arrangements for Chief and Senior Executives* (February 2009).

The Corporation's remuneration policy provides for a review of executive salaries during June of each year with any adjustments effective 1 July. Details of executive remuneration are included in the Annual Report and Statement of Corporate Intent in accordance with legislative and policy requirements.

Increases in Senior Executive remuneration are made and approved in accordance with the *Government Owned Corporations Governance Arrangements for Chief and Senior Executives* (February 2009).

In accordance with the disclosure requirements for Government Owned Corporations, details of Directors' remuneration for the reporting period are shown below:

Non-Executive Director	Director Fees \$	Committee Fees \$	Superannuation \$	Total \$
Mr Ross Dunning AC	28,679.01	14,227.33	4,202.71	47,109.05
Prof. Stephen Graw	13,260.17	9,124.32	2,014.64	24,399.13
Mr Tony Mooney (Director to 30/09/2008)	3,331.74	947.76	385.14	71,508.18
Mr John Pennisi	13,207.71	3,910.29	1,540.56	18,658.56
Mr Ken McElligott	13,207.71	3,910.29	1,540.56	18,658.56
Ms Melissa Griffith	13,207.71	3,910.29	1,540.56	37,317.12
Ms Debbie Giudes (Director to 30/09/2008)	3,345.00	1,263.75	414.78	5,023.53
Prof. Sandra Harding (Director to 31/12/2008)	6,623.73	1,935.27	770.28	9,329.28
Mr Stephen Cantwell (Commenced 7/5/09)	2,194.66	-	197.52	2,392.18
Hon Tony McGrady AM (Commenced 7/5/09)	2,194.66	-	197.52	2,392.18
Mr Michael Stolz (Commenced 7/5/09)	2,194.66	-	197.52	2,392.18

## Board Evaluations

The Board of Directors carries out annual reviews of its performance against its duties, responsibilities and objectives. The purpose of the review is to focus on key performance objectives and identify areas for improvement to enhance the overall performance of the Board.

The Directors conduct an assessment of their own and the Board's collective performance every twelve months. The evaluation focuses on the following key areas:

- › individual Director and collective Board knowledge and experience;
- › whether governance and compliance obligations are understood and 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.



Assessments for the 2008/2009 period were completed by Directors in January 2009. The results of the evaluations are communicated to the Board and shareholding Ministers via the Chairman. The results are analysed for any trends and areas for improvement such that the Board is able to decide on the actions necessary to enhance overall performance. Strategies formulated by the Board to improve Board effectiveness are then implemented.

### **Director Independence and Trading in Securities**

The Board has adopted a Disclosure of Interests Policy to ensure that the independence of Directors is appropriately assessed, and that any potential conflicts are identified, disclosed and managed. The Policy also ensures that Directors and Executives do not use inside information 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 or Senior Executive 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 Chairperson or Chief Executive Officer as appropriate.

Pursuant to section 134 of the GOC Act and section 191 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. Except as permitted by the GOC Act, Directors leave Board meetings and do not vote when business in which they are interested is considered.

The Board also regularly assesses the ongoing independence of each Director and the Board generally to ensure that they continue to exercise unfettered and independent judgment. This ensures that 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 Corporation 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 and Attachment 1 of the Corporation's Corporate Governance Manual found under the Corporate Governance section of the Corporation's website at [www.townsville-port.com.au/corporate\\_governance](http://www.townsville-port.com.au/corporate_governance).

### **Code of Conduct**

The Corporation has in place a Code of Conduct which sets out the expectations of employees of their performance, duties, and responsibilities in the interests of professionalism, compliance with legislative requirements, and respect and appreciation for others.



All employees are provided training as part of their induction process in relation to their right and obligations under the Code of Conduct. All employees are also required to review and execute a copy of the Code of Conduct prior to the commencement of their employment. A copy of the executed Code of Conduct is provided to employees for their reference throughout their employment with the Corporation. Copies of the policy may also be obtained by members of the public at the Corporation's registered office.

The conduct and ethics expected specifically of Directors are covered within the Corporate Governance Manual and the Corporation's Directors and Officers' Duties Manual. The Corporate Governance Manual can be viewed at the Corporation's website at [www.townsville-port.com.au/corporate\\_governance](http://www.townsville-port.com.au/corporate_governance).

### **Independent Advice**

An individual Director who may have concern with respect to a particular matter before the Board or their duties and responsibilities as a Director may, after discussion with the Chairperson and advising the Chief Executive Officer, obtain independent professional advice at the Corporation's expense. Such advice is made available to all other Directors.

### **Planning**

Planning is a critical element of good corporate governance. The Corporation is required to develop a five-year Corporate Plan and an annual Statement of Corporate Intent (including an annual Employment and Industrial Relations Plan) under the GOC Act, which are submitted to shareholding Ministers annually for approval.

Monitoring the performance of the Corporation against identified corporate objectives, strategic business plans, and the legislative and governance framework in which the Corporation operates is one of the Board's key functions. Business performance reports are provided, on a quarterly basis, to the Board and shareholding Ministers in accordance with the GOC Act to track performance against targets.

A summary of the Corporation's performance against its Statement of Corporate Intent for the 2008/2009 reporting period is provided in the Statement of Corporate Intent Summary of this report on page 15.

### **Dividend Policy**

The GOC Act requires the Board to recommend the payment of a dividend. The Corporation's dividend policy takes into account the return its shareholders expect on their investment.

The Corporation's Statement of Corporate Intent provides for payment of a dividend amount equivalent to 80% of the Corporation's consolidated net profit after tax (NPAT), excluding unrealised gains from the upward revaluation of investment property. However after consulting with its shareholding Ministers during the financial period, the Board recommended a nil dividend payment for the 2008/2009 financial year.

### **Risk Management**

The Corporation has implemented an integrated Risk Management Framework consistent with AS/NZS4360:2004. The framework has been communicated to all employees and is displayed on the Corporation's intranet for easy accessibility.

A Risk Management Committee consisting of employees from each business unit is responsible for the

implementation of the framework. The primary objective of the Committee is to assist in the identification, assessment and management of risks which can adversely impact on the achievement of the Corporation's strategic objectives. Where necessary, risk mitigation strategies are developed and implemented by the Committee to prevent and/or reduce the occurrence of risks, including fraud/corruption. The status of implementation is monitored by the Risk Management Committee on a monthly basis.

The Risk Management Committee reports directly to the FARM Committee of the Board in respect to the effectiveness of the Corporation's implementation of the framework and risk mitigation strategies on a quarterly basis.

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

Auditing of the Corporation's Fraud/Corruption Control Framework, included under the Corporation's Risk Management Framework, was audited by the Corporation's internal and external auditors during the reporting period, with no significant issues raised.

## **Audits**

The Corporation's financial statements and reports are prepared in accordance with the provisions of the *Financial Accountability Act 2009* (Qld) (formerly the *Financial Administration and Audit Act 1977* (Qld)) the *Financial and Performance Management Standard 2009* (Qld) (formerly the *Financial Management Standard 1997* (Qld)) and prescribed accounting standards. The Corporation's FARM Committee of the Board oversees, assesses and enhances the systems of internal control and the internal audit function.

Internal auditors are contracted to carry out the Corporation's internal audit function. The Internal Auditors ensure a systematic and comprehensive approach to evaluating and improving the effectiveness and integrity of risk management, internal control and associated governance process. The responsibilities of the Corporation's internal auditors include but are not restricted to the following:

- › preparation of the internal audit strategic plan for a three year period (revised annually);
- › development of an annual internal audit plan and annual budget for approval by the Corporation's FARM Committee of the Board;
- › development of individual audit programs prior to the commencement of each audit assignment;
- › liaising with the appropriate audit sponsors and senior management prior to audits;
- › conducting regular appraisal and risk analysis of the systems of internal control and fraud control strategies;
- › performing financial, compliance and systems reviews and investigations;
- › development and implementation of computer based audit procedures;
- › evaluation of controls and data security of in-house systems and any new systems implemented;
- › undertaking efficiency audits;
- › providing reports on the outcome and findings after each assignment and recommendations for follow-up;
- › ensuring line management is aware of audit findings, implications to business operations and subsequent recommendations;

- › obtaining management responses to audit findings where appropriate; and
- › attending regular meetings with senior management and the FARM Committee.

During the reporting period the following audits/assessments were undertaken by the Corporation's internal auditors:

- › Information Technology Disaster Recovery Exercise;
- › Fraud Risk Management Framework Assessment;
- › Payroll System Review;
- › Purchasing and Payables Review;
- › Review of the 'Provision of Services for Facilities Maintenance' Contract;
- › Revenue and Receivables Review; and
- › Property, Plant and Equipment Review.

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

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

### **Business Management Systems**

During the 2008/2009 financial year, the Corporation implemented an Integrated Business Management System and achieved external certification for its elements which include Quality (ISO9001:2000), Information Security (ISO27001:2006), Occupational Health and Safety (AS4801-2004) and Environment (ISO14001:2004).

The Corporation is committed to maintaining its external certification and to the continuous improvement of its Integrated Business Management System.

### **Records Management**

The Corporation has a Recordkeeping Procedure consistent with the requirements outlined in the *Public Records Act 2002* (Qld). The Act provides that the all public authorities, including the Corporation, are required to make and keep full and accurate records of their activities and have regard to recordkeeping policies, standards and guidelines issued by the State Archivist. The Corporation's Chief Executive Officer is responsible for ensuring compliance with these provisions.

Records management is regulated by Information Standard 40 (IS40) which is the supporting guidelines regulating the making, keeping, safe custody and preservation of public records held by the Corporation.

The Corporation's Operational Recordkeeping Implementation Plan (ORIP) sets out the operational requirements that must be implemented by the Corporation in order to achieve full compliance with IS40. The ORIP sets out a number of actions that are to be completed over a two year period and are based on recommendations made by an external auditor engaged by the Corporation in June 2008.



During 2008/2009, the Corporation undertook the following actions outlined in the ORIP to improve compliance with the IS40:

- › implementation of actions outlined in the Corporation's Strategic Recordkeeping Implementation Plan;
- › implementation of actions outlined in the Corporation's Operational Recordkeeping Plan;
- › centralisation of the recordkeeping function;
- › ongoing awareness training for employees;
- › update of Business Continuity Plan and Disaster Recovery Procedures to include the salvage of vital records;
- › update of the Corporation's Retention and Disposal Schedule for Administrative Records to incorporate the requirements of the Guidelines for the Retention of Records relevant to Native Title Claims (issued by Queensland State Archives);
- › implementation of the Retention and Disposal Schedule for Administrative Records for records stored in the Corporation's Electronic Document Records Management System (EDRMS);
- › removal of records from storage areas not designed in accordance with the National Standard of Australia Storage Standard; and
- › the establishment of a strategy for the transfer of the Corporation's historic records (dating back to 1896) to Queensland State Archives.

The Corporation's FARM Committee monitors the progress of actions outlined in the ORIP on a quarterly basis.

### Public Interest Disclosures

The Corporation has implemented a number of policies, including the Corporation's Fraud and Corruption Control Guidelines and Company Secretary Duties Manual, which set out mechanisms for the protection of public interest (whistleblower) disclosures. These policies are communicated and accessible to all employees of the Corporation.

The Corporation did not receive any actual or purported public interest disclosures during the reporting period.

### Privacy

The *Information Privacy Act 2009* (Qld) (IP Act) which applies to Queensland Government agencies commenced on 1 July 2009. The IP Act recognises the importance of protecting the personal information of individuals. It creates a right for individuals to access and amend their own personal information and provides rules for how agencies may and must handle personal information.

The IP Act gives effect to eleven (11) Information Privacy Principles (IPPs) that were adapted from the *Privacy Act 1988* (Cth). Although the information privacy principles outlined in the IP Act do not apply to Government Owned Corporations, the Corporation applies these principles as part of best practice and to ensure confidence in the security of information held by the Corporation.

The Corporation has developed and implemented an internal Privacy Plan consistent with the IPPs which provides:

- › detailed information about the types of information collected and held by the Corporation;
- › guidance to members of the public to assist them in understanding how personal information is managed;
- › rights in respect to the Corporation's activities;
- › guidance to employees who deal with information on the requirements of the Privacy Plan; and
- › advice to customers, suppliers and employees on who to contact for further information regarding the management of privacy within the Corporation.

The Plan is communicated and accessible to all employees of the Corporation. Copies of the Plan are also available to the public on the Corporation's website at [www.townsville-port.com.au/corporate\\_governance](http://www.townsville-port.com.au/corporate_governance).

