



ANNUAL REPORT  
PORT OF TOWNSVILLE LIMITED  
2009 | 2010





# ANNUAL REPORT 2009 - 2010



Port of Townsville Limited's (the Corporation's) financial and business-related activity for the fiscal year from 1 July 2009 to 30 June 2010 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 clearly articulate the Corporation's outlook for the future.

## Publication Availability

Consistent with the Corporation's objectives of sustainability and responsible environmental management, only a limited number of hard copies of this Annual Report have been printed.

An on-line version of this Report, and past Annual Reports, can be found at the Corporation's website at [www.townsville-port.com.au](http://www.townsville-port.com.au).

If you wish to receive a hardcopy please contact the Corporation on +61 7 4871 1500 or by email to [publicaffairs@townsville-port.com.au](mailto:publicaffairs@townsville-port.com.au).

## Annual Report Feedback

Your comments and suggestions on the content and style of the Corporation's Annual Report are important to ensure the Report continues to meet the requirements of stakeholders. Your comments are welcome and can be made via the Corporation's website at [www.townsville-port.com.au](http://www.townsville-port.com.au).

## Registered Office Location

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## Interpreter Service

The Corporation is committed to providing accessible services to stakeholders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding this Annual Report, you can contact the Corporation on +61 7 4871 1500 or by email to [publicaffairs@townsville-port.com.au](mailto:publicaffairs@townsville-port.com.au).





### 2009/2010 Highlights

Key highlights during the financial year ending 30 June 2010 included:

- A new trade throughput record for the Port of Townsville of 10,252,815 million tonnes, 11.4% above budget.
- The Project Alliance Agreement for the Townsville Marine Precinct (TMP) Project was executed with Laing O'Rourke on 8 February 2010. The Corporation obtained final approval for the project from the Department of the Environment, Water, Heritage and the Arts on 24 May 2010 pursuant to the *Environment Protection and Biodiversity Conservation Act 1999* (Cth).
- Business cases to support the development of Berth 10 Stage A and Stage B were submitted to shareholding Ministers' departments during the financial year.
- The tender contract for the Port Expansion Project Environmental Impact Statement (EIS) was awarded in the third quarter with planning works subsequently progressed.
- Negotiations with Legend International Holdings Inc for the export of phosphate rock through the Port of Townsville were progressed during the reporting period.
- 100% compliance with reporting requirements was achieved during the reporting period.
- No environmental breaches were reported during the reporting period.
- The Corporation maintained external certification of its Environmental, Safety, Information Security and Quality Management systems.
- Construction of the new Townsville Port Access Road was progressed significantly during the financial year.
- The Corporation acquired the Port of Lucinda on 1 July 2009.



# CONTENTS

REPORT FROM THE CHAIRMAN AND CEO	8
BOARD OF DIRECTORS	10
EXECUTIVE MANAGEMENT TEAM	12
2009/2010 OBJECTIVES AND PERFORMANCE	14
PLANNING AND LAND USE	26
BUSINESS DEVELOPMENT	30
OPERATIONS	40
HUMAN RESOURCES	50
CORPORATE GOVERNANCE	56
ANNUAL FINANCIAL REPORT	72
GLOSSARY	113



# PORT OF TOWNSVILLE BERTH FACILITIES

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

**BERTH 2** Bulk imported nickel ore

**BERTH 3** Refined copper, lead, zinc, containers, live cattle, general and break bulk cargo, heavy lift and roll on/roll off cargo

**BERTH 4** Cement, molasses, vehicles, general cargo and break bulk cargo, heavy lift and roll on/roll off cargo

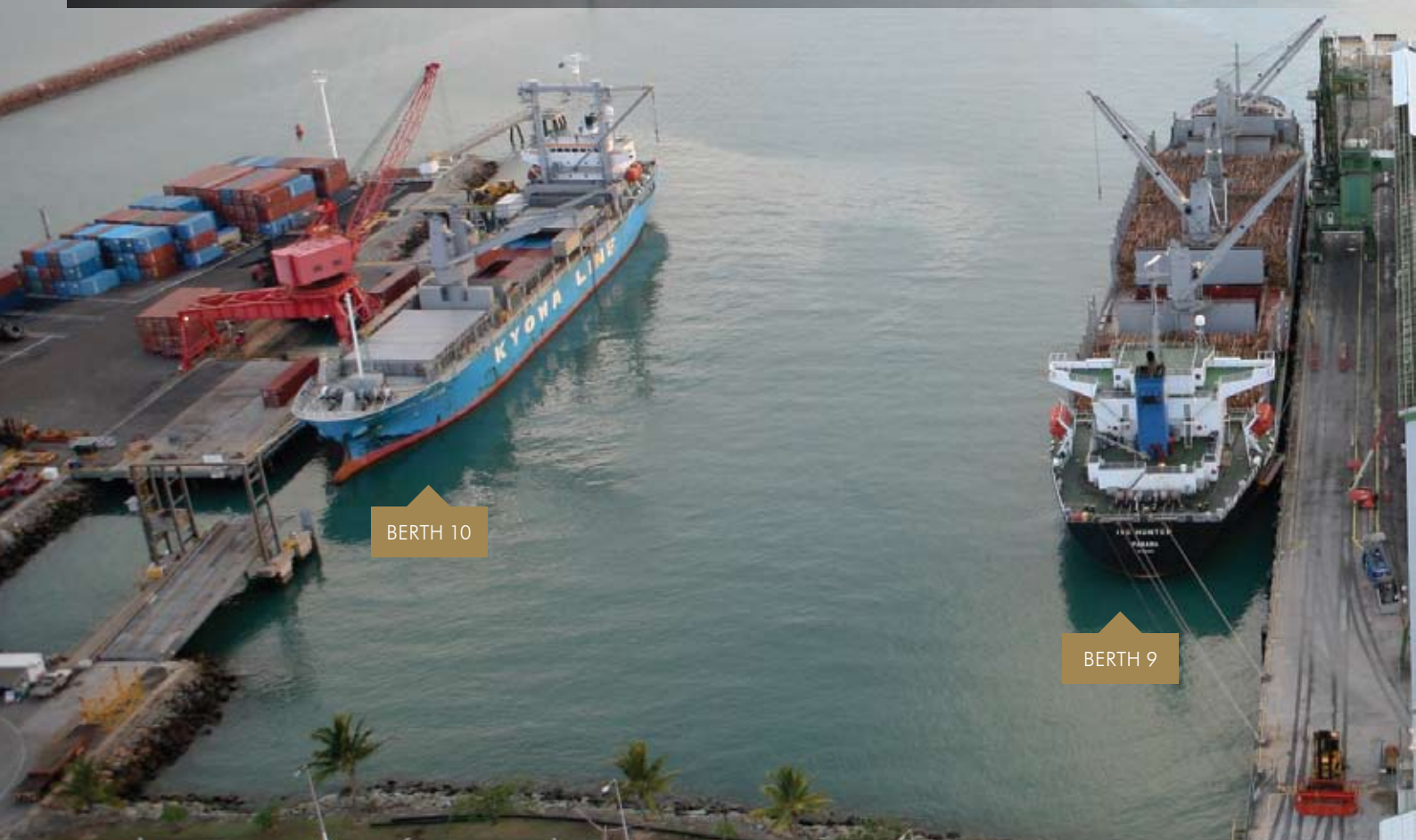
**BERTH 7** Bulk mineral concentrates, fertiliser exports

**BERTH 8** Molasses, frozen beef, scrap metal exports, fertiliser and sulphur imports, general cargo

**BERTH 9** Bulk sugar, molasses exports, cruise ships, military vessels

**BERTH 10** Containers, break bulk and general cargo, roll on/roll off cargo, military vessels

**BERTH 11** Bulk mineral concentrates exports



BERTH 10

BERTH 9

## WHO ARE WE?

Situated 1,359 kilometres north of Brisbane, the Port of Townsville provides north Queensland with an essential gateway for commerce and trade. It continues to be one of the State's fastest growing Ports and services the north east and north west minerals provinces of north Queensland. 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.

The Corporation 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, effective and efficient Port services.

The Port community comprises the Corporation, 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**





## REPORT FROM CHAIRMAN & CEO

ROSS DUNNING AC  
Chairman

BARRY HOLDEN  
CEO



The Corporation is set to embark on an exciting phase of expansion and development that will provide significant trade and economic benefits to the Corporation's shareholders, customers and the wider north Queensland community. The road ahead will be challenging, however the Corporation's diligent focus and extensive planning has set the Corporation up to deliver a series of major projects over coming years.

Over the past 12 months the Corporation has been moving busily ahead with a number of its key projects that will position the Port of Townsville to secure future trade growth and economic prosperity for the Townsville region and the State of Queensland.

During the year the Corporation welcomed the \$110 million funding commitment from the State for the construction of Stage 1 of the Townsville Marine Precinct. The Townsville Marine Precinct Alliance, consisting of the Corporation and Laing O'Rourke, has secured development approvals for the project and will commence construction works in mid-2010. This is a significant project for the Townsville region in terms of job creation and one that will ensure the continued operation and growth of Townsville's marine industries.

The Corporation also welcomed Federal and State funding commitments towards

the development of Berth 10 Stage A at the Port of Townsville which will provide a critical infrastructure asset for the growth of Queensland's cruise ship tourism industry and a dedicated facility for military vessels. The provision of a dedicated berth for both cruise and military vessels will have significant flow-on economic and social benefits to north Queensland well into the future.

The Corporation has commenced the planning and approvals process for the upgrade and expansion of the harbour at the Port of Townsville. The expansion works will deliver up to six new berths, as demand requires, to meet forecast trade growth in the region. The Corporation is also undertaking works to prepare the Eastern Reclamation Area (ERA) at the Port of Townsville to accommodate future project proponents looking to establish their own facilities and trade through the Port of Townsville.

The State is working with Townsville City Council to secure a financial contribution towards the development of Berth 10 Stage A. The facility could be delivered by 2012, subject to early commitment by the Townsville City Council.

Construction of the \$190 million Townsville Port Access Road is also underway and progressing. This investment by the State will improve transport connectivity to the Port of Townsville and facilitate growth in trade throughput therefore ensuring that the Port of Townsville continues as a viable economic enterprise for the region and State.

Operationally, the Corporation had a record year with 10,252,815 tonnes of cargo passing over its wharves at the Port of Townsville, which is an increase of 12.86% on previous year's results. This strong performance is a tribute to the resilience of the Townsville economy and was driven by a number of factors including enhanced production at the Queensland Nickel Yabulu Refinery, a general demand increase for commodities and a less extreme wet season.

The Corporation also acquired the Port of Lucinda on 1 July 2009 as part of the Queensland Ports Network review, further reinforcing the Corporation's position as having the largest throughput of raw sugar in Queensland.



Throughout the year the Board and senior management continued with the implementation of a number of initiatives to improve safety and environmental management performance within the Corporation and throughout its Ports. The Corporation was successful during 2009/2010 in maintaining its external certification of its safety and environmental management systems. We will continue to partner with our Port customers to improve performance in these areas and ensure best practice.

Overall commercial performance is improving due to the implementation of various strategies in previous years to improve financial outcomes and returns to shareholders. During 2009/2010 this included the implementation of further increases in Port charges to improve cost recovery and financial performance, whilst also ensuring a pricing structure that will improve efficiencies in cargo handling and shipping operations. Further increases in Port charges are planned for 2010/2011 and sufficient notice has been provided to Port customers of these changes to enable forward planning and management of impacts.

During the year we welcomed Mr Rabieh Krayem to the Corporation's Board who, together with the other Directors, will provide leadership and direction to the Corporation during this phase of growth and development at the Port. The road ahead will be challenging, however the extensive planning works undertaken by the Corporation to date and the commitment of its employees has placed the Corporation in a position to be able to deliver its key major projects for the State and Townsville region.

We would like to thank and extend our sincere appreciation to the Corporation's Directors, management and employees for their continued effort and commitment throughout the year. We also thank shareholding Ministers, their staff and departments for their support, cooperation and assistance.



# BOARD OF DIRECTORS



## MR ROSS DUNNING AC

BEng(Hons), BCom, FCILT, FAIM, FIEAust, FIRSE, MAICD

### Chairman

Mr Dunning is currently Chairman of the Corporation, Central Co-ordinator for the Goonyella Coal Chain Board, and a non-executive Director of Queensland Energy Resources Limited and Indec Consulting. Mr Dunning undertakes consulting work in the areas of project management and commercial corporate activity, particularly related to rail, ports and transport. 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.

Mr Dunning 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, a Fellow of the Institution of Railway Signal Engineers and 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 James Cook University (JCU) in Townsville. He has degrees in Commerce and Law from the University of Queensland and a Doctorate in Juridical Studies from the University of Sydney.

Professor Graw 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 Executive of the Australasian Law Teachers Association, a member of the Council of Australian Law Deans, a member of UniSuper Consultative Committee, Deputy 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 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. She is an active member of the Brisbane City Church and currently the Deputy Chairperson of CityCare Brisbane, a not-for-profit community services organisation.



## THE HON TONY MCGRADY AM

### Director

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

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 (CEO) 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. 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 (Aero), MAICD  
Director

Mr Stolz is a practising management consultant with over 14 years experience in the transport, energy, government and not-for-profit sectors. He founded and developed an independent consulting business, which he recently sold, and he is now the Queensland State Manager for CSG Consulting. Mr Stolz played a key role in the establishment of the Dalrymple Coal Chain Integrating Logistics Centre and the development of an independent Coal Chain Master Plan.

Before his career in consulting, he spent 9 years as an engineer and manager in the areas of aircraft operations, maintenance, research and development.

Mr Stolz has worked in Queensland, New South Wales, Victoria, South Australian, the United Kingdom, and Turkey. He is a member of the International Project Management Institute, Australian Change Management Institute and Australian Institute of Company Directors.



### MS DIANE ZETLIN

BA (Hons) UQ, GAICD  
Director

Ms Zetlin was appointed to the Board on 1 July 2009, having previously been a Director of Ports Corporation of Queensland since 1999 and Chair of its Strategic Planning and Risk Committee.

Ms Zetlin is a Lecturer in the School of Political Science and International Studies at the University of Queensland. Her teaching and research expertise is in conflict resolution and employment matters.

Ms Zetlin served on the Higher Educational Council of the National Board of Employment, Education and Training in the 1990s and was a member of the Women's Employment, Education and Training Advisory Group of the Commonwealth Minister for Employment, Education and Training. She has been General Secretary of the Federated Australian University Staff Associations and President of the National Tertiary Education Union.

She has served a number of terms as Senator of the University of Queensland Senate.



### MR RABIEH KRAYEM

MAHRI, FAIM  
Director

Mr Krayem has been appointed CEO of the North Queensland Fury FC, based in Townsville. This appointment took place July 2010, prior to this Mr Krayem held the position of CEO of IPA Personnel.

Mr Krayem has a breadth of experience in the provision of solution based services in his experience as CEO of IPA Personnel. He recognises the value of strong networks and can count some of Australia's leading members of business, government and community as his colleagues. His ability to unite and focus collaborative efforts to achieve common goals and collective outcomes for both enterprise and community has seen IPA extend its innovative services to indigenous employment and workforce development.

Mr Krayem's local knowledge and diverse business background, which includes time as CEO of IPA Personnel, CEO of the North Queensland Cowboys, and General Manager of CHR Red, mean he is well placed to serve the Port which plays a pivotal role in the Townsville regional economy.

# EXECUTIVE TEAM



**MR BARRY HOLDEN**

BCom, CPA, FCILT, MAICD,  
FAIM

**Chief Executive Officer**

Mr Holden was appointed CEO 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 32 years service at the Port of Townsville.