### Summary of Directions and Notifications given under the GOC Act

In accordance with section 114 of the GOC Act the Corporation was notified by its shareholding Ministers during the reporting period that the following Queensland Government policies are to apply to the Corporation:

Government Policy	Date Notified
Local Industry Policy: A fair go for local industrial industry (revised)	27 October 2008
QFleet Climate Smart Action Policy	12 November 2008
Purchasing Carbon Offsets for Queensland Government Air Travel	20 November 2008
Recycling Policy for Buildings and Civil Infrastructure	29 April 2009

### Release of Information

The *Right to Information Act 2009* (Qld) and the *Information Privacy Act 2009* (Qld), which replaces the previous Freedom of Information (FOI) laws, commenced on 1 July 2009.

The Review of Queensland's Freedom of Information Act finalised in June 2008 found that a new regime was required from Government, with 141 recommendations for reform made by the review panel. The review panel, chaired by Dr David Solomon AM, proposed moving to a "push model", with greater proactive and routine release of information, new right to information and privacy legislation and maximum disclosure of non-personal information.

The Queensland Government agreed, supporting in full or part 139 recommendations, to make more information available, provide equal access to information across all sectors of the community, and provide appropriate protection for individual's privacy.

As part of the new regime, the Corporation posted a publication scheme on its website during the reporting period called "Release of Information" in accordance with the requirements of the *Release of Information Act 2009* (Qld) and associated *Release of Information Arrangements for Government Owned Corporations* (December 2008) guidelines issued by Queensland Treasury.

As the previous FOI laws were still in effect during the reporting period, the Corporation received and processed two FOI applications during the 2008/2009 period under the previous FOI laws.



### Overseas Travel for the Period 1 July 2008 to 30 June 2009

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

Applications for overseas visits (including itineraries) for the Chair or a Director are to be submitted to Department of Transport and Main Roads, who must then submit for approval a recommendation to the Minister for Transport, before the intended travel occurs. Overseas travel by the Chief Executive Officer must be approved by the Board. Overseas travel by other employees must be approved by the Chief Executive Officer.

A report on overseas travel undertaken in the relevant quarter is to be submitted to shareholding Ministers with the Corporation's Quarterly Performance Report.

In accordance with the disclosure requirements for Government Owned Corporations details of overseas travel during the reporting period is shown below:

Name	Position	Destination	Departure Date	Return Date	Reason	Estimated Total Cost
Mr Robert Henaway	Project Engineer	New Zealand	16 November 2008	20 November 2008	Attended Australian Corrosion Association conference. Gained knowledge in treatment of corrosion, prevention of corrosion, and addressing corrosion issues which occur due to marine environment of the Port of Townsville.	\$1,615.00 (A)

### Looking Forward – 2009/2010 Strategies

The Corporation will undertake the following key actions in 2009/2010:

- › continual review and update of the Corporation's corporate governance systems and procedures to ensure alignment with the *Corporate Governance Guidelines for Government Owned Corporations* (February 2009), strategic objectives and best practice;
- › execution of the 2009/2010 five-year Corporate Plan and annual Statement of Corporate Intent approved by shareholding Ministers;
- › continual review and update of the Corporation's risk management system to ensure compliance with AS/NZS4360:2004 and best practice principles;
- › development and implementation of a new internal audit plan in collaboration with the Corporation's internal auditors with a view of maintaining the integrity and effectiveness of the Corporation's risk management, internal control and associated governance processes;
- › provision of robust financial and non-financial information to support informed decision making;
- › quarterly performance reporting to shareholding Ministers together with biannual and annual performance reporting to stakeholders;
- › continual improvement and maintenance of the Corporation's external certification of Information Security, Quality and Environmental Management systems;
- › continued implementation of the Corporation's ORIP to improve the Corporation's compliance with IS40; and
- › review and update of the Corporation's internal processes in line with the newly enacted *Information Privacy Act 2009* (Qld) and *Right to Information Act 2009* (Qld).

# ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDING 30 JUNE 2009

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# DIRECTORS' REPORT

FOR THE YEAR ENDING 30 JUNE 2009

The Directors present their report together with the financial report of Port of Townsville Limited (*the Corporation*) for the year ended 30 June 2009 and the auditor's report thereon.

## Directors

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

## Information on Directors

### Chairman

**Mr Ross Dunning AC, B.Eng, B.Com, FCILT, FAIM, FIEAust, FIRSE, MAICD**

### Non-executive Chairman

Appointed from 1 October 2007, Term of Office - to 30 September 2010

### Experience and expertise

Mr Dunning is currently Chairman of Port of Townsville Limited, Central Co-ordinator for the Goonyella Coal Chain, a non-executive director of Queensland Energy Resources Limited, Townsville Enterprise Limited and Indec Consulting. He undertakes consulting work in the areas of project management and commercial corporate activity, particularly related to rail, ports and transport generally. Mr Dunning has also occupied non-executive director positions with a number of ASX listed companies, Government owned corporations in Queensland and New South Wales and non-listed public companies.

Mr Dunning attended the University of Queensland obtaining a Civil Engineering degree with Honours in 1963 and successfully completed a Bachelor of Commerce from the same university in 1979. He was awarded the Companion of the Order of Australia (AC) in the 2002 Australia Day Honours List. He is a Fellow of the Chartered Institute of Transport, a Fellow of the Institution of Engineers Australia, a Registered Professional Engineer of Queensland, a Fellow of the Australian Institute of Management and a Fellow of the Institution of Railway Signal Engineers. Mr Dunning is also a member of the Australian Institute of Company Directors.

### Special responsibilities

Chair of the Board, Member of the Finance, Audit and Risk Management (FARM) Committee, Member of the Business Development, Project Management, Planning and Environment (BPPE) Committee

### Deputy Chair

**Prof. Stephen Graw RFD BCom LLB(Qld), SJD(Syd) FTIA Solicitor(Qld).**

### Non-executive Deputy Chairman

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

### Experience and expertise

Professor Graw is Professor of Law and Head of the School of Law at James Cook University (JCU). He has degrees in Commerce and Law from the University of Queensland and a Doctorate in Judicial Studies from the University of Sydney. He specialises in corporate, commercial and taxation law, has written and co-authored five text books on those topics and teaches in these areas at JCU.

Professor Graw is currently a member of the UniSuper Consultative Committee, Chairperson of the Council of the Catholic College of St. Raphael and St. Paul and patron of two community organisations. He also holds the rank of Brigadier in the Standby Army Reserve.

### Special responsibilities

Deputy Chair of the Board, Chair of the Finance, Audit and Risk Management (FARM) Committee

**Ms Melissa Griffith BE (Civil)(Hons) M.Eng (Coastal) MIEAust GAICD**

### Non-executive director

Initial appointment 1 July 2005, Last re-appointed 1 October 2007, Term of Office - to 30 September 2009

### Experience and expertise

Ms Griffith is a civil engineer who has a background in the maritime and coastal engineering sector of the industry. She is currently a consulting engineer in the Brisbane office of Kellogg Brown and Root Pty Ltd and holds a national management role in the transport sector of the business. Ms Griffith holds a Masters Degree in Engineering in Coastal Engineering from Griffith University at the Gold Coast. She was the 2005 Queensland President of Engineers Australia and is also actively involved with the Engineers Australia National Women in Engineering Committee. Melissa is an active member of Brisbane City Church.

### Special responsibilities

Member of the Human Resources and Workplace, Health and Safety (HRWH&S) Committee

**Mr Stephen Cantwell M.Bus Grad Dip T'port M'ment BBus FCILT FCIEAM GAICD**  
**Non-executive director**

Appointed from 7 May 2009, Term of Office - to 30 September 2011

### Experience and expertise

Mr Cantwell is a transport, logistics and infrastructure specialist working with mining, LNG and transport companies in Australia and around the world to deliver growth, innovation and support across a broad portfolio of transportation related activities. He was previously Chief Operating Officer and Acting Chief Executive Officer for QR Limited.

Mr Cantwell has more than 30 years experience in a broad range of strategic, functional and customer facing roles within multi-billion dollar national and international environments. His executive management positions have covered multi-billion dollar business leadership, business development, corporate strategy and planning, infrastructure originating and delivery and mergers and acquisitions.

Mr Cantwell is regularly sought to brief the European coal logistics industry, including investors in London and Europe. He is regularly sought to present at Australian conferences addressing rail, supply chain logistics and critical management and development.

### Special responsibilities

Member of the Business Development, Project Management, Planning and Environment (BPPE) Committee.

**Hon. Tony McGrady AM**  
**Non-executive director**

Appointed from 7 May 2009, Term of Office - to 30 September 2011

### Experience and expertise

Hon. McGrady is former Mayor of Mount Isa and was elected to the State Parliament in 1989 representing the seat of Mount Isa. He is also former Minister for Mines and Energy, Minister for Police and Corrective Services, Minister for State Development and Innovation and Speaker of the Queensland Parliament. Hon. McGrady resigned from Parliament in 2006.

Hon. McGrady was previously a Director of the Townsville Harbour Board from 1973 to 1989. Tony is currently on the Advisory Board of Laramide Resources, an Energy Company with their head office situated in Toronto.

#### Special responsibilities

Member of the Business Development, Project Management, Planning and Environment (BPPE) Committee.

#### Mr Michael Stolz B.Eng (Aeronautical) PMP MAICD Non-executive director

Appointed from 7 May 2009, Term of Office - to 30 September 2011

#### Experience and expertise

Mr Stolz is the founder of Synexus Pty Ltd, a boutique management consultancy based in Queensland with clients in Queensland, Victoria and Dubai.

He has extensive experience in providing professional management and project management services in the transport, energy, infrastructure and not for profit sectors.

Mr Stolz's expertise is in assisting organisations undergoing significant change, such as merger and acquisition activity, restructuring, strategic capability development, systems implementation or business improvement initiatives. He has worked in Australia, the United Kingdom and the European Union.

#### Special responsibilities

Member of the Business Development, Project Management, Planning and Environment (BPPE) Committee

The names of the directors of Port of Townsville Limited in office during the financial year and not at report date are as follows:

- › Prof. Sandra Harding, non-executive director, appointed from 1 October 2007, resigned 31 December 2008.
- › Ms Debbie Giudes, non-executive director, appointed from 1 July 2006, appointment expiry 30 September 2008.
- › Mr Tony Mooney, non-executive director, initial appointment 15 September 1990, last re-appointed 1 October 2007, expiry 30 September 2008.
- › Mr Ken McElligott, non-executive director, initial appointment 1 July 2005, last re-appointed 1 October 2008, expiry 30 June 2009.
- › Mr Giovanni (John) Pennisi, non-executive director, initial appointment 1 July 2001, last re-appointed 1 October 2008, expiry 30 June 2009.

## Meetings of Directors

The numbers of meetings of the Corporation's board of directors and of each board committee held during the year ended 30 June 2009, and the numbers of meetings attended by each director are as follows:

Director	Board Meetings		FARM Committee		BPPE Committee		Human Resource and Workplace Health & Safety Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Mr Ross Dunning AC	14	14	5	5	3	3	3	3
Prof. Stephen Graw	14	13	5	5	0	0	3	3
Mr Tony Mooney (Director to 30/09/2008)	3	3	0	0	1	0	0	0
Mr John Pennisi (Director to 30/06/2009)	14	13	0	0	3	2	0	0
Mr Ken McElligott (Director to 30/06/2009)	14	14	0	0	3	3	0	0
Ms Melissa Griffith	14	13	0	0	0	0	3	3
Ms Debbie Giudes (Director to 30/09/2008)	3	1	0	0	0	0	0	0
Prof. Sandra Harding (Director to 31/12/2008)	6	3	3	2	0	0	0	0
Mr Stephen Cantwell (Commenced 7/5/09)	2	2	0	0	0	0	0	0
Hon Tony McGrady AM (Commenced 7/5/09)	2	2	0	0	0	0	0	0
Mr Michael Stolz (Commenced 7/5/09)	2	2	0	0	0	0	0	0

# DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

## Company Secretary

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

### Ms Esther Slocombe BA, LLB, GAICD

Ms Slocombe was appointed to the position of company secretary in 2008. Before joining Port of Townsville she held a position of legal practitioner in a private legal practice in Townsville for three years. Ms Slocombe was admitted as a Legal Practitioner of the Supreme Court of Queensland on 23 February 2007. She is a member of the Queensland Law Society, Graduate and Member of the Australian Institute of Company Directors (GAICD) and has held the position of Governance and Legal Advisor at the Corporation for two years.