**MS RANEE CROSBY**

LLB, GAICD

**General Manager Support Services**

With more than 14 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, information technology and communications, 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. Ms Crosby is also an appointed member of the JCU Council and sits on a number of committees, including the Australian Institute of Company Directors Townsville Committee, JCU Audit and Compliance Committee and is Deputy Chair of the JCU Remuneration and HR Committee.



**MR MARTIN GLEDHILL**

BE (Civil) RPEQ

**Acting General Manager Operations**

Mr Gledhill began his engineering career in 1982 with the New Zealand maritime consulting firm RW Morris & Assoc. Since then Mr Gledhill has held predominantly marine related positions and worked in Papua New Guinea, Solomon Islands and New Zealand. Mr Gledhill has experience and perspective across consulting, public service, terrestrial and marine contracting. In 2006, Mr Gledhill joined the Port of Townsville team after completing eight years of delivering marine contracts in north Queensland.

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



**MR MATTHEW O'HALLORAN**

BA/BE (Mech) (Hons)

**General Manager Major Projects**

Mr O'Halloran oversees a dynamic team with responsibility for the Corporation's major project functions.

Prior to joining the Corporation in August 2007 as General Manager Operations, Mr O'Halloran worked for more than nine 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).





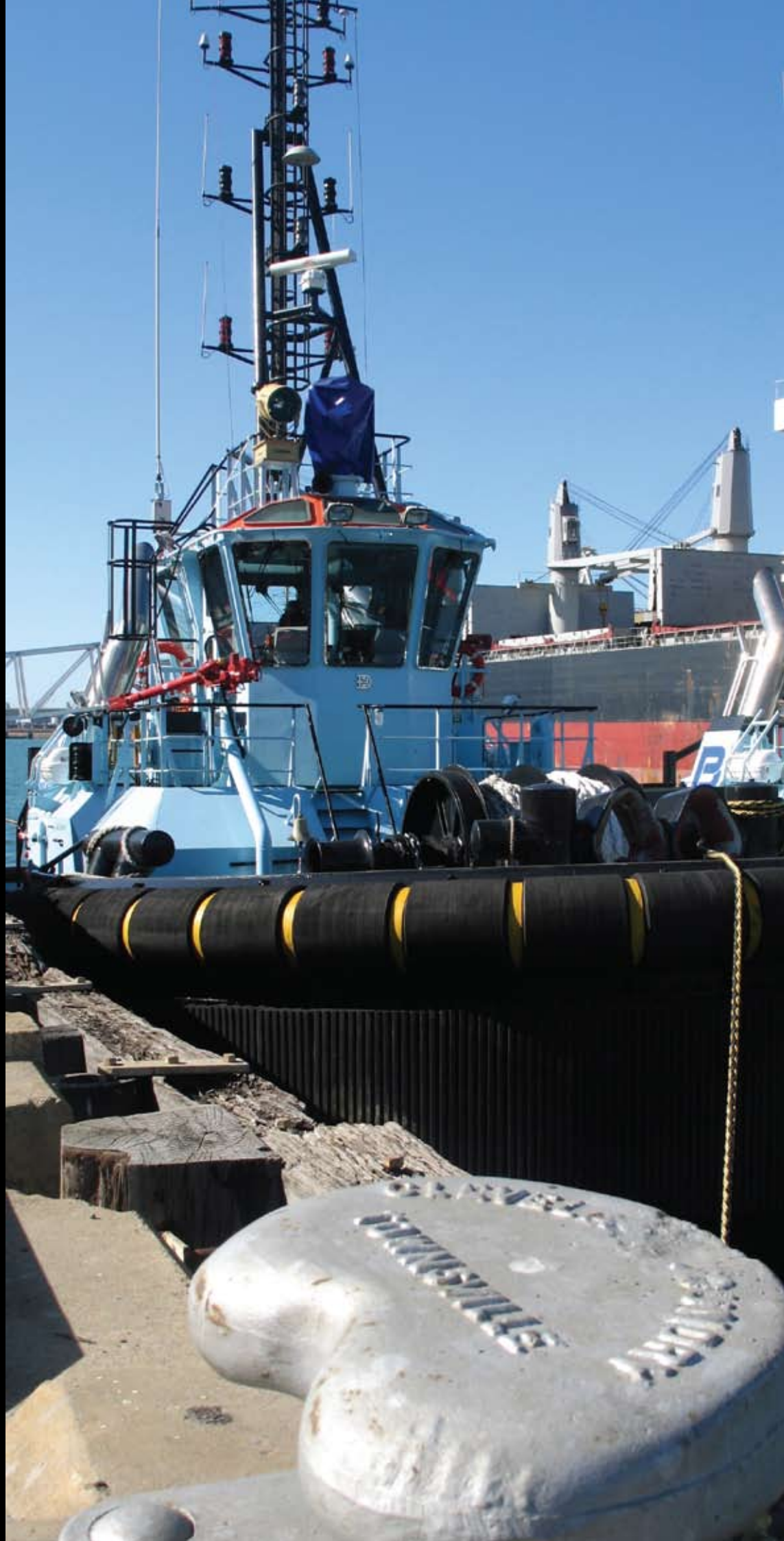
### MR MEL MARKE

BEng (Civil), MAIPM Reg PM  
General Manager Business  
Development

Mr Marke joined the Corporation in 2008 to lead the major projects business unit within the Corporation and brought with him more than 16 years of professional project management experience both in Australia and in the UK. Mr Marke is an experienced Civil Engineer and Registered Project Manager.

Prior to joining the Corporation he supervised a local project management consultancy predominantly specialising in the delivery of major Defence infrastructure in Townsville.

More recently Mr Marke has transitioned across to lead the Corporation's Business Development team which is responsible for securing new commercial opportunities with partners wishing to either establish new facilities or bring goods through the Corporation's Ports.









# 2009/2010 OBJECTIVES AND PERFORMANCE

## 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.

# 2009/2010 OBJECTIVES AND PERFORMANCE

## Statutory Objectives, Functions and Powers

In accordance with the requirements of the Corporation's Constitution, the *Transport Infrastructure Act 1994* (Qld) and shareholding Ministers' expectations, the Corporation's core business functions are to:

- act commercially and optimise the value of the business whilst endeavouring to achieve sustained long-term business growth;
  - establish, manage and operate effective and efficient Port facilities and services 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 (GOC) Act 1993* (Qld) and Regulations or another Act or under the Corporation's Statement of Corporate Intent (SCI) 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.
- Further 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.

The Corporation undertakes the above functions for the Ports of Townsville and Lucinda.

## 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 SCI 2009/2010 and Corporate Plan 2009/2014, is summarised as follows:







Favourable to budget (> +10% of budget)



Within range (+/- 10% of budget)



Unfavourable to budget (< - 10% of budget)

TARGETS/INDICATORS	2009/2010 Actual	2008/2009 Actual	2009/2010 SCI Annual Target	Status
<b>Financial:</b>				
Earnings before Interest, Tax and Depreciation (EBITDA)	\$57,555,819	\$12,586,804	\$15,924,440	✓
Earnings before Interest & Tax (EBIT)	\$50,955,931	\$4,989,488	\$7,924,411	✓
Net Profit After Tax (NPAT)	\$35,898,797	\$3,172,148	\$4,796,328	✓
Return on Operating Assets	12.77%	2.09%	3.06%	✓
Return on Equity	12.92%	1.58%	2.22%	✓
Current Ratio	1.11	0.99	2.47	✓
Debt to Debt + Equity Ratio	0.03	0.03	0.08	✓
Interest Cover Ratio	64.21	11.46	7.39	✓
<b>Operational</b>				
Trade (million tonnes)	10,844,670	9,084,821	9,793,000	✓
Trade (TEUs)	35,455	31,361	31,000	✓
Vessels to Port	730	652	626	✓
Average Berth Utilisation Factor - Townsville	40.1%	33.41%	>30%	✓
Average Berth Utilisation Factor - Lucinda	6.9%	N/A	>10%	✗
<b>Reputation</b>				
Environmental – Reportable EPA Breaches (#)	0	0	0	✓
Number of Security Issues Reported	2	3	0	✗
Lost Time Injury Frequency Rate (LTIFR)	10.98	6.65	0	✗
Lost Time Injury Duration Rate (LTIDR)	50 days	20 days	0	✗
Staff Turnover (annualised)	15.15%	13%	<10%	✗
Net FTE Staff Numbers	91.94	100	102.5	■
Compliance with Reporting Requirements (%)	100%	100%	100%	✓
Customer Satisfaction Index (%)		66%	>65%	
<b>Investment</b>				
Capital Expenditure \$M	\$18,163,278	\$15,310,730	17.5	■
Planned Maintenance Performed (%)	67%	66.79%	100%	✗

Corporate Objectives and Strategies

The Corporation’s objectives and strategies are based on its Corporate Plan 2009/2014 and SCI 2009/2010.




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

✓	Key action achieved
■	On target to be achieved in 2010-11
✗	Not achieved

















OBJECTIVES	Strategies	Key Actions for 2009/2010	Status	Comments
Port Planning and Development	Secure planning and approvals and actively progress major Port projects	<ul style="list-style-type: none"> <li>Commence EIS and designs for the Port of Townsville Expansion Project</li> <li>Approvals for TMP Project Stage 1 works secured</li> <li>Completion of ERA Stage 1 works at Port of Townsville</li> <li>Completion of Berth 12 design works for Port of Townsville</li> <li>Completion of Berth 8 design works for Port of Townsville</li> <li>Completion of Berth 10 design works for Port of Townsville</li> </ul>		<ul style="list-style-type: none"> <li>The preferred contractor for the Port Expansion EIS has been identified. Final contract negotiations are underway.</li> <li>The Coordinator-General's report in relation to the TMP EIS was received in March 2010. Commonwealth approvals were received during reporting period. The Alliance lodged IDAS approvals in June 2010. The Alliance is awaiting the outcome of the IDAS approvals process.</li> <li>ERA works are progressing to meet requirements of the TMP Project.</li> <li>Concept design works for Berth 12 are complete. Progress on subsequent design works are currently on hold.</li> <li>Detailed design works for the Berth 8 upgrade project recommenced during the reporting period but have been temporarily put on hold pending formal contractor engagement for the delivery of the Berth 8 and Berth 10 upgrade projects.</li> <li>Business cases for Berths 10A and 10B have been submitted to shareholding Ministers for consideration. Concept design works for Berth 10A have been temporarily put on hold pending formal contractor engagement for the delivery of the Berth 8 and Berth 10 upgrade projects.</li> </ul>
	Strategic planning for the responsible and sustainable future development of the Ports of Townsville and Lucinda to facilitate future trade growth	<ul style="list-style-type: none"> <li>Review and update trade forecasts and infrastructure requirements identified in the Port of Townsville Master Plan</li> <li>Publication of Port of Townsville Land Use Plan and Port Development Plan</li> <li>Review of current land use strategy for Port of Lucinda</li> </ul>		<ul style="list-style-type: none"> <li>Trade forecasts and infrastructure requirements have been updated as part of the development of the Port of Townsville Development Plan.</li> <li>Port Development Plan completed and published on the Corporation's website. The Land Use Plan is currently with Department of Transport and Main Roads for approval.</li> <li>Land Use Plan for Port of Lucinda reviewed. Full review and development of new Land Use Plan to be undertaken upon the expiry of the Plan on 11 June 2012.</li> </ul>
	Implement strategic initiatives to promote and manage compatibility of the Port of Townsville with City-Port interface developments	<ul style="list-style-type: none"> <li>Finalise agreements for Marine Precinct and Ross River Lands Redevelopment in line with the City-Port Strategic Plan</li> <li>Develop and implement Port Protection Measures for the Townsville Ocean Terminal and Breakwater Cove Residential development area (Future Development Area)</li> </ul>		<ul style="list-style-type: none"> <li>Alliance contract for the TMP Project executed by the Corporation and Laing O'Rourke on 8 February 2010.</li> <li>Master plan detailing the redevelopment of the Ross River lands has been completed and will be submitted to the Corporation's Board of Directors for approval in July 2010.</li> <li>Business cases for the Berth 10A and 10B projects were submitted to the Office of Government Owned Corporations and Department of Transport and Main Roads during the reporting period. Port Protection Measures for the surplus casino area continue to be implemented.</li> </ul>



OBJECTIVES	Strategies	Key Actions for 2009/2010	Status	Comments
Financial Performance and Shareholder Value	Actively pursue opportunities to enhance the financial profitability of the Corporation	<ul style="list-style-type: none"> <li>Continued implementation of new Port of Townsville pricing structure</li> <li>Review of Port of Lucinda pricing structure</li> <li>Actively pursue new trade opportunities</li> <li>Application of market rates to all new leases</li> <li>Application of market rates to existing leases where opportunities arise</li> </ul>		<ul style="list-style-type: none"> <li>A price increase of 10% on all berthage and cargo charges for Port of Townsville and Port of Lucinda is planned from 1 July 2010. The Corporation formally notified Port customers of the price increase during the fourth quarter.</li> <li>The Corporation continues to meet with prospective clients and operators investigating opportunities to establish operations at the Port.</li> <li>Market rental rates applied to all new leases.</li> <li>A number of market rental reviews have been undertaken and implemented.</li> </ul>
	Review the performance of the Corporation's assets to ensure alignment with strategic objectives	<ul style="list-style-type: none"> <li>Complete review of non-core assets able to be divested</li> <li>Complete identification of lands able to be redeveloped</li> <li>Finalise arrangements for the consolidation of marine industries from Ross Creek and Ross River</li> </ul>		<ul style="list-style-type: none"> <li>Strategy for the divestment of non-core assets and redevelopment of underperforming lands is progressing and will be presented to the Corporation's Board of Directors in July 2010.</li> <li>Alliance contract for the TMP Project was executed by the Corporation and Laing O'Rourke on 8 February 2010.</li> <li>Settlement negotiations with Ross River tenants, affected by the Townsville Port Access Road bridge, are continuing and will be finalised in the 2010/2011 financial year.</li> </ul>
	Improve financial planning and management, providing increased value to shareholders	<ul style="list-style-type: none"> <li>Finalise development of a 10-year financial plan for the Corporation</li> <li>Complete a review of the Corporation's Procurement Framework</li> <li>Development of asset management plans incorporating asset maintenance</li> <li>Develop robust sediment sampling programs to support strategic dredging</li> </ul>		<ul style="list-style-type: none"> <li>The system infrastructure surrounding the 10-year financial plan is now complete. The Corporation is in the process of completing the plan. Deficiencies have been identified in long term data quality, such as long term asset maintenance costs, asset replacement programs and revenue forecasting over 10 years. These sub-projects will be addressed in the future.</li> <li>A new Financial Management System has been implemented. Resource issues relating to procurement, both quantitative and qualitative, have been identified and will be addressed in the 2010/2011 financial year.</li> <li>Asset condition and management plans for the Corporation's access roads and pavements have been completed. Further asset management plans for the Corporation's other assets will be prepared in the future.</li> <li>Review of long-term sediment sampling program and dredge management plan commenced with review to be completed in late 2010.</li> </ul>