### Ms Raneë Crosby LLB, GAICD

Ms Crosby was appointed to the position of company secretary in 2008. As the General Manager Support Services, Ms Crosby oversees the Corporation's strategic business planning functions, commercial and financial management, corporate governance, property management, ICT, human resource and administration functions. Prior to this Ms Crosby held various senior management positions with the Corporation. Ms Crosby has more than 12 years experience in the port and shipping industry. She holds a Bachelor of Laws degree and is a Graduate of the Australian Institute of Company Directors

## Remuneration of Directors

Note 27 of the financial statements provides detailed disclosures relating to the remuneration of Directors.

## Indemnification and Insurance of Directors and Officers

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

## Directors' Shareholding

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

## Principal Activities

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

The Corporation's statutory functions and activities consist of:

- › establishing, managing and operating effective and efficient port facilities and port services in the port;
- › making land available for:-
  - the establishment, management and operation of effective and efficient port facilities and port services in the port by other persons; or
  - other purposes consistent with the operation of the port;
- › providing or arranging for the provision of ancillary services or works necessary or convenient for the effective and efficient operation of the port;
- › keeping appropriate levels of safety and security in the provision and operation of the port facilities and port services;
- › providing other services incidental to the performance of its other functions, or likely to enhance the usage of the port;
- › performing any other functions and exercising any other powers conferred on the Corporation under the *Transport Infrastructure Act 1994* (Qld), the *Government Owned Corporations Act 1993* (Qld) and Regulations or another Act or under the Corporation's Statement of Corporate Intent or Corporate Plan;
- › providing port services and ancillary services:
  - whether in or outside its ports; and
  - whether in or outside Australia; and
  - whether for another port authority or for someone else; and
- › carrying out any activity that is incidental to the core business functions set out above.

## Review of Operations

The Corporation's net profit for the year after income tax is \$3,172,148 (2008: \$9,667,849).

The financial results have been reported in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS).

## Dividends

No dividend has been provided for during the financial year (2008: \$3,917,003).

## Significant Changes in the State of Affairs

Significant changes in the state of affairs of the Corporation during the financial year were as follows:

On 1 July 2008 Port of Townsville Limited was registered with the Australian Securities and Investments Commission as a public company. The Corporation is also a Government Owned Corporation (GOC) in accordance with section 24(b) of the *Government Owned Corporations Act 1993* (Qld).

## Matters Subsequent to the End of the Financial Year

On 1 July 2009 the assets, liabilities, staff and control of the Port of Lucinda were transferred from Ports Corporation of Queensland Limited (PCQ) to Port of Townsville Limited under the *Government Owned Corporation (Queensland Ports Restructure) Regulation 2009*.

In accordance with AASB Interpretation 1038 Contributions by Owners made to Wholly-Owned Public Sector Entities, the transfer of the assets and liabilities to Port of Townsville Limited is considered to be a contribution by owners (the State of Queensland).

The value of the assets and liabilities transferred to Port of Townsville Limited in respect of the Port of Lucinda is as follows:

ASSETS \$	LIABILITIES \$	INCREASE IN SHARE CAPITAL (NET ASSETS) \$
3,988,292	616,539	3,371,752

The values were the values in the balance sheet of the transferring entity at 30 June 2009.

The contribution by owners of \$3,371,752 is presented by an issue of share capital. On 1 July 2009 1,685,876 shares were issued to each shareholding Minister on behalf of the State of Queensland. The shares have been issued in accordance with the *Corporations Act 2001* (Cth).



During the year the Corporation transferred a portion of its freehold land to the State of Queensland. The land is to be used to facilitate the building of the Eastern Port Access Road. The transfer of lands was dealt with as a distribution to owners - redemption of ownership interest at shareholding Ministerial direction. At reporting date, the value of the share capital and number of shares has been reduced by the value of the lands at the time of transfer. Procedural requirements under the *Corporations Act 2001* (Cth) will be followed in August 2009.

Except for the items discussed above, no other matter or circumstance has arisen since 30 June 2009 that has significantly affected, or may significantly affect:

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

## Likely Developments and Expected Results of Operations

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

## Environmental Regulation

The Corporation's operations are subject to significant environmental regulations under both Commonwealth and State legislation in relation to its port management activities.

There are significant environmental regulations under legislation, including licence requirements relating to waste disposal, water and air pollution and the handling of dangerous goods in relation to these operations.

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

*Coastal Protection and Management Act 1995* (Qld)

*Environmental Protection Act 1994* (Qld)

*Fisheries Act 1994* (Qld)

*Marine Parks Act 2004* (Qld)

*National Environment Protection Council (Queensland) Act 1994* (Qld)

*Nature Conservation Act 1992* (Qld)

*Soil Conservation Act 1986* (Qld)

*Endangered Species Protection Act 1992* (Cth)

*Environment Protection (Sea Dumping) Act 1982* (Cth)

*Environment Protection Biodiversity Conservation Act 1999* (Cth)

*National Environmental Protection Council Act 1994* (Cth)

*Quarantine Act 1908* (Cth)

*Transport Operations (Marine Pollution) Act 1995* (Qld)

*Vegetation Management Act 1999* (Qld)

All environmental performance obligations are reported to the Business Development, Project Management, Planning and Environment (BPPE) Committee and are, from time to time, subject to government agency, internal and external professional agency audit, as well as ongoing review to ensure compliance.

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

The Corporation also commissioned Queensland Treasury Corporation (QTC) in early 2009 to undertake a carbon emissions and energy consumption audit in respect to the Corporation's operations and facilities to determine whether the Corporation is required to report under the *National Greenhouse and Energy Reporting Act 2007* (Cth).

Preliminary measurements have concluded that the Corporation's carbon emissions and energy consumption is well below the thresholds outlined in the Act and therefore the Corporation does not

trigger the requirement to report.

Despite this result, the Corporation is continuing to work closely with QTC in order to develop and implement strategies to reduce the Corporation's current carbon emissions and energy consumption levels in line with best practice and community expectations.

## Proceedings on Behalf of the Company

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

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

## Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on page 6.

## Rounding of Amounts

The Corporation is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

## Auditor

Moore Stephens, as contract auditors for the Queensland Audit Office (QAO), continues in office in accordance with section 327 of the *Corporations Act 2001* (Cth). This report is made in accordance with a resolution of directors.

R.W. Dunning A.C.  
Chairman  
Townsville 17 August 2009

S. B. Graw  
Deputy Chairman  
Townsville 17 August 2009

# AUDITOR'S INDEPENDENCE DECLARATION

FOR THE YEAR ENDING 30 JUNE 2009

To the Directors of Port of Townsville Limited

This audit independence declaration has been provided pursuant to S307C of the *Corporations Act 2001* (Cth).

## Independence Declaration

As lead auditor for the audit of Port of Townsville Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been -

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

This declaration is in respect of Port of Townsville Limited during the period.

J. Zabala  
(as delegate of the Auditor-General of Queensland)  
Moore Stephens  
Townsville 17 August 2009

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2009

## PURPOSE AND SCOPE

Port of Townsville Limited (the Corporation) is a company limited by shares, incorporated and domiciled in Australia. Its registered office and place of business is:

Port of Townsville Limited  
Benwell Road  
Townsville QLD 4810

The Corporation is required to comply with the requirements of the *Corporations Act 2001* (Cth). Under the terms of section 128 of the *Government Owned Corporations Act 1993* (Qld), specified sections of the *Financial Administration and Audit Act 1997* (Qld) apply as if the Corporation were a statutory body. The Corporation is responsible as a port authority under the *Transport Infrastructure Act 1994* (Qld) for the management and control of the Port of Townsville

These Statements have been prepared:-

- › to satisfy the provisions of the *Corporations Act 2001* (Cth), the *Financial Administration and Audit Act 1977* (Qld) and other prescribed requirements; and
- › to communicate information concerning the Corporation's financial performance for the year and its financial position at year end to a variety of information users including:-
  - › its shareholding Ministers, the Honourable Treasurer and Minister for Employment and Economic Development and the Honourable Minister for Transport;
  - › users and potential users of the Port of Townsville;
  - › the community in general; and
  - › other interested parties.

The Statements are general purpose in nature and provide a full presentation of all of the financial activities of Port of Townsville Limited.

# INCOME STATEMENT

FOR THE YEAR ENDING 30 JUNE 2009

	NOTES	2009 \$	2008 \$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>			
<i>Revenue from Operating Activities</i>			
Service Revenue	4	35,948,887	35,431,701
<i>Revenue from Non-Operating Activities</i>			
Interest Received		958,545	1,247,206
Other Revenue	4	421,899	2,559,287
Reversal of Prior Year Write-downs on Assets		1,910,219	2,324,168
Changes in Fair Values of Investment Properties		805,901	2,535,320
<b>TOTAL REVENUE FROM ORDINARY ACTIVITIES</b>		<b>40,045,451</b>	<b>44,097,682</b>
<b>EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING FINANCE COSTS</b>			
Employee Benefits Expense	4	7,469,069	6,198,278
Depreciation Expense		7,597,315	7,007,053
Other Expenses	4	19,634,440	17,743,096
Asset Revaluation Write-downs		355,138	87,893
<b>TOTAL EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING FINANCE COSTS</b>		<b>35,055,962</b>	<b>31,036,320</b>
Finance Costs Expense		435,205	556,985
<b>PROFIT / (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE / (INCOME TAX REVENUE)</b>		<b>4,554,284</b>	<b>12,504,377</b>
Income Tax Revenue (Income Tax Expense) relating to Ordinary Activities	6	(1,382,136)	(2,836,528)
<b>PROFIT / (LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE / (INCOME TAX REVENUE)</b>	<b>5</b>	<b>3,172,148</b>	<b>9,667,849</b>
<b>NET PROFIT / (LOSS)</b>		<b>3,172,148</b>	<b>9,667,849</b>
Increase / (Decrease) in Asset Revaluation Reserve	17(a)	9,541,458	13,341,741
Dividends Provided or Paid	15	-	(3,917,003)
<b>TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS RECOGNISED DIRECTLY IN EQUITY</b>		<b>9,541,458</b>	<b>9,424,738</b>
<b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS</b>	<b>18</b>	<b>12,713,606</b>	<b>19,092,587</b>
The above income statement should be read in conjunction with the accompanying notes			
<b>EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:</b>			
Basic earnings per share	19	<b>CENTS</b> 0.008	<b>CENTS</b> 0.049

# BALANCE SHEET

FOR THE YEAR ENDING 30 JUNE 2009

	NOTES	2009 \$	2008 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	7	5,741,957	20,531,110
Trade and Other Receivables	8	4,003,881	3,517,262
Other	9	469,981	299,310
		10,215,819	24,347,682
Non-current assets classified as held for sale	10	-	612,484
<b>TOTAL CURRENT ASSETS</b>		<b>10,215,819</b>	<b>24,960,166</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	11	204,427,185	181,256,304
Investment Properties	12	26,657,867	25,979,243
Deferred Tax Assets	6(e)	1,791,025	1,099,707
Other	9	-	1,440
<b>TOTAL NON-CURRENT ASSETS</b>		<b>232,876,077</b>	<b>208,336,694</b>
<b>TOTAL ASSETS</b>		<b>243,091,896</b>	<b>233,296,860</b>
<b>CURRENT LIABILITIES</b>			
Payables	13	2,454,115	3,472,533
Interest-bearing Liabilities	14	2,790,235	2,628,220
Current Tax Liabilities		1,030,231	2,196,277
Provisions	15	4,045,911	5,564,366
<b>TOTAL CURRENT LIABILITIES</b>		<b>10,320,492</b>	<b>13,861,396</b>
<b>NON-CURRENT LIABILITIES</b>			
Payables	13	825,881	676,265
Interest-bearing Liabilities	14	3,186,571	5,974,829
Deferred Tax Liabilities	6(e)	21,823,539	18,324,575
Provisions	15	95,469	95,469
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>25,931,460</b>	<b>25,071,138</b>
<b>TOTAL LIABILITIES</b>		<b>36,251,952</b>	<b>38,932,534</b>
<b>NET ASSETS</b>		<b>206,839,944</b>	<b>194,364,326</b>
<b>EQUITY</b>			
Contributed Equity	16	98,567,936	98,935,028
Retained Earnings	17(b)	30,314,125	27,012,873
Reserves	17(a)	77,957,883	68,416,425
<b>TOTAL EQUITY</b>		<b>206,839,944</b>	<b>194,364,326</b>
The above balance sheet should be read in conjunction with the accompanying notes			



# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDING 30 JUNE 2009

NOTES	2009 \$	2008 \$
Total equity at the beginning of the financial year	194,364,326	175,271,739
Gain on revaluation of land and buildings, net of tax	9,880,058	13,341,741
Realisation of disposed of assets	(209,496)	-
Net income recognised directly in equity	9,670,562	13,341,741
Profit for the year	3,172,148	9,667,849
Total Recognised Income and Expense for the year	12,842,711	23,009,590
Transactions with equity holders in their capacity as equity holders:		
Distribution to owners - redemption of ownership interest	(367,092)	
Dividends provided for or paid	-	(3,917,003)
	(367,092)	(3,917,003)
<b>TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR</b>	<b>206,839,945</b>	<b>194,364,326</b>
The accompanying notes form part of these financial statements		

# CASH FLOW STATEMENT

FOR THE YEAR ENDING 30 JUNE 2009

	NOTES	2009 \$	2008 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers		36,009,306	36,152,702
Payments to Suppliers and Employees		(25,764,163)	(21,238,473)
Interest Received		958,545	1,247,206
Interest Paid		(435,205)	(556,985)
Income Tax Equivalents Paid		(3,829,733)	(2,167,972)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	30(b)	6,938,750	13,436,478
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for Property, Plant and Equipment		(15,310,730)	(6,017,501)
Proceeds from Sale of Property, Plant and Equipment		126,073	2,642,034
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		(15,184,657)	(3,375,467)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of Borrowings		(2,626,243)	(2,506,113)
Dividends Paid		(3,917,003)	-
<b>NET CASH INFLOW (OUTFLOW) FROM FINANCING ACTIVITIES</b>		(6,543,246)	(2,506,113)
Net (Decrease) / Increase in Cash Held		(14,789,153)	7,554,898
Cash at Beginning of the Financial Year		20,531,110	12,976,212
<b>CASH AT END OF FINANCIAL YEAR</b>	30(a)	<b>5,741,957</b>	<b>20,531,110</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2009

## **Note 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND EXPLANATION OF ITEMS SHOWN IN THE FINANCIAL STATEMENTS**

This financial report covers the financial statements of Port of Townsville Limited. The financial report is presented in Australian currency. Port of Townsville Limited is a company limited by shares, incorporated and domiciled in Australia.

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

The financial report was authorised for issue by the directors on 17 August 2009. The directors have the power to amend and reissue the financial report.

### **(a) Basis of Preparation of the Accounts**

This general purpose financial report has been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth), *Financial Management Standard 1997* (Qld), Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations.

#### *Compliance with IFRSs*

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS).

The financial report of Port of Townsville Limited also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### *Early adoption of standards*

The Corporation has elected not to early adopt any new financial reporting standards from 1 July 2008.

#### *Historical cost convention*

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of the available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss and certain classes of property, plant and equipment and investment property.

#### *Critical accounting estimates*

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates 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 are significant to the financial statements are disclosed in note 3.

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

### **(b) Taxation**

As a Government Owned Corporation, the Corporation is not subject to Commonwealth income tax but as from 1 July 2001 the Corporation has been required to pay tax equivalents under the National Tax Equivalents Regime. The Corporation, in accordance with Accounting Standard AASB 112 "Income Taxes", is required to adopt tax effect accounting.

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

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 Corporation has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

## (c) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties.

The Corporation recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Corporation and specific criteria have been met for each of the Corporation's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The Corporation bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

### (i) Cargo Charges / Berthage

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

### (ii) Rentals

Rental revenue is recognised when entitlement to payment arises under the rental agreement. Monies received in advance at the end of the financial year are recognised as a liability.

### (iii) Pilotage Transfer Service Revenue

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

### (iv) Charges for Services

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

### (v) Interest Income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Corporation reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

## (d) Cash and Cash Equivalents

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

## (e) Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are due for settlement no more than 30 days from the date of recognition for the Corporation's debtors, and no more than 30 days for other debtors.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

## (f) Inventories

All stores have been expensed and accounted for in the Income Statement.

## (g) Investments and Other Financial Assets

### Classification

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

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

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

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

## *(ii) Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables (note 8) in the balance sheet.

## *(iii) Held-to-Maturity Investments*

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

## *(iv) Available-for-Sale Financial Assets*

The Corporation does not hold any financial assets for sale.

### **Recognition and Derecognition**

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

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

### **Subsequent Measurement**

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

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

### **Impairment**

The Corporation assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

## **(h) Impairment of Assets**

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## **(i) Property Plant and Equipment**

### *(i) Acquisition*

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.



# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

Actual cost is used for the initial recording of all acquisition of assets controlled and administered by the Corporation. Assets acquired at no cost or for nominal considerations are recognised at their fair value at date of acquisition. Subsequent costs are included in the assets' carrying amount or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

Where assets are constructed by the Corporation, the cost at which they are recorded includes an appropriate share of fixed and variable overheads.

Property, plant and equipment items with a cost or value in excess of \$500 and a useful life of more than three years are recognised as an asset. All other items of property, plant and equipment are expensed on acquisition.

## (ii) Assets Carried at Fair Value

Channels and swing basins, freehold land, wharves, buildings, land improvements, small boat harbours and facilities, breakwaters, access roads and beacons (except for investment properties refer to note 1 (k)) are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation where applicable. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

It is the policy of the Corporation to have assets carried at fair value independently valued and useful lives reassessed every five years, with annual adjustments being made. An independent valuation and reassessment of the useful lives of land, buildings and infrastructure assets was performed as at 1 January 2005 by Edward Rushton Australia Pty Ltd. For the reporting period ended 30 June 2009 the carrying amounts of non-current assets were increased by indices provided by APV Valuers & Asset Management, which was considered and approved by Directors.

Increases in the carrying amounts arising on revaluation of channels and swing basins, freehold land, wharves, buildings, land improvements, small boat harbours and facilities, breakwaters, access roads and beacons are credited, net of tax, to other reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

## (iii) Assets Carried at Cost

All property, plant and equipment (other than assets carried at fair value) is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

## (iv) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Corporation commencing from the time the asset is held ready for use. For depreciation purposes, complex assets have been broken down into major components.

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.

Depreciation Rates used for each class of depreciable assets are:

Channels, Swing Basins, and Wharves	2.50%
Plant, Equipment	5.0% - 33.3%
Land Improvements & Small Boat Harbour	2.5% - 10.0%
Buildings	5.0% - 10.0%
Breakwaters	2.00%
Motor Vehicles	25.00%
Access Roads	5.00%
Beacons	10.00%

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is the Corporation's policy to transfer the amounts included in the other reserves in respect of those assets to retained earnings.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

## **(j) Computer Software and Hardware**

Computer hardware is currently depreciated over its expected useful economic life of three years. Associated communications costs such as cabling and leased lines for the Corporation's wide area network are fully expensed in the year the costs are incurred.

## **(k) Investment Property**

Investment property, principally comprising of freehold buildings and vacant land, is held for either long term rental yields or capital accretion and is not occupied by the Corporation. Investment property is carried at fair value, representing open market value determined annually by external valuers. Changes in fair values are recorded in the income statement.

## **(l) Trade and Other Payables**

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

## **(m) Employee Benefits**

### *(i) Wages and Salaries, Annual Leave*

Liabilities for wages and salaries, including non monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised as current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

### *(ii) Sick Leave*

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

### *(iii) Long Service Leave*

The liability for long service leave is recognised in other payables and measured as the present value of the expected future payments to be made in respect of services provided by the employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows.

Payroll Tax, Workers Compensation and Superannuation are included in the total. The current portion of long service leave has been calculated as a proportion of all employees with greater than seven years service. This proportion is based upon long service leave actually taken by employees over a three year period.

### *(iv) Superannuation*

Some employees of the Corporation are members of the defined benefit fund managed by QSuper. The defined benefit fund is open to many employees across Queensland State Government departments, agencies and government business enterprises. There is insufficient information for the Corporation to apply defined benefit accounting. The Treasurer of Queensland, based on advice from the State Actuary, determines employer contributions, and the amount of this contribution is recognised as an expense. No liability is recognised for accruing superannuation benefits, as this liability is held on a whole-of-Government basis and reported in the whole-of-Government financials statements, prepared in terms of AAS 31 Financial Reporting by Governments.

## **(n) Borrowings**

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

## **(o) Finance Costs**

All finance costs are recognised as an expense in the period in which they are incurred. No finance costs have been capitalised.

## **(p) Provisions**

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

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.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

## **(q) Leases**

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

## **(r) Dividends**

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

## **(s) 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 Balance Sheet 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 balance sheet.

## **(t) Segment Reporting**

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

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

## **(u) New Accounting Standards and Interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Corporation's assessment of the impact of these new standards and interpretations is set out below.

*(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (Effective from 1 January 2009).*

AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. In addition, the segments will be reported in a manner that is more consistent with the internal reporting provided to the chief operating decision maker. The Corporation will adopt AASB 8 from 1 July 2009. However, as the Corporation does not operate in more than one segment, this development will not affect the amounts recognised in the financial statements.

*(ii) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (effective from 1 January 2009)*

The revised AASB 123 has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. The Corporation will adopt the revised AASB 123 from 1 July 2009. The impact on the financial statements will depend on the amount of qualifying assets and related borrowing costs in the first year of application.

Had the revised standard been applied in the current financial year, no amounts would have been capitalised in property, plant and equipment rather than being expensed.

*(iii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009)*

The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Corporation will apply the revised standard from 1 July 2009.

*(iv) AASB 2008-8 Amendment to IAS 39 Financial Instruments: Recognition and Measurement (effective 1 July 2009)*

AASB 2008-8 amends AASB 139 Financial Instruments: Recognition and Measurement and must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt.

It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The Corporation will apply the amended standard from 1 July 2009.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

This development is not expected to have any impact on Corporation's financial statements for this reporting period.

(v) *AASB Interpretation 17 Distribution of Non-cash Assets to Owners and AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17*

AASB-I 17 applies to situations where an entity pays dividends by distributing non-cash assets to its shareholders. These distributions will need to be measured at fair value and the entity will need to recognise the difference between the fair value and the carrying amount of the distributed assets in the income statement on distribution.

The interpretation further clarifies when a liability for the dividend must be recognised and that it is also measured at fair value. The Corporation will apply the interpretation from 1 July 2009.

## Note 2. FINANCIAL RISK MANAGEMENT

The Corporation's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Corporation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Corporation. The Corporation uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risks and aging analysis for credit risk.

Risk management is carried out by Corporation officers under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

The Corporation holds the following financial instruments:

	2009 \$	2008 \$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	5,741,957	20,531,110
Trade and other receivables	4,003,881	3,517,262
Available-for-sale financial assets	-	612,484
Other financial assets	469,981	299,310
	<b>10,215,819</b>	<b>24,960,166</b>
<b>FINANCIAL LIABILITIES</b>		
Trade and other payables	2,454,115	3,472,533
Borrowings	5,976,806	8,603,049
	<b>8,430,921</b>	<b>12,075,582</b>

### (a) Market Risk

#### (i) Foreign Exchange and Price Risk

As the Corporation has no significant exposure to foreign exchange risk or price risk, the Corporation's income and operating cash flows are not materially exposed to changes in market interest rates.

#### (ii) Cash Flow and Fair Value Interest Rate Risk

The Corporation's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Corporation to cash flow interest rate risk. Borrowings issued at fixed rates expose the Corporation to fair value interest rate risk. The Corporations' policy is to borrow from Queensland Treasury Corporation at fixed rates. During 2008 and 2009, the Corporation's borrowings at variable rate were denominated in Australian Dollars.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

As at the reporting date, the Corporation had the following variable rate borrowings:

	30 JUNE 2009		30 JUNE 2008	
	WEIGHTED AVERAGE INTEREST RATE	BALANCE \$	WEIGHTED AVERAGE INTEREST RATE	BALANCE \$
<b>BANK LOANS</b>	-	-	-	-
Queensland Treasury loans	5.67%	5,976,806	5.80%	8,603,049
		<b>5,976,806</b>		<b>8,603,049</b>

The Corporation currently does not have a set policy to manage its cash flow interest rate risk on the basis that the income and operating cash flows are not materially exposed to changes in market interest rates.

An analysis of maturities is provided in note 26.

The Corporation's fixed rate borrowings and receivables are carried at amortised cost. They are therefore not subject to interest rate risk as defined in AASB 7.

## (b) Credit Risk

Credit risk arises from cash and cash equivalents, deposits held with financial institutions and credit exposures to large commercial and small individual customers including outstanding receivables.