OBJECTIVES	Strategies	Key Actions for 2009/2010	Status	Comments
Customers, Community and Stakeholders	Improve customer, community and stakeholder communication and engagement	<ul style="list-style-type: none"> <li>• Implement community consultation plans for all major Port developments and projects</li> <li>• Continue quarterly Port Community Partnerships Forum meetings</li> <li>• Continue stakeholder education and information workshops</li> <li>• Website maintained to ensure accurate information and ease of reference</li> </ul>		<ul style="list-style-type: none"> <li>• Community consultation in relation to the TMP Project continued throughout the reporting period. Strategies for further community consultation in relation to other major projects continue to evolve.</li> <li>• Port Community Partnerships Forums continued throughout the financial year however the Corporation has decided to discontinue these meetings due to poor participation. The Corporation is currently considering alternative methods to communicate to its community stakeholders.</li> <li>• Various Port tours undertaken throughout the financial year for local industry, charitable organisations, schools and universities, businesses and government officials.</li> <li>• Website, including the Corporation's Publication Scheme, is reviewed on an ongoing basis to ensure accuracy of information.</li> </ul>
	Improve understanding of customer needs and expectations, identify synergies and facilitate coordination	<ul style="list-style-type: none"> <li>• Increase opportunities to communicate with Port customers through customer relationship program</li> <li>• Continue quarterly Port Advisory Body (PAB) meetings</li> <li>• Customer satisfaction surveys</li> <li>• Investigate and encourage cooperative / joint promotional activities with Port customers</li> <li>• Develop and maintain a register of Port customer profiles.</li> </ul>		<ul style="list-style-type: none"> <li>• Government Liaison Group meetings are held with shareholding Departments about once a month.</li> <li>• Electronic customer-focused newsletter is established and continues to be distributed.</li> <li>• PAB meetings continue to be held quarterly.</li> <li>• 82% customer satisfaction was achieved during the reporting period.</li> <li>• Discussions with Port customers in relation to cooperative / joint promotional activities are ongoing.</li> <li>• Register of customer profiles continues to be updated.</li> </ul>
	Reinvest in the community by providing support and encouraging involvement	<ul style="list-style-type: none"> <li>• Review and update Sponsorship and Donations policy</li> <li>• Implement a new program of focused sponsorship and donations</li> </ul>		<ul style="list-style-type: none"> <li>• Sponsorships and Donations Policy, together with sponsorship/donation approval limits, has been reviewed in line with the Corporation's strategic direction and shareholding Ministers' expectations.</li> <li>• Sponsorships and donations budget has been reviewed in line with shareholding Ministers' expectations and strategically aligned to business direction.</li> <li>• Community Engagement Policy has been approved by the Board of Directors and will be implemented in the 2010/2011 financial year.</li> </ul>



OBJECTIVES	Strategies	Key Actions for 2009/2010	Status	Comments
<b>Customers, Community and Stakeholders</b>	Achieve high standards of corporate governance	<ul style="list-style-type: none"> <li>• Ensure compliance with government policies and reporting requirements</li> <li>• Provision of robust financial and non-financial information to support informed decision making</li> <li>• Quarterly performance reporting to shareholding Ministers</li> <li>• Biannual and annual performance reporting to stakeholders</li> </ul>		<ul style="list-style-type: none"> <li>• 100% compliance with governance policies and reporting requirements achieved.</li> <li>• Board papers and briefings to shareholding Ministers sufficiently detailed to support informed decision making.</li> <li>• Quarterly and biannual performance reporting ongoing.</li> <li>• Annual performance report to be provided to stakeholders after the 2009/2010 financial year.</li> </ul>
<b>Environmental Responsibility and Sustainability</b>	Actively pursue and improve resource planning and management initiatives	<ul style="list-style-type: none"> <li>• Develop and implement a Sustainability Policy in line with government and community expectations</li> </ul>		<ul style="list-style-type: none"> <li>• Sustainability Policy approved and currently being implemented.</li> <li>• Sustainability framework established on the Corporation's intranet site.</li> <li>• Sustainability Working Group established with meetings held on a quarterly basis.</li> </ul>
	Ensure that Port developments and operations are undertaken in an environmentally responsible and sustainable manner	<ul style="list-style-type: none"> <li>• Nil environmental compliance breaches</li> <li>• Completion of planned environmental monitoring and research activities</li> <li>• Continue implementation of environmental monitoring programs</li> </ul>		<ul style="list-style-type: none"> <li>• Nil environmental compliance breaches.</li> <li>• Sediment, seagrass, dust, ambient water and storm water sampling and monitoring was undertaken during the reporting period.</li> </ul>
	Establish and continuously improve environmental management systems and reporting	<ul style="list-style-type: none"> <li>• Continue implementation of Environmental Management Strategy in collaboration with Port customers through the Environmental Working Group (EWG)</li> <li>• Review of Port of Lucinda's environmental management system</li> <li>• Annual reporting of environmental monitoring results</li> </ul>		<ul style="list-style-type: none"> <li>• An EWG meeting was held during the reporting period and involved continued discussion on the implementation of the Environmental Management Strategy.</li> <li>• Review of Port of Lucinda's environmental management system is now scheduled to take place in the 2010/2011 financial year.</li> <li>• Environmental monitoring results published annually on the Corporation's website and Annual Report.</li> </ul>

OBJECTIVES	Strategies	Key Actions for 2009/2010	Status	Comments
People, Systems and Culture	Commitment to an inclusive work environment with an emphasis on regular and transparent communication	<ul style="list-style-type: none"> <li>• 100% of employees trained in diversity/appropriate workplace practices</li> <li>• Increase in employee satisfaction with communication</li> <li>• Publish employee newsletters at least quarterly</li> </ul>	✓	<ul style="list-style-type: none"> <li>• Diversity/appropriate workplace practices training 100% complete.</li> <li>• Employee satisfaction survey conducted as part of the annual performance review process during the fourth quarter indicates employee satisfaction is at 87.5% which is an improvement of 5.96% above last years result.</li> <li>• The "High Tidings" employee newsletter has been converted to electronic format and is distributed to employees on a monthly basis via email.</li> </ul>
	A work environment that encourages and supports productivity and outcomes	<ul style="list-style-type: none"> <li>• Individual performance plans agreed for all employees</li> </ul>	✓	<ul style="list-style-type: none"> <li>• Individual performance plans developed as part of performance review process.</li> </ul>
	Support employee training and development	<ul style="list-style-type: none"> <li>• 80% of training programs identified and planned</li> <li>• Commence implementation of Career Development Program</li> </ul>	✓	<ul style="list-style-type: none"> <li>• Implementation of training plans is ongoing.</li> <li>• Ad-hoc training for employees is being undertaken as required/ requested.</li> </ul>
	Improve workforce and succession planning	<ul style="list-style-type: none"> <li>• Review and update Workforce Plan</li> <li>• Review and update Succession Plan</li> </ul>	✓	<ul style="list-style-type: none"> <li>• Review and update of Workforce Plan complete.</li> <li>• Review and update of Succession Plan complete.</li> </ul>
	Establish robust corporate management systems and technologies that continuously complement and support business activities	<ul style="list-style-type: none"> <li>• External certification of Information Security, Quality and Environment Management Systems</li> <li>• Geographical Information System implemented and operational</li> <li>• Streamline new Finance Management System</li> <li>• Display integrated management systems on intranet for easy accessibility</li> </ul>	✓	<ul style="list-style-type: none"> <li>• External certification of Quality (ISO9001:2000), Information Security (ISO27001:2006), Occupational Health and Safety (AS4801:2004) and Environment (ISO14001:2004) management systems maintained during the financial year.</li> <li>• Geographical Information System successfully implemented with further data layers developed and operational.</li> <li>• A new Financial Management System was brought on-line on 1 July 2009. It continues to be refined and developed so as to exploit all features and efficiencies.</li> <li>• Integrated Management System framework has been developed and integrated with the newly developed corporate intranet.</li> </ul>













# PLANNING AND LAND USE

The Corporation is responsible for planning and developments at the Port of Townsville and the Port of Lucinda.

At the Port of Townsville, 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 Port of Lucinda is situated about 100 kilometres north of Townsville. The Corporation is responsible for management of almost 60 hectares of land at Lucinda, with the Port currently dedicated to the export of raw sugar from the Ingham sugar-growing district. It comprises of on-shore sugar handling and storage facilities, and a single trestle jetty and conveyor running out to an offshore berth and shiploader.

The Corporation is committed to the sustainable planning and development of Port lands that promotes the economic growth of its Ports 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.

# PLANNING AND LAND USE



## KEY ACHIEVEMENTS 2009/2010 Land Use Plans

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

Land Use Plans are prepared in accordance with the provisions of the *Transport Infrastructure Act 1994* (Qld) and apply to all Strategic Port Land. Land Use Plans are used to guide development on Strategic Port Lands, and provide the statutory framework for the assessment of developments on Strategic Port Land in accordance with the *Sustainable Planning Act 2009* (Qld) (formerly the *Integrated Planning Act 1997* (Qld)) and the Integrated Development Assessment System. The Corporation is the Assessment Manager for developments that are on Strategic Port Land.

A new draft Land Use Plan and supporting

Port Planning Codes and Guidelines were developed during the financial year. These provide a comprehensive framework for future developments at the Port of Townsville. The Corporation's draft Land Use Plan was published for public consultation over the period 10 January 2010 to 16 March 2010. Submissions received from stakeholders were reviewed and amendments made (where necessary) to the draft Land Use Plan. The Land Use Plan also 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 final draft Land Use Plan was approved by the Board of Directors on 17 May 2010, and has been submitted to the Minister for Transport for approval.

The Land Use Strategy for the Port of Lucinda will be reviewed during 2010-2011.

## Port Development Plan

Port Development Plans are non-statutory plans that outline the Corporation's

intended future Port development plans to accommodate forecast future trade growth. During 2009/2010 the Port Development Plan for Townsville Port was updated to reflect 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 Development Plan has been completed and published on the Corporation's website. The Port Development Plan is regularly reviewed and updated to incorporate new and planned developments.



### City-Port Interface Land Redevelopments

Consistent with 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 in Townsville that:

- are considered to be underperforming assets;
- have traditionally been used for activities that 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 has developed 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; and
- 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 approximately 10% of the Corporation's total operating

revenue. As a consequence of legacy contracts and arrangements entered into prior to corporatisation, full commercial returns are not achieved 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.

### LOOKING FORWARD – 2010/2011 STRATEGIES

The Corporation will undertake the following

key actions in 2010/2011:

- actively pursue development opportunities for Port land holdings;
- implement the recommendations from the review of city-port land holdings;
- continue to implement market reviews to tenancies on Port lands
- finalise and publish the Land Use Plan for the Port of Townsville; and
- undertake a review of the Port of Lucinda Land Use Strategy.









## BUSINESS DEVELOPMENT

The Corporation remains committed to the sustainable growth and development of the north Queensland region by means of facilitating the increase of international and domestic trade. This will be achieved by providing exceptional supply chain solutions which assist customers to achieve their business objectives.

The Corporation is actively targeting existing and potential clients to retain and expand existing trade, attract new trades and clients, and diversify cargoes handled.

A number of key strategies are necessary to achieve these objectives including:

- outstanding customer service;
- active engagement with community and industry;
- strategic planning to provide effective and efficient infrastructure in a timely manner; and
- collaboration with Government agencies and regional development bodies.

# BUSINESS DEVELOPMENT

## TRADE

Cargo throughput at the Port of Townsville for the 2009/2010 financial year reached 10,252,815 tonnes – the highest volume ever traded through the Townsville Port. This tonnage comprised 5,841,634 tonnes of imports and 4,411,181 tonnes of exports and is an increase of 12.86% in comparison to the 2008/2009 financial year. In addition, trade throughput at the Port of Lucinda reached 591,855 tonnes.

This is a tribute to both the regional economy as a whole and the Corporation's commitment to excellence. This is a solid indication that we have collectively survived, recovered and prospered since the onset of the global financial crisis.

This strong performance was driven by a number of factors including:

- enhanced production at the Queensland Nickel Yabulu Refinery, increasing imports of nickel ore;
- recovery from the global financial crisis and induced rebounding demand for commodities;
- a period of less extreme weather conditions and resultant supply chain constraints;
- growth in existing commodities such as cement, motor vehicles and copper anode imports, and high analysis fertiliser exports; and
- strong performance in both import and export of general cargo.

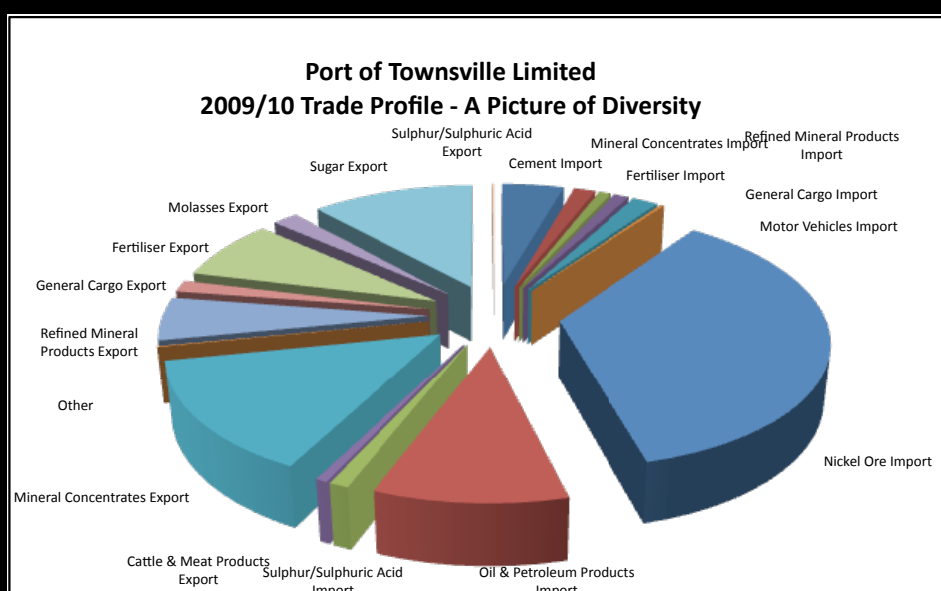
Three new commodities commenced during the 2009/2010 financial year:

- goethite – a dry bulk mineral commodity for export;
- grain – originating from south/central Queensland, containerised for export; and
- magnetite – trial shipments from the Mount Moss mine commenced.

The trade profile continues to be dominated by dry bulk products, particularly resource commodities and to a lesser degree agricultural and industrial commodity types.

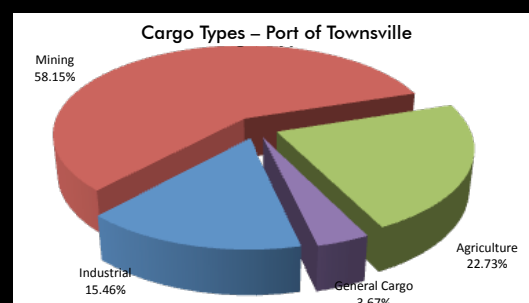
TOWNSVILLE	Import	Cement	453,124
		Mineral Concentrates	158,341
		Refined Mineral Products	98,964
		Fertiliser	113,991
		General Cargo	188,426
		Motor Vehicles	28,166
		Nickel Ore	3,680,603
		Oil & Petroleum Products	1,016,206
		Sulphur/Sulphuric Acid	103,812
		<b>5,841,634</b>	
	Export	Cattle & Meat Products	60,160
		Mineral Concentrates	1,464,866
		Other	9,848
		Refined Mineral Products	558,804
		General Cargo	150,126
		Fertiliser	779,810
		Molasses	185,237
		Sugar	1,190,898
		Sulphur/Sulphuric Acid	11,432
		<b>4,411,181</b>	
		<b>10,252,815</b>	

LUCINDA	Import	General Cargo	2,338
		<b>2,338</b>	
	Export	General Cargo	6,166
		Sugar	583,351
		<b>589,517</b>	
		<b>591,855</b>	