The Corporation has policies in place to ensure that services are provided to customers with an appropriate credit history.

The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets as summarised in the introductory paragraph to note 2.

## (c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through access to credit facilities. The Corporation manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Surplus funds are used to pay dividends to the Corporation's shareholders being shareholding Ministers. The dividend is proposed to the Ministers, for approval, by the Directors. The Directors take into consideration available cash resources to ensure sufficient funding remains available after payment of the dividend.

Credit facilities are provided by Queensland Treasury Corporation with major capital expenditure projects in excess of \$5 million requiring shareholding Ministers' approval.

## Maturities of Financial Liabilities

An analysis of maturities is provided in note 26.

## (d) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Corporation for similar financial instruments.



# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

## Note 3. KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Corporation and that are believed to be reasonable under the circumstances. The Corporation has made the following material critical accounting estimates and judgements causing a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year.

		2009 \$	2008 \$
<b>INVESTMENT PROPERTIES</b>			
Indexation rate	Land	2% - 3%	5%-15%
	Buildings	2% - 5%	10%-15%
<b>PROPERTY, PLANT AND EQUIPMENT</b>			
Replacement Cost Indexation rates	Access Roads	12.85%	12.33%
	Land	14.00%	35.00%
	Land Improvements	4.50%	7.00%
	Land Improvements - Services	6.2%	16.0%
	Buildings	4.00%	8.00%
	Breakwaters	12.85%	9.00%
	Channels and Swing Basins	12.85%	9.00%
	Small Boat Harbours	4.00%	12.50%
	Wharves	4.00%	12.50%
Recoverable amounts estimates	Discount Rate (pre tax WACC)	12.57%	13.43%
	Inflation Rate	2.75%	2.75%

## NOTE 4. PROFIT (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE (INCOME TAX REVENUE) INCLUDES THE FOLLOWING SPECIFIC REVENUES AND EXPENSES.

	2009 \$	2008 \$	2009 \$	2008 \$
<b>SERVICE REVENUE</b>				
Cargo Charges			22,947,770	23,041,401
Berthage			6,354,938	6,065,769
Rentals			4,068,629	3,710,092
Pilotage Transfer Service Revenue			742,401	748,625
Charges for Services:				
Water Sales	285,792	289,624		
Services to Shipping	328,560	322,697		
Boat Harbour Ross River	245,247	216,522		
Boat Harbour Ross Creek	134,535	195,360		
Electricity Sales	172,987	194,696		
Picnic Bay Jetty	-	-		
Breakwater Marina - Mooring Fees	11,100	11,100		
Miscellaneous Plant	55,175	25,019		

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

	2009 \$	2008 \$	2009 \$	2008 \$
Breakwater Marina - Fuel Licence	15,694	20,834		
Road Contribution Charge	35,272	98,615		
Port Security	84,469	53,288		
Main Harbour Fuel Licence Fee	-	-		
Port Services	54,086	30,517		
Waste Disposal	6,670	6,862		
Fees and Charges for Miscellaneous Services	23,727	-		
Port Security Upgrade Charge	381,835	400,680	1,835,149	1,865,814
			<b>35,948,887</b>	<b>35,431,701</b>
<b>OTHER REVENUE</b>				
Revenue from sale of Property, Plant & Equipment	124,558	2,642,034		
Carrying Value of Property, Plant & Equipment Disposed of	249,700	762,284		
Gain (Loss) on Sale of Property, Plant & Equipment	<b>(125,142)</b>	<b>1,879,750</b>	(125,142)	1,879,750
Miscellaneous Revenue			547,041	679,537
			<b>421,899</b>	<b>2,559,287</b>
<b>EMPLOYEE BENEFITS EXPENSES</b>				
Salaries & Wages			5,619,348	4,758,137
Annual Leave			417,409	336,562
Long Service Leave			219,171	118,764
Superannuation			683,346	569,166
Payroll Tax			350,103	283,363
Fringe Benefits Tax			109,312	73,004
Workers Compensation			70,380	59,282
			<b>7,469,069</b>	<b>6,198,278</b>
<b>DEPRECIATION</b>				
Channels and Swing basins			975,769	913,796
Land			-	-
Wharves			1,645,188	1,543,368
Breakwaters			455,684	427,796
Improvements (Land)			1,035,800	793,703
Buildings			659,980	639,494
Access Roads			594,686	527,750
Small Boat Harbours			236,603	223,222
Beacons			683	41,613
Motor Vehicles			184,146	119,730
Plant and Equipment			1,808,776	1,776,581
			<b>7,597,315</b>	<b>7,007,053</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

	2009 \$	2008 \$
<b>OTHER EXPENSES</b>		
Supplies & Services	19,249,496	17,379,166
Competitive Neutrality Fee	32,062	42,780
Land Tax	239,402	221,867
Audit Fees	113,480	94,840
Bad Debt Written Off	-	4,442
	<b>19,634,440</b>	<b>17,743,096</b>
<b>Note 5. RETAINED PROFITS (ACCUMULATED LOSSES)</b>		
Retained Profits (Accumulated Losses) at the beginning of the year	27,012,873	21,262,027
Net Profit (Loss) for the period	3,172,148	9,667,849
Dividend Provided for	-	(3,917,003)
Realisation of Disposed Assets	129,104	-
<b>RETAINED PROFITS (ACCUMULATED LOSSES) AT THE REPORTING DATE</b>	<b>30,314,125</b>	<b>27,012,873</b>
<b>Note 6. INCOME TAX EQUIVALENTS</b>		
<b>(a) Income tax equivalents expense</b>		
Current Tax/(Revenue)	2,663,686	3,797,833
Deferred Tax/(Revenue)	(1,281,550)	(961,305)
	<b>1,382,136</b>	<b>2,836,528</b>
Income Tax Equivalents Expense is attributable to:		
Profit from Operations	<b>1,382,136</b>	<b>2,836,528</b>
Deferred Income Tax (Revenue) Expense included in Income Tax Expense comprises:		
Decrease/(Increase) in Deferred Tax Assets	(691,318)	(332,994)
(Decrease)/Increase in Deferred Tax Liabilities	(590,232)	(628,311)
	<b>(1,281,550)</b>	<b>(961,305)</b>
<b>(b) Numerical Reconciliation of Income Tax Expense to prima facie Tax Payable</b>		
Profit from Operations before Income Tax Expense	4,554,284	12,504,377
Tax at the rate of 30% (2008 - 30%)	1,366,285	3,751,313
Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income:		
Investment Allowance	(30,600)	-
Entertainment	7,721	8,525
Asset fair value adjustments and depreciation	38,730	(557,685)

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

	2009 \$	2008 \$
Tax losses utilised	-	(365,625)
	<b>1,382,136</b>	<b>2,836,528</b>
Under/(over) provision in prior years	-	-
Income Tax Equivalents Expense	<b>1,382,136</b>	<b>2,836,528</b>
<b>(c) Amounts Recognised Directly in Equity</b>		
Aggregate current and deferred tax arising in the reporting period and not recognised in the net profit or loss but directly debited or credited to equity.		
Current tax - credited directly to equity	-	-
Net deferred tax - debited/(credited) direct to equity as a result of net increment in Asset Revaluation Reserve	4,089,196	5,717,890
	<b>4,089,196</b>	<b>5,717,890</b>
<b>(d) Tax Losses</b>		
Unused tax losses for which a deferred tax asset has been recognised	-	-
Tax benefit @ 30%	-	-
<b>(e) Additional Disclosure Notes</b>		
<b>DEFERRED TAX ASSETS</b>		
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in profit or loss</i>		
Provision for doubtful debts	-	728
Accrued audit fees	6,840	15,537
Provision for litigation	1,200,000	-
Provision for annual leave	120,070	101,552
Provision for long service leave - current	19,315	17,938
Provision for long service leave - non current	247,764	202,880
Provision for maintenance Picnic Bay Jetty - current	4,079	12,300
Provision for maintenance Picnic Bay Jetty - non current	28,641	28,641
Provision for prawn farm remediation	-	473,858
Accrued revenue	164,316	246,273
Tax losses	-	-
	<b>1,791,025</b>	<b>1,099,707</b>
Movements:		
Opening balance at 1 July	1,099,707	766,713
Credited/(charged) to the income statement	691,318	332,994
Credited/(charged) to equity	-	-
<b>CLOSING BALANCE AT 30 JUNE</b>	<b>1,791,025</b>	<b>1,099,707</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

	2009 \$	2008 \$
<b>DEFERRED TAX LIABILITIES</b>		
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in profit or loss</i>		
Prepayments	802	1,217
Investment properties	5,370,130	5,166,393
Property, plant and equipment	16,452,608	13,156,965
	<b>21,823,540</b>	<b>18,324,575</b>
Movements:		
Opening balance at 1 July	18,324,575	13,234,996
Credited/(charged) to the income statement	(590,231)	(628,311)
Credited/(charged) to equity	4,089,196	5,717,890
<b>CLOSING BALANCE AT 30 JUNE</b>	<b>21,823,540</b>	<b>18,324,575</b>
The Deferred tax liability includes amounts recognised directly in equity as follows:		
Revaluation of Property, Plant and Equipment	<b>33,410,521</b>	<b>29,321,325</b>
<b>Note 7. CASH AND CASH EQUIVALENTS</b>		
Cash on Hand	1,450	1,450
Cash at Bank	487,718	852,900
Term Deposits	5,252,789	19,676,760
	<b>5,741,957</b>	<b>20,531,110</b>
<b>(a) Interest Rate Risk Exposure</b>		
The Corporation's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.		
<b>Note 8. TRADE AND OTHER RECEIVABLES (CURRENT)</b>		
Trade Receivables	4,003,882	3,519,689
Provision for impairment of receivables (note 8(a))	-	(2,427)
	<b>4,003,882</b>	<b>3,517,262</b>
The ageing of these receivables is as follows:		
0 - 30 days	3,694,914	2,552,226
30 - 60 days	94,102	869,587
over 60 days	214,866	97,876
	<b>4,003,882</b>	<b>3,519,689</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

	2009 \$	2008 \$
<b>(a) Impaired Trade Receivables</b>		
As at 30 June 2009 current trade receivables of the Corporation with a nominal value of \$0 (2008 - \$2,427) were impaired. The amount of the provision was \$0 (2008 - \$2,427). The individually impaired receivables mainly relate to small craft owners, which are in unexpectedly difficult economic situations. It was assessed that all receivables is expected to be recovered.		
The ageing of these receivables is as follows:		
Up to 3 months	-	-
3 to 6 months	-	-
Over 6 months		2,427
	-	<b>2,427</b>
Movements in the provision for impairment of receivables are as follows:		
At 1 July	2,427	2,415
Provision for impairment recognised during the year	-	4,454
Receivables written off against the provision during the year as uncollectible	-	(4,442)
Unused amount reversed	(2,427)	-
<b>BALANCE</b>	-	<b>2,427</b>
The creation and release of the provision for impaired receivables has been included in 'other expenses' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.		
<b>(b) Past Due but not Impaired</b>		
As of 30 June 2009 trade receivables of \$403,910 (2008 - \$546,608) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:		
Up to 3 months	101,377	529,622
3 to 6 months	57,860	2,855
Over 6 months	244,673	14,131
	<b>403,910</b>	<b>546,608</b>
The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Corporation does not hold any collateral in relation to these receivables.		
<b>(c) Other Receivables</b>		
These amounts generally arise from transactions outside the usual operating activities of the Corporation. The Corporation does not charge any interest where the terms of repayment exceed six months. Collateral is not normally obtained.		
<b>(d) Foreign Exchange and Interest Rate Risk</b>		
Information about the Corporation's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 2.		



# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

	2009 \$	2008 \$
<b>(e) Fair Value and Credit Risk</b>		
Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 2 for more information on the risk management policy of the Corporation and the credit quality of the Corporation's trade receivables.		
<b>Note 9. OTHER ASSETS</b>		
<u>Current</u>		
Prepayments	469,981	299,310
<u>Non-Current</u>		
Utility Deposits	-	1,440
<b>Note 10. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE</b>		
In financial year 2008/2009, the Directors of the Corporation transferred lands to the Department of Infrastructure and Planning in addition to surrendering lands to the Department of Natural Resources and Water to allow for the construction of the Port Access Road. The transfer of lands was completed in September 2008, with the surrendered lands occurring in May 2009. The transfer of lands to the Department of Infrastructure and Planning was dealt with as a distribution to owners - redemption of ownership interest (refer Note 18).		
<u>Land</u>		
Opening Balance	612,484	-
Transfer in from Land	-	481,000
Transfer in from Investment Properties	-	131,484
Transferred out/disposed	(612,484)	-
<b>CLOSING BALANCE</b>	<b>-</b>	<b>612,484</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

Note 11. PROPERTY, PLANT & EQUIPMENT	2009	2009	2009	2008
	COST	ACCUMULATED DEPRECIATION	CARRYING AMOUNT	CARRYING AMOUNT
	\$	\$	\$	\$
<u>Channels and Swing Basins</u>				
At Directors' Valuation	91,534,089	54,671,574	36,862,515	34,244,821
<u>Land</u>				
At Directors' Valuation	61,576,177	-	61,576,177	54,014,190
<u>Wharves</u>				
At Directors' Valuation	191,317,909	164,585,505	26,732,404	27,478,059
<u>Breakwaters</u>				
At Directors' Valuation	29,425,442	9,012,917	20,412,525	18,898,637
<u>Improvements (Land)</u>				
At Directors' Valuation	31,123,916	10,941,433	20,182,483	13,601,197
<u>Buildings</u>				
At Directors' Valuation	27,035,836	16,814,735	10,221,101	10,097,851
<u>Access Roads</u>				
At Directors' Valuation	12,712,358	10,486,849	2,225,509	2,530,853
<u>Small Boat Harbours</u>				
At Directors' Valuation	8,604,044	6,083,084	2,520,960	2,665,194
<u>Beacons</u>				
At Directors' Valuation	534,864	523,143	11,721	12,404
<u>Plant and Equipment</u>				
At Cost	30,510,852	24,848,710	5,662,142	6,845,863
<u>Motor Vehicles</u>				
At Cost	744,266	334,047	410,219	644,532
*Capital Works in Progress at cost	17,609,429	-	17,609,429	10,222,703
	<b>502,729,182</b>	<b>298,301,997</b>	<b>204,427,185</b>	<b>181,256,304</b>
*Capital Works in Progress			12,550,493	8,565,270
Harbour Works			4,477,242	1,613,880
Eastern Port Development			581,694	43,553
Equipment			<b>17,609,429</b>	<b>10,222,703</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

	2009 FAIR VALUE \$
<b>RECONCILIATION OF THE CARRYING AMOUNTS BY CLASS</b>	
<b>CHANNELS AND SWING BASINS</b>	
Carrying amount at the beginning of the financial year at Fair Value	
additions	34,244,821
disposals	-
net revaluation increment / (decrement)	4,340,900
recoverable amounts write-downs	(747,437)
depreciation expense	(975,769)
Carrying amount at the end of the financial year at Fair Value	<b>36,862,515</b>
<b>LAND</b>	
Carrying amount at the beginning of the financial year at Fair Value	54,014,190
additions	-
disposals	-
net revaluation increment / (decrement)	7,561,987
recoverable amounts write-downs	-
depreciation expense	-
transfer to assets held for sale	-
Carrying amount at the end of the financial year at Fair Value	<b>61,576,177</b>
<b>WHARVES</b>	
Carrying amount at the beginning of the financial year at Fair Value	27,478,059
additions	-
disposals	-
net revaluation increment / (decrement)	1,066,765
recoverable amounts write-downs	(167,232)
depreciation expense	(1,645,188)
Carrying amount at the end of the financial year at Fair Value	<b>26,732,404</b>
<b>BREAKWATERS</b>	
Carrying amount at the beginning of the financial year at Fair Value	18,898,637
additions	-
disposals	-
net revaluation increment / (decrement)	2,400,637
recoverable amounts write-downs	(431,065)
depreciation expense	(455,684)
Carrying amount at the end of the financial year at Fair Value	<b>20,412,525</b>
<b>IMPROVEMENTS (LAND)</b>	
Carrying amount at the beginning of the financial year at Fair Value	13,601,197
additions	6,886,368
disposals	-
net revaluation increment / (decrement)	730,718
recoverable amounts write-downs	-
depreciation expense	(1,035,800)
Carrying amount at the end of the financial year at Fair Value	<b>20,182,483</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

	2009 FAIR VALUE \$
<b>BUILDINGS</b>	
Carrying amount at the beginning of the financial year at Fair Value	10,097,851
additions	395,878
disposals	-
net revaluation increment / (decrement)	387,352
recoverable amounts write-downs	-
depreciation expense	(659,980)
Carrying amount at the end of the financial year at Fair Value	<b>10,221,101</b>
<b>ACCESS ROADS</b>	
Carrying amount at the beginning of the financial year at Fair Value	2,530,853
additions	-
disposals	-
net revaluation increment / (decrement)	289,342
recoverable amounts write-downs	-
depreciation expense	(594,686)
Carrying amount at the end of the financial year at Fair Value	<b>2,225,509</b>
<b>SMALL BOAT HARBOURS AND FACILITIES</b>	
Carrying amount at the beginning of the financial year at Fair Value	2,665,194
additions	-
disposals	-
net revaluation increment / (decrement)	92,369
recoverable amounts write-downs	-
depreciation expense	(236,603)
Carrying amount at the end of the financial year at Fair Value	<b>2,520,960</b>
<b>BEACONS</b>	
Carrying amount at the beginning of the financial year at Fair Value	12,404
additions	-
disposals	-
net revaluation increment / (decrement)	-
recoverable amounts write-downs	-
depreciation expense	(683)
Carrying amount at the end of the financial year at Fair Value	<b>11,721</b>
<b>PLANT &amp; EQUIPMENT</b>	
Carrying amount at the beginning of the financial year at Cost	6,845,863
additions	662,930
disposals	(37,875)
recoverable amounts write-downs	-
depreciation expense	(1,808,776)
Carrying amount at the end of the financial year at Cost	<b>5,662,142</b>
<b>MOTOR VEHICLES</b>	
Carrying amount at the beginning of the financial year at Cost	644,532

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

	2009 FAIR VALUE \$	
additions	-	
disposals	(50,167)	
net revaluation increment / (decrement)	-	
recoverable amounts write-downs	-	
depreciation expense	(184,146)	
Carrying amount at the end of the financial year at Cost	<b>410,219</b>	
<b>*CAPITAL WORKS IN PROGRESS</b>		
Carrying amount at the beginning of the financial year at Cost	10,222,703	
additions	15,331,901	
disposals/transfers to Property, Plant and Equipment	(7,945,175)	
net revaluation increment / (decrement)	-	
recoverable amounts write-downs	-	
depreciation expense	-	
Carrying amount at the end of the financial year at Cost	<b>17,609,429</b>	
<b>(a) Valuations of Property, Plant and Equipment</b>		
The valuation basis of land improvements, buildings, channels and swing basins, wharves, small boat harbours and facilities, access roads and beacons is fair value being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. The 2009 revaluations were based on independent assessments of a member of the Australian Property Institute as at 30 June 2009, refer to note 1 (i)(ii) for details. The revaluation surplus net of applicable deferred income taxes was credited to other reserves in shareholder's equity (note 17).		
<b>(b) Impairment Loss and Compensation</b>		
The impairment loss relates to assets that have been earmarked for assessment at the end of the 2009/2010 financial year. The whole amount has been included in the asset revaluation reserve relating to the relevant assets. The recoverable amount of the assets was determined by discounted expected future cash flows from the assets and discounted in accordance with the requirements of AASB 136.		
<b>(c) Carrying Amounts that could have been recognised in Land and Buildings were carried at cost</b>		
If freehold land and buildings were stated on the historical cost basis, the amounts would be as follows:		
	2009 \$	2008 \$
<b>FREEHOLD LAND</b>		
Cost	21,746,801	21,746,801
Accumulated Depreciation	-	-
Net Book Amount	<b>21,746,801</b>	<b>21,746,801</b>
<b>BUILDINGS</b>		
Cost	13,317,273	12,921,395
Accumulated Depreciation	5,226,838	4,751,550
Net Book Amount	<b>8,090,435</b>	<b>8,169,845</b>
<b>OTHER REVALUED PROPERTY, PLANT AND EQUIPMENT</b>		
Cost	151,059,885	144,173,517
Accumulated Depreciation	54,496,598	50,399,082
Net Book Amount	<b>96,563,287</b>	<b>93,774,435</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

	2009 \$	2008 \$
<b>Note 12. INVESTMENT PROPERTIES</b>		
<b>AT FAIR VALUE</b>		
Opening balance at 1 July	25,979,243	23,584,612
Acquisitions	-	-
Capitalised subsequent expenditure	-	-
Net gain (loss) from fair value adjustment	805,901	2,535,320
Transfer from inventories and owner-occupied property	-	-
Disposals	(127,277)	(9,204)
Transfer to assets held for sale	-	(131,484)
<b>CLOSING BALANCE AT 30 JUNE</b>	<b>26,657,867</b>	<b>25,979,243</b>
<b>(a) Amounts recognised in Profit and Loss for Investment Properties</b>		
Rental income	923,814	795,236
Direct operating expenses from property that generate rental income	(49,363)	(154,755)
Direct operating expenses from property that did not generate rental income	(96,831)	(96,869)
<b>PROFIT/(LOSS)</b>	<b>777,620</b>	<b>543,612</b>
<b>(b) Valuation Basis</b>		
The basis of the valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. The 2009 revaluations were based on independent assessments made by APV Valuers and Asset Management.		
<b>Note 13. PAYABLES</b>		
<b>CURRENT</b>		
Trade Payables	1,317,719	2,138,342
Revenue in Advance	547,719	820,909
Retention	118,106	108,198
Accrued Wages	-	-
Trust Fund Deposits	5,955	6,784
Employee Benefits - Annual Leave	400,234	338,506
Employee Benefits - Long Service Leave	64,382	59,794
	<b>2,454,115</b>	<b>3,472,533</b>
<b>NON-CURRENT</b>		
Employee Benefits - Long Service Leave	<b>825,881</b>	<b>676,265</b>



# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

	2009 \$	2008 \$
<b>(a) Amounts not expected to be settled within the next 12 months</b>		
The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Corporation does not have an unconditional right to defer settlement. However, based on past experience, the Corporation does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months. The Corporation believes the non-current amount reflects leave that is not expected to be taken or paid within the next 12 months.		
<b>(b) Risk Exposure</b>		
Information about the Corporation's exposure to foreign exchange risk is provided in note 2.		
<b>Note 14. INTEREST BEARING LIABILITIES</b>		
Current	2,790,235	2,628,220
Non-Current	3,186,571	5,974,829
	<b>5,976,806</b>	<b>8,603,049</b>
<b>(a) Risk exposure</b>		
Details of the Corporation's exposure to risks arising from current and non-current borrowings are set out in note 2.		
<b>(b) Fair value - Non-Current portion of Interest Bearing Liabilities</b>		
All borrowings are with Queensland Treasury Corporation. Queensland Treasury Corporation recorded a market value adjustment of (\$108,877), (2008 was \$218,159) principally as a result of past movements in the market value of liabilities in the Debt Pools giving a market debt outstanding of \$6,084,034 (2008 was \$8,384,890).		
None of the classes are readily traded on organised markets in standardised form.		
<b>(c) Risk Exposure - Non-Current portion of Interest Bearing Liabilities</b>		
Information about the Corporation's exposure to interest rate and foreign currency changes is provided in note 2.		
<b>Note 15. PROVISIONS</b>		
<b>CURRENT</b>		
Dividend	-	3,917,003
Prawn Farm Remediation	-	1,579,528
Litigation	4,000,000	-
Picnic Bay Jetty Maintenance	13,596	41,000
Fringe Benefits Tax	25,333	17,125
Competitive Neutrality Fee	6,982	9,710
	<b>4,045,911</b>	<b>5,564,366</b>
<b>NON-CURRENT</b>		
Picnic Bay Jetty Maintenance	<b>95,469</b>	<b>95,469</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

## (a) Prawn Farm Remediation

In the year ending 30 June 2009, the Corporation handed over a portion of its freehold land to the State of Queensland. The land will be used to facilitate the building of the Eastern Port Access Road. The Corporation was obliged to remediate the land prior to its hand-over. The provision in 2007/2008 reflected the estimated costs of remediating the land.

The Corporation has provided for all known environmental liabilities. While the Directors believe that, based upon current information, its current provisions for environmental remediation are adequate, there can be no assurance that material new provisions will not be required as a result of new information or regulatory requirements with respect to known sites or identification of new remedial obligations at other sites.

## (b) Litigation

There are a number of legal proceedings pending against the Corporation at reporting date. Provisions have been taken up for some of these exposures based on the Board's determination.