## Cargo Types – Port of Townsville

Industrial	1,584,574	15.46%	Industrial
Mining	5,961,578	58.15%	Mining
Agriculture	2,330,096	22.73%	Agriculture
General Cargo	376,566	3.67%	General Cargo
	<b>10,252,815</b>	<b>100.00%</b>	



## Port of Townsville - Berth Utilisation

### Cargo Vessels

Does not include Navy, Passenger, Research or other Vessels

Berth	Number of Visits	Hours at Berth	Utilisation			Tonnes
			Actual	Optimal*	Variance	
1	95	1,761:12	20.11%	60.00%	39.89%	1,029,305
2	78	5,494:59	62.73%	65.00%	2.27%	3,681,288
3	135	5,443:24	62.14%	50.00%	-12.14%	986,112
4	63	2,714:14	30.98%	40.00%	9.02%	570,368
7	91	3,954:59	45.15%	50.00%	4.85%	1,687,540
8	25	1,084:56	12.39%	35.00%	22.61%	198,180
9	114	2,836:35	32.38%	55.00%	22.62%	1,432,091
10	73	1,793:39	20.48%	45.00%	24.52%	126,003
11	36	1,707:43	19.49%	55.00%	35.51%	539,378
	<b>710</b>	<b>26,791:41</b>				<b>10,250,265</b>

\*Optimal utilisation indicates a target level which if exceeded indicates congestion on the berth and if significantly lower than the optimal level indicates an opportunity for more efficient berth utilisation

## TOWNSVILLE PORT

Rates of utility vary from berth to berth, dependent on a number of variables including trade volumes, efficiency of loading/unloading operations and consignment types i.e. dry or wet bulk cargoes have much higher hourly loading rates than containerised or break bulk consignments. The table above illustrates berth utilisation rates during the 2009/2010 financial year and indicates certain berths provide an opportunity for notable utility increases.

## 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 at the Port of Townsville and Port of Lucinda 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 to exceed customer satisfaction will result in a greater retention of business. The Corporation is cognisant of the need to ensure its customers are considered during the strategic planning process and informed of decisions affecting their operations.

A rolling 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 with the requirements of the policy, with all necessary steps taken to address the complaints.

## MATTERS OF SPECIAL INTEREST Port Advisory Body (PAB)

The 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



# BUSINESS DEVELOPMENT

initiatives which could have a direct impact on Port operations; and

- 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 PAB in 2009/2010 included:

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

## Environmental Working Group (EWG)

The Port of Townsville 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 a broad perspective in terms of the most up to date micro and macro-economic factors impacting on trade developments. A very close engagement with industry and both existing and potential customers ensures volume and revenue forecasts maintain a high level of accuracy.

## 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 provide the Corporation with current information with which it can pursue future trade and business development opportunities.

The database is the foundation for the development of a series of trade profiles which increase the understanding of commodity characteristics, existing customer expansion and diversification plans and allocates degrees of probability to proposed projects. This body of work has been distributed to and well received by other regional development bodies, acting as a catalyst for increased collaboration within the region.

## PUBLIC AFFAIRS

The Corporation values the position of a regional development body and as such remains actively involved with many organisations and initiatives promoting the advancement of north Queensland. This is illustrated by the extensive community engagement activities undertaken including:

- Executive planning positions held with:
  - Mount Isa to Townsville Economic Zone Inc (MITEZ);
  - Sustainable Economic Growth for Regional Australia conference planning committee; and
  - Asian Market Forum conference planning committee.
- Collaboration initiatives with:
  - Chartered Institute of Logistics and Transport Australia, north Queensland section Chairmanship; and
  - Townsville Regional Government Agency Collaboration establishment.
- Ongoing advice to and engagement with:
  - JCU;
- Townsville Enterprise Limited;
- QR Limited;
- State and Federal Government agencies;
- Townsville City Council; and
- Regional shire councils.
- Trade Missions/Forum attended:
  - representation on a trade mission to Papua New Guinea led by the Queensland Treasurer, the Hon. Andrew Fraser; and
  - Australia Papua New Guinea Trade Forum held in Townsville during May 2010.

In addition, the table below outlines the sponsorships, donations and other commitments made by the Corporation during 2009/2010 that were above \$5,000:

Sponsorships	\$(Excl. GST)
Townsville Enterprise Limited	\$106,392
Mount Isa Townsville Economic Zone (MITEZ) Annual Membership	\$10,000
JCU Scholarships	\$5,000
Cowboys Bush Kids	\$8,000
Donations	
Townsville Maritime Museum	\$53,672
Australian Volunteer Coast Guard	\$25,000
Industry and Trade	
Annual Report	\$11,550
Mining the Isa Conference	\$9,000





# BUSINESS DEVELOPMENT

## Sponsorship

### Townsville Enterprise Limited (TEL)

The Corporation continued its support as a major sponsor of the region's peak promotion and marketing organisation, TEL. In 2009/2010 the Corporation's sponsorship totalled \$106,391. 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.

### MITEZ Annual Membership

The Corporation continued with its annual MITEZ membership during the financial year. MITEZ is a peak industry body that implements initiatives aimed at diversifying new industries, expanding new markets and promoting existing investment opportunities in the region.

### James Cook University Scholarships

The Corporation has been a long time supporter of JCU through its scholarship program. The Corporation paid \$5,000 in scholarships during the 2009/2010 financial year as a means of promoting employment within the north Queensland region and the Corporation as a potential employer.

### 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.

## Community Donations

### Townsville Maritime Museum

The Corporation is a major benefactor/sponsor of the Townsville Maritime Museum. In 2009/2010 the Corporation continued its support both in-kind and financially with a donation of \$57,000 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 preservation of life at sea.

## Industry and Trade Engagement

### 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 2009, the Corporation sponsored the breakfast function and gave a presentation to the mining industry on the services and capability of the Port of Townsville.

The conference gave the Corporation the opportunity to improve prospective client and customer relationships and explore potential business development opportunities.

## Corporate Entertainment

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

## MARKET OUTLOOK

Overall, the short-term outlook for the Ports of Townsville and Lucinda remains healthy with strength in a diverse selection

Event	Date	Cost (\$)	Purpose/Benefit
Employee Christmas Party	11 December 2009	\$15,033.87	Year in review, recognition/appreciation of employee efforts during the year, and to increase employee morale and team building.

of markets. In the long-term, the outlook is also very positive due to a number of macroeconomic factors. Some of these factors are outlined below with the induced local impact on trade volumes:

Global Economic Factor	Regional Economic Factor	Local Trade Impact
Increasing demand for steel; decreasing grades of haematite; decreasing costs to process magnetite		Commencement of export of magnetite
Increasing demand for fertiliser and phosphorous products		Commencement of export of phosphorous ore and/or acid
Recovery in global mineral prices		Increasing supply of mineral concentrate and refined mineral products
Increasing demand for beef		Increasing export of live cattle
High global prices for sugar	Strong management of local nickel refinery	Significant expansion of nickel ore imports
	Ongoing regional economic development	Increases in import of motor vehicles, fuel and petroleum products, cement
	Continuation of historical sugar production due to production and environmental based parameters	Increases in both import and export of general cargo
		Commencement of import of bitumen

In the medium term, the corporation is confident of securing the following trades:

- **BP Australia** - construction is well advanced for a new bitumen import, manufacturing and distribution facility at the Port of Townsville to meet the increase in demand for bitumen arising from current and future road infrastructure projects in Queensland. The facility will comprise six storage tanks with a total capacity of 18,000 tonnes. Imports of bitumen are expected to commence in 2011, increasing to 80,000 tonnes per annum within two years.
- **Xstrata Ernest Henry Magnetite** - in December 2009, Xstrata Copper formally announced the extension of the company's Ernest Henry operations near Cloncurry to at least 2024, through the transformation from open pit to underground operations and the construction of a magnetite extraction plant. The project will result in approximately 1.2 million tonnes per annum of magnetite exports for the Port of Townsville. Exports are expected to commence in 2011.
- **Cudoco Limited** - development of the company's mining tenement at Rocklands, north-west of Cloncurry, is anticipated to result in additional volumes of copper concentrates exported through the Port of Townsville as well as the commencement of a new mineral commodity - cobalt concentrates.
- **Legend International Holdings** - Legend recently completed a feasibility study in relation to their Paradise Phosphate Project conducted by Wengfu Group Ltd of China. The results of the feasibility study have confirmed that the development of the project is technically and economically viable. The Corporation is currently in discussions with Legend in relation to their proposal to export phosphate rich fertilisers through the Port of Townsville.
- **Queensland Nickel Pty Ltd** - currently importing nickel, the company has announced that they intend to increase production of refined nickel using their existing facilities over the medium term. The company has also announced that it is currently investigating an expansion of its current operations. If the expansion proceeds, it is anticipated that nickel ore imports at the Port of Townsville will further increase. The company is also considering exporting magnetite which is a bi-product of its nickel refining process.