## (c) Movements in Provisions

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

	DIVIDEND \$	PRAWN FARM REMEDATION \$	PICNIC BAY JETTY MAINTENANCE \$	FRINGE BENEFITS TAX \$	COMPETITIVE NEUTRALITY FEE \$	LITIGATION \$
<b>CURRENT</b>						
Carrying amount at start of year	3,917,003	1,579,528	41,000	17,125	9,710	-
Charged/(credited) to the income statement						
- additional provisions recognised	-	-	-	25,333	6,982	4,000,000
- unused amounts reversed	-	-	-	(17,125)	-	-
Amounts used during the period	(3,917,003)	(1,579,528)	(27,404)	-	(9,710)	-
Carrying amount at end of year	-	-	13,596	25,333	6,982	4,000,000
					2009 \$	2008 \$
<b>PICNIC BAY JETTY MAINTENANCE - NON-CURRENT</b>						
Carrying amount at start of year					95,469	95,469
Charged/(credited) to the Income Statement						
- additional provisions recognised					-	95,469
- unused amounts reversed					-	-
Amounts used during the period					-	(137,270)
Carrying amount at end of year					95,469	53,668
<b>Note 16. CONTRIBUTED EQUITY</b>						
Authorised capital - 500,000,000 ordinary shares of \$1 each					500,000,000	500,000,000
Issued capital						
Amount at beginning of the financial year - 98,935,028 ordinary shares of \$1 each fully paid					98,935,028	98,935,028

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

	2009 \$	2008 \$
Amount at the reporting date - 98,567,936 ordinary shares of \$1 each fully paid	98,567,936	98,935,028
<b>(a) Issued Capital - Ordinary Shares</b> Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Corporation in proportion to the number of and amounts paid on the shares held.		
<b>(b) Capital Risk Management</b> The Corporation's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.  In order to maintain or adjust the capital structure, the Corporation may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.		
<b>Note 17. RESERVES AND RETAINED PROFITS</b>		
<b>(a) Reserves</b> Asset Revaluation Reserve	77,957,883 <b>77,957,883</b>	68,416,425 <b>68,416,425</b>
<b>MOVEMENTS:</b> Asset Revaluation Reserve		
Balance 1 July	68,416,425	55,074,684
Revaluation - gross	13,969,254	19,059,631
Realisation of disposed assets	(338,600)	-
Deferred tax	(4,089,196)	(5,717,890)
Balance 30 June	<b>77,957,883</b>	<b>68,416,425</b>
<b>(b) Retained Profits</b> Movements in retained profits were as follows:		
Balance 1 July	27,012,873	21,262,027
Net profit for the year	3,172,148	9,667,849
Realisation of assets transferred to owners	129,104	-
Dividends provided for	-	(3,917,003)
Balance 30 June	<b>30,314,125</b>	<b>27,012,873</b>
<b>(c) Nature and Purpose of Reserve</b> The property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in note 1(i). The balance standing to the credit of the reserve may be used to satisfy the distribution of bonus shares to shareholders and is only available for the payment of cash dividends in limited circumstances as permitted by law.		
<b>Note 18. EQUITY</b>		
Total equity at the beginning of the financial year	194,364,326	175,271,739

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

	2009 \$	2008 \$
Total changes in equity recognised in the Income Statement	12,713,606	23,009,590
Distribution to owners - redemption of ownership interest	(367,092)	-
Realisation of assets transferred to owners	129,104	-
Dividends provided for	-	(3,917,003)
<b>TOTAL EQUITY AT THE REPORTING DATE</b>	<b>206,839,944</b>	<b>194,364,326</b>
<b>Note 19. DIVIDENDS</b>		
<b>(a) Ordinary Shares</b>		
Dividends provided are based on 80% of net profit after an adjustment for the effect on net profit for upwards revaluations. No dividend has been provided for during the financial year.		
Dividends provided or paid for	-	(3,917,003)
<b>(b) Earnings Per Share</b>		
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Corporation, excluding adjustments for the effect of upwards revaluations.		
Profit attributable to equity holders	811,167	4,896,255
Number of Shares	98,567,936	98,935,028
Earnings per share	<b>0.008</b>	<b>0.049</b>
<b>Note 20. DEVELOPMENT BUREAU &amp; COMMUNITY PROJECTS</b>		
The Corporation supported Development Bureau and community projects by providing cash and in-kind contributions to the following:-		
Townsville Enterprise Limited	104,000	125,000
Townsville Maritime Museum	56,094	54,668
Australian Volunteer Coastguard	25,000	-
Ingham Flood Appeal	10,000	-
Other	63,572	32,827
	<b>258,666</b>	<b>212,495</b>
<b>Note 21. CONSULTANCY EXPENDITURE</b>		
Professional/Technical	1,057,490	990,686
Management	52,322	58,582
Human Resource Management	26,752	65,344
Finance/Accounting	137,159	134,831
Information Technology	31,698	13,467
Communication	10,364	14,897
	<b>1,315,785</b>	<b>1,277,807</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

	2009 \$	2008 \$
<b>Note 22. COMMITMENTS</b>		
<b>(a) Capital Expenditure Commitments (GST inclusive)</b>		
Capital expenditure contracted for at the reporting date but not recognised as a liability is as follows:		
Not later than one year	7,256,478	367,370
Later than one year but not later than five years	-	-
	<b>7,256,478</b>	<b>367,370</b>
<b>(b) Operating Commitments (GST inclusive)</b>		
Operating Expenses contracted for at the reporting date but not recognised as a liability is as follows:		
Not later than one year	1,399,856	318,997
Later than one year but not later than five years	302,641	-
	<b>1,702,498</b>	<b>318,997</b>
<b>Note 23. CONTINGENT ASSETS/LIABILITIES</b>		
There are a number of legal proceedings pending against the Corporation at reporting date. Provisions have been taken up for some of these exposures based on the Board's determination, and are included in Note 15. Based on legal advice, the remaining potential liabilities and costs that could arise out of these proceedings cannot be defined at this point and are not considered material to the financial position of the Corporation.		
<b>Note 24. SEGMENT REPORTING</b>		
The Corporation operates predominantly in one industry being that of seaport management and control. It operates predominantly in one geographic segment being Townsville.		
<b>Note 25. AUDITORS' REMUNERATION</b>		
Amounts received or due and receivable by the Queensland Audit Office for audit and review of financial reports	<b>37,800</b>	<b>36,895</b>
<b>Note 26. DISCLOSURE OF FINANCIAL INSTRUMENTS</b>		
<b>(a) Interest Rate Risk</b>		
The Corporation's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below.		

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

	0-1 YEARS		FIXED RATE MATURING IN 1-5 YEARS		OVER 5 YEARS		NON INTEREST BEARING		CARRYING AMOUNT AS PER BALANCE SHEET		WEIGHTED AVERAGE BOOK RATE	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
<b>FINANCIAL ASSETS</b>												
Cash on Hand							1,450	1,450	1,450	1,450		
Cash at Bank	487,718	852,900							487,718	852,900	4.56%	5.73%
Term Deposits	5,252,789	19,676,760							5,252,789	19,676,760	3.42%	8.17%
Receivables							3,677,096	3,517,262	3,677,096	3,517,262		
Utility Deposits							-	1,440	-	1,440		
<b>FINANCIAL LIABILITIES</b>												
Payables							1,846,848	3,131,885	1,846,848	3,131,885		
QTC Borrowings	2,790,235	2,628,220	3,186,571	5,974,829					5,976,806	8,603,049	5.67%	5.80%

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 2009 was \$6,084,034 (at 30th June 2008 was \$8,384,890).

## (b) 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 provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements.

## (c) Net Fair Values

The net fair value of cash and cash equivalents and non-interest bearing financial assets and financial liabilities of the Corporation approximates their carrying value. See note 1(d).

## (d) Sensitivity Analysis

	CARRYING AMOUNT	INTEREST RATE RISK			
		- 1%		- 1%	
		PROFIT INCREASE/(DECREASE)	EQUITY	PROFIT INCREASE/(DECREASE)	EQUITY
<b>FINANCIAL ASSETS</b>					
Cash and Cash Equivalents	5,741,957	(57,420)	(57,420)	57,420	57,420
Receivables	4,003,881	-	-	-	-
<b>FINANCIAL LIABILITIES</b>					
Payables	2,454,115	-	-	-	-
QTC Borrowings	5,976,806	(59,768)	(59,768)	59,768	59,768

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



# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

## Note 27. KEY MANAGEMENT PERSONNEL

### (a) Details of Directors

During the year, the Corporation's Board was made up of the following Directors:

DIRECTOR	DATE OF APPOINTMENT	DATE OF TERMINATION/RESIGNATION
Mr R. Dunning (Chairman)	1 October 2007	30 September 2010
Prof. S. Graw (Deputy Chair)	1 July 2001, Reappointed 1 July 2009	30 September 2012
Mr A. Mooney	15 September 1990, Reappointed 1 October 2007	30 September 2008
Mr G. Pennisi	1 July 2001, Reappointed 1 October 2008	30 June 2009
Ms M. Griffiths	1 July 2005, Reappointed 1 October 2007	30 September 2009
Mr K. McElligott	1 July 2005, Reappointed 1 October 2008	30 June 2009
Prof. S. Harding	1 October 2007	31 December 2008
Ms D. Giudes	1 July 2006	30 September 2008
Mr S. Cantwell	7 May 2009	30 September 2011
Hon. T. McGrady AM	7 May 2009	30 September 2011
Mr M. Stolz	7 May 2009	30 September 2011

### (b) Directors' Remuneration

All remuneration of directors including directors' fees and board committee fees is determined by Governor in Council on the basis of meetings attended and expenditure incurred in performing their roles as directors of the Corporation.

In accordance with the disclosure requirements for Government Owned Corporations, details of remuneration provided to directors in office at 30 June 2009 are as follows:-

REMUNERATION OF SPECIFIED DIRECTORS	YEAR	DIRECTOR FEES	COMMITTEE FEES	EMPLOYER SUPERANNUATION	TOTAL REMUNERATION
Mr R. Dunning (Chairman)	2008/09	28,679	14,227	4,203	47,109
	2007/08	20,852	8,214	2,284	31,350
Prof. S. Graw (Deputy Chair)	2008/09	13,261	9,124	2,015	24,400
	2007/08	12,637	7,140	1,780	21,557
Mr A. Mooney appointment ceased 30 September 2008	2008/09	3,332	948	385	4,665
	2007/08	12,637	3,159	1,422	17,218
Mr G. Pennisi appointment ceased 30 June 2009	2008/09	13,208	3,910	1,541	18,659
	2007/08	12,637	3,602	1,470	17,709
Ms M. Griffiths	2008/09	13,208	3,910	1,541	18,659
	2007/08	12,637	3,602	1,461	17,700
Mr K. McElligott appointment ceased 30 June 2009	2008/09	13,208	3,910	1,541	18,659
	2007/08	12,637	3,602	1,461	17,700

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

REMUNERATION OF SPECIFIED DIRECTORS	YEAR	DIRECTOR FEES	COMMITTEE FEES	EMPLOYER SUPERANNUATION	TOTAL REMUNERATION
Prof. S. Harding	2008/09	6,624	1,935	770	9,329
resigned 31 December 2008	2007/08	9,478	2,843	1,109	13,430
Ms D. Giudes	2008/09	3,345	1,264	415	5,024
appointment expired 30 September 2008	2007/08	12,637	4,107	1,507	18,251
Mr S. Cantwell	2008/09	2,195	-	198	2,392
appointed 7 May 2009	2007/08	-	-	-	-
Hon. T. McGrady AM	2008/09	2,195	-	198	2,392
appointed 7 May 2009	2007/08	-	-	-	-
Mr M. Stolz	2008/09	2,195	-	198	2,392
appointed 7 May 2009	2007/08	-	-	-	-
<b>TOTAL REMUNERATION SPECIFIED DIRECTORS</b>	<b>2008/09</b>	<b>101,448</b>	<b>39,230</b>	<b>13,003</b>	<b>153,679</b>
	<b>2007/08</b>	<b>113,115</b>	<b>37,268</b>	<b>13,258</b>	<b>163,641</b>
Insurance premiums to indemnify	2008/09	-	-	-	38,523
liabilities while acting as a Director	2007/08	-	-	-	30,986

## (c) Executive Remuneration

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

The Corporation's remuneration policy provides for a review of executive salaries during June of each year with any adjustments effective 1 July. Details of executive remuneration are included in the Annual Report and Statement of Corporate Intent in accordance with legislative and policy requirements. Increases in Chief Executive Officer and Senior Executive remuneration are made and approved in accordance with the Government Owned Corporations Governance Arrangements for Chief and Senior Executives (issued May 2008, updated February 2009).

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

The fixed remuneration on appointment is within a remuneration range approved by the shareholding Ministers in accordance with Queensland Treasury guidelines. Annual increases are made in accordance with the Governance Arrangements for Chief and Senior Executives.

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

REMUNERATION OF SPECIFIED EXECUTIVES	YEAR	BASE SALARY	EMPLOYER SUPERANNUATION	OTHER BENEFITS (INCL VEHICLE)	TOTAL REMUNERATION
Mr B. Holden - Chief Executive Officer	2008/09	213,348	28,011	15,501	<b>256,860</b>
	2007/08	184,488	23,521	22,842	<b>230,851</b>
Mr M. O'Halloran - General Manager Operations	2008/09	152,847	12,320	4,829	<b>169,996</b>
	2007/08	123,719	10,326	9,791	<b>143,836</b>
Ms R. Crosby - General Manager Support Services	2008/09	122,549	16,245	5,263	<b>144,057</b>
	2007/08	117,063	12,247	8,322	<b>137,632</b>
Ms E. Hilton (nee Glashoff) - General Manager Business Development <i>Resigned 11 March 2009</i>	2008/09	94,322	7,697	2,747	<b>104,766</b>
	2007/08	105,402	9,805	9,869	<b>125,076</b>
Mr S. Basnayake - General Manager Business Development <i>Commenced 11 March 2009</i>	2008/09	48,798	6,527	6,163	<b>61,488</b>
	2007/08	-	-	-	<b>-</b>
Mr M. Gledhill - Manager Engineering	2008/09	127,405	17,135	9,050	<b>153,590</b>
	2007/08	117,296	14,708	17,305	<b>149,309</b>
<b>TOTAL REMUNERATION SPECIFIED EXECUTIVES</b>	<b>2008/09</b>	<b>759,269</b>	<b>87,935</b>	<b>43,553</b>	<b>890,757</b>
	<b>2007/08</b>	<b>647,968</b>	<b>70,607</b>	<b>68,129</b>	<b>786,704</b>
			<b>2009</b>	<b>2008</b>	
			<b>\$</b>	<b>\$</b>	
Aggregate performance incentive paid			\$ 109,949	\$ 79,893	
Number of employees to whom performance payment is paid			8	5	
Number of senior executives whose remuneration from the Corporation was within the bands listed below:					
\$100,000 - \$120,000			2	1	
\$120,001 - \$140,000			3	3	
\$140,001 - \$160,000			3	2	
\$160,001 - \$180,000			1	1	
\$180,001 - \$200,000			-	-	
\$200,001 - \$220,000			-	-	
\$220,001 - \$240,000			-	1	
\$240,001 - \$260,000			1	-	
<b>THE AGGREGATE REMUNERATION PAID TO THE ABOVE EXECUTIVES</b>			<b>\$ 1,542,333</b>	<b>\$ 1,189,885</b>	
<b>(d) Loans to Key Management Personnel</b>					
There are no loans outstanding to the Corporation from key management personnel.					

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

	2009 \$	2008 \$
<b>(e) Other Transactions with Key Management Personnel</b>		
No transactions were entered into by the Corporation and key management personnel other than compensation paid to key management personnel by the Corporation.		
<b>Note 28. RELATED PARTY TRANSACTIONS</b>		
<b>(a) Control</b>		
The Corporation is a Queensland Government Owned Corporation, with all shares held by shareholding Ministers on behalf of the State of Queensland.		
<b>(b) Key Management Personnel</b>		
Disclosures relating to key management personnel are set out in note 27.		
<b>(c) Transactions with Related Parties</b>		
From time to time Directors and Director related entities may have commercial dealings with the Corporation. These transactions are conducted on arms length terms and conditions. Directors declare their interest on commercial dealings at Board meetings.		
In the ordinary course of business conducted under normal terms and conditions, the Corporation has dealt with:		
James Cook University, of which Professor S. Harding is Vice-Chancellor and President, and Professor S. Graw is the Head of the School of Law. James Cook University received payments for sponsored prizes/awards of \$1,600 during the year.		
<b>(d) Transactions with State of Queensland Controlled Entities</b>		
Government Owned Corporations operate in a commercial environment and deliver a range of services across diverse industries such as energy, transport and funds management. All transactions between the Corporation and other government owned corporations are on an arm's length commercial basis. Port of Townsville Limited, as a Government Owned Corporation, has had arm's length transactions with other government agencies.		
<b>REVENUE</b>		
Queensland Treasury Corporation:		
› Interest Revenue	943,028	1,247,206
<b>EXPENSES</b>		
Queensland Audit Office (QAO) - Audit fees	37,800	36,895
Queensland Transport - Crown boat harbour mooring fees	25,216	44,684
QR Limited - Track maintenance	25,333	24,666
Queensland Treasury Corporation:		
› Loan interest expense	435,205	556,985
› Competitive Neutrality Fee	32,062	42,780
Office of State Revenue:		
› Payroll Tax	350,103	248,798
› Land Tax	239,402	221,867
WorkCover Queensland - Workers Compensation	70,380	59,282

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

	2009 \$	2008 \$
Port of Brisbane - Dredging and MSIC Applications	2,262,771	2,005,963
Ergon Energy - Electricity	340,250	319,285
Contributions to Q Super on behalf of employees	634,002	569,166
<b>ASSETS</b>		
Queensland Treasury Corporation:		
› Short Term Investment	5,252,789	19,676,760
<b>LIABILITIES</b>		
Queensland Treasury Corporation:		
› Loan repayment	2,626,243	2,506,113
Dividends Payable to Queensland Treasury	-	3,917,003
<b>(e) Outstanding Balances arising from Transactions with Related Parties</b>		
No provisions 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.		
<b>(f) Guarantees</b>		
As at 30 June 2009 there were no guarantees provided by Port of Townsville Limited on behalf on a related party.		

## Note 29. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 1 July 2009 the assets, liabilities, staff and control of the Port of Lucinda was transferred from Ports Corporation of Queensland Limited (PCQ) to Port of Townsville Limited under Government Owned Corporation (Queensland Ports Restructure) Regulation 2009.

In accordance with AASB Interpretation 1038 Contributions by Owners made to Wholly-Owned Public Sector Entities, the transfer of the assets and liabilities to Port of Townsville Limited is considered to be a contribution by owners (the State of Queensland)

The value of the assets and liabilities transferred to Port of Townsville Limited in respect of the Port of Lucinda is as follows:

	ASSETS	LIABILITIES	INCREASE IN SHARE CAPITAL (NET ASSETS)
	3,988,292	616,539	3,371,752

The values were the values in the balance sheet of the transferring port at 30 June 2009.

The contribution by owners of \$3,371,752 is presented by an issue of share capital. On 1 July 2009 1,685,876 shares were issued to each shareholding Minister on behalf of the State of Queensland. The shares have been issued in accordance with the Corporations Act 2001 (Cth).

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 2009

	2009 \$	2008 \$
<b>Note 30. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		
<b>(a) Reconciliation of Cash</b>		
For the purposes of this cash flow statement, cash includes cash on hand and at bank and investments, in money market instruments, readily convertible to cash at the investor's option. Cash at the end of the year is shown in the Balance Sheet as:-		
Cash on Hand	1,450	1,450
Cash at Bank	487,718	852,900
Term Deposits	5,252,789	19,676,760
	<b>5,741,957</b>	<b>20,531,110</b>
<b>(b) Reconciliation of Profit (Loss) from Ordinary Activities After Income Tax Equivalents Expense to Net Cash Inflow from Operating Activities</b>		
Operating (Loss) / Profit after Income Tax Equivalents Expense and Abnormal Items	3,172,147	9,667,849
Depreciation	7,597,315	7,007,053
Profit (Loss) on Disposal of Non-Current Assets	125,141	(1,879,750)
Net Revaluation Increments - Non-Current Assets	(2,360,982)	(4,771,595)
<b>CHANGES IN ASSETS AND LIABILITIES</b>		
(Increase) Decrease in Trade Debtors	(486,620)	41,464
(Increase) Decrease in Utility Deposits	1,440	-
(Increase) Decrease in Prepayments	(170,672)	(7,734)
Increase (Decrease) in Trade and Other Payables	(888,620)	1,164,664
Increase (Decrease) in Operating Retention	(1,350)	(5,740)
Increase (Decrease) in Provisions	2,398,548	1,551,710
Increase (Decrease) in Provision for Taxation and Deferred Tax balances	(2,447,597)	668,557
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>6,938,750</b>	<b>13,436,478</b>
<b>(c) Financing Facilities</b>		
The Corporation has available a business card facility with a limit of \$120,000. Loan facilities as shown in note 14 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.		

# DIRECTORS' DECLARATION

FOR THE YEAR ENDING 30 JUNE 2009

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* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the financial position of the Economic Entity and of the Corporation as at 30 June 2009 and of their performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they become due and payable.

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

R.W. Dunning A.C.  
Chairman  
Townsville 17 August 2009

S. B. Graw  
Deputy Chairman  
Townsville 17 August 2009



# INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDING 30 JUNE 2009

## To the Members of Port of Townsville Limited

### Report on the Financial Report

I have audited the accompanying financial report of the Port of Townsville Limited which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the *Financial Administration Audit Act 1977* (Qld) and the *Financial Management Standard 1997* (Qld), including compliance with applicable Australian Accounting Standards including the Australian Accounting Interpretations and the *Corporations Act 2001* (Cth).

This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

### Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with Auditor-General of Queensland Auditing Standards, which incorporate the Australian Auditing Standards. These Auditing Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### Independence

The *Financial Administration and Audit Act 1977* (Qld) promotes the independence of the Auditor-General and QAO authorised auditors. The Auditor-General is the auditor of all Queensland government owned corporations and their controlled entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

In conducting the audit, the independence requirements of the *Corporations Act 2001* (Cth) have been complied with. I confirm that the independence declaration required by the *Corporations Act 2001* (Cth), provided to the directors of Port of Townsville Limited on 16 March 2009, would be in the same terms if provided to the directors as at the date of this auditors report.

### Auditor's Opinion

In my opinion:

- (a) the financial report of Port of Townsville Limited is in accordance with the *Corporations Act 2001* (Cth), including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards including Australian Accounting Interpretations and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Reporting Standards as disclosed in Note 1.

J. Zabala

(as delegate of the Auditor-General of Queensland)  
Townsville 17 August 2009

## Corporate Information

### **Chairman**

Mr Ross Dunning AC

### **Deputy Chairman**

Prof. Stephen Graw

### **Board of Directors**

Ms Melissa Griffith

The Hon Tony McGrady AM

Mr Stephen Cantwell

Mr Michael Stoltz

Mr Ken McElligott

Mr John Pennisi

Prof. Sandra Harding

Mr Tony Mooney

Ms Debbie Giudes

### **Chief Executive Officer**

Mr Barry Holden

### **General Manager Operations**

Mr Matthew O'Halloran

### **General Manager Support Services**

Ms Ranee Crosby

### **General Manager Business Development**

Mr Shenal Basnayake

### **Bankers**

Commonwealth Bank of Australia

### **Solicitors**

Roberts Nehmer McKee

MacDonnells Law

Clayton Utz

### **Auditor**

Auditor-General of Queensland

### **Internal Auditors**

PricewaterhouseCoopers

### **External Auditors**

Moore Stephens Queensland

A C N 130 077 673





## GLOSSARY

Acronym	Meaning	Acronym	Meaning
ADF	Australian Defence Force	LTIFR	Lost Time Injury Frequency Rate
AMOU	Australian Maritime Officers Union	MSQ	Maritime Safety Queensland
BPPE	Business Development, Project Management, Planning and Environment	MUA	Maritime Union of Australia
EDRMS	Electronic Document Records Management System	ORIP	Operational Recordkeeping Implementation Plan
EIS	Environmental Impact Statement	PAB	Port Advisory Board
ERA	Eastern Reclaim Area	PEES	Preliminary Engineering and Environmental Studies
FARM	Finance, Audit and Risk Management	PM10	Inhalable dust
FOI	Freedom of Information	Port	Port of Townsville
GOC	Government Owned Corporation	POTL	Port of Townsville Limited
IS40	Information Standard 40	SCI	Statement of Corporate Intent
LHD Vessels	Landing Helicopter Dock Vessels	TEOM	Tapered Element Oscillating Microbalance
Legend	Legend International Holdings		





## **PORT of TOWNSVILLE**

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