# BUSINESS DEVELOPMENT



The Corporation is looking forward to an exciting year ahead, with a number of major new customers requiring logistics solutions to achieve conversion to tangible trade growth. New projects currently under development that will require ongoing support and facilitation in the coming financial year are outlined in the table below.

Further, the Corporation continues to assist existing customers to enable expansion/diversification or simply optimisation of operations. The major customers that the Corporation will be working extensively with in the coming financial year include:

- Northern Stevedoring Services;
- Queensland Nickel;
- Xstrata;
- Origin Energy; and
- Sun Metals.

## LOOKING FORWARD – 2010/2011 STRATEGIES

The primary objective for the Corporation during the 2010/2011 financial year is to increase profitable trade through the Ports of Townsville and Lucinda 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;
- negotiating contracts with a number of existing and new customers to secure further trade throughput;

- examining options to improve cargo receipt facilities to improve efficiency of existing operations and increase capacity of existing Port infrastructure
- increased engagement with existing and potential customers, including on-site visits to gain a better understanding of their current or proposed operations;
- 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.

CuDECO Limited	Dry bulk copper mineral concentrate export
Legend International Holdings Inc.	Either dry bulk phosphate rock export or wet bulk phosphoric acid export
Mt Moss Mining	Dry bulk magnetite export
Papua New Guinea	Logistics hub to support a myriad of opportunities to support: <ul style="list-style-type: none"> <li>• upcoming LNG projects;</li> <li>• other mining projects; and</li> <li>• the nation's impending development.</li> </ul>
Townsville Bulk Storage and Handling	Warehousing, storage and handling service providers
Various mining exploration companies, agricultural and industrial developments	Significant opportunities continue to emerge













# OPERATIONS

The Corporation's operational functions include:

- Port security;
- management of ship movements;
- berth allocation;
- maintenance of wharfs and other Port infrastructure;
- hydrographic services;
- dredging of Port channels;
- environmental monitoring;
- safety; and
- delivery of new Port infrastructure to meet future trade requirements.

The Corporation's Operations business unit provides strategic Port infrastructure through capital investment and ongoing maintenance works. It maintains a workforce of skilled and trained in-house employees, as well as external contractors, to ensure core activities and specialist tasks are met. It is also responsible for providing services such as power, water, sewerage and lighting throughout the Port by undertaking new works and upgrading old infrastructure as required.



# OPERATIONS

Consistent with the Corporation's strategic direction and priorities, the following are a selection of projects undertaken during the reporting period:

## ENGINEERING

### Channel and Harbour Dredging

To ensure safe navigation channels are maintained within the Port of Townsville, maintenance dredging was undertaken during the reporting period resulting in the removal of in excess of 600,000m<sup>3</sup> of material from the Port's channels, harbours and berths. This has taken navigable water depths to their design limits, an achievement which has not been matched in previous maintenance dredging campaigns. The Ross River channel was also dredged down to its design depths. The Corporation has been working with Port customers to determine an appropriate process for the dredging of the Berth 2, 3, 4, 7 and 8 berth pockets during the 2010/2011 financial year.

### Structural Concrete Repairs

Repair works are being undertaken on Berth 8 and 9 piles at the Port of Townsville 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 two metres above 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. Stage 1 of the repair works has been completed and Stage 2 will be complete in mid-2010. The Corporation has ensured throughout the repair works that the works do not significantly impede on Port customer requirements and shipping operations.

The Corporation has completed a review of all of its concrete structures and developed a maintenance program for these assets. The program will be ongoing with the works undertaken in 2009/2010 addressing the most critical issues identified in the review

to ensure the durability of the Corporation's assets.

### Quarry Investigations and Approvals

The Port of Townsville Port Master Planning process completed in 2007 identified the potential requirement for the Port to significantly expand its reclamation areas for the next 30 years if it is to have sufficient land to accommodate the forecast growth in demand for import and export capacity. A major risk to the viability of these expansions is security of supply of fill material and in particular, quality armour rock. Historical sources of quarry material, being Pilot Hill, Magazine Island and Castle Hill, are no longer available.

The aim of the quarry project is to secure permanent access to a practical source of high quality hard rock suitable for marine use to provide the Corporation with an unfettered ability to meet the development requirements of future Port expansion and maintenance works. The Corporation commissioned a regional quarry study in 2008 which has since uncovered a potential long term quarry source in close proximity to the Port of Townsville.

The Corporation has entered into call-option agreements for the purchase of two properties containing the rock source. The Corporation will exercise its option to purchase in 2010/2011 should the development application permitting the establishment of the quarry on the sites be approved.

### Saltwater Fire System Review and Upgrade

During 2008/2009 the Corporation undertook preliminary investigation works to determine whether the existing High Density Polyethylene fire line system under Berths 2, 3 and 4 at the Port of Townsville is compliant with Australian Standards and Codes. Subsequent investigation and design indicated that a significant overall upgrade of the fire detection and control systems was required. Design works for both components of the project have been completed and the fire detection upgrade has reached practical completion. The contract for the fire control system ('wet system') upgrade works was

awarded in late 2009, with works having commenced in early 2010. These works are expected to be completed in late 2010.

### Berth 1 Upgrade

Works associated with the upgrade of operators' facilities at Berth 1, the hazardous/flammable bulk liquids berth at the Port of Townsville have been completed. The upgrade has provided infrastructure to expand the cargoes passing over the wharf, improve accessibility for maintenance crew and comply with occupational health and safety requirements.

### Bulk Fuel Pipeline Construction

Construction of the Bulk Fuel Pipeline from the existing Townsville Port BP tank farm to Berth 8 has been completed. The line has been constructed, in particular, to service Defence vessels and attract additional Defence vessels to the Port. These vessels bring substantial economic benefit to the community. The total cost of the project was approximately \$6.7 million.

### Magazine Hill and Administration Parking Areas

The Magazine Hill area at the southern end of Berth 4 was identified as a site for storage of imported vehicles and for lay-down of other cargoes passing through the Port. The area has been paved to facilitate these activities.

Recent increase in Port activities, in particular major projects, has seen an increase in the number of people working at and visiting the Corporation's offices. Expansion of the Administration parking area has been required to support this activity.

### Port Sewage System Upgrade

The Port of Townsville sewage system has been upgraded to connect to the Townsville City Council system. This has allowed the decommissioning and disposal of the Port sewage treatment plant. This has removed the requirement of one of the Corporation's environmental licences and reduced environmental compliance risks to the Corporation associated with sewage treatment and disposal. The upgraded system is also better suited to manage future sewage output from the Port considering the

developments that are to be completed in the medium term.

## MAJOR PROJECTS

### Townsville Marine Precinct

The TMP project involves the reclamation of land at the mouth of Ross River for the development of a state of the art marine facilities precinct.

An EIS and Cultural Heritage Management Plan have been completed and approvals for the development secured. Stage 1 of the project will be jointly funded by the State Government and the Corporation and is due to be completed by the end of 2011 to allow the Ross River marine industries to relocate and the Townsville Port Access Road to be completed by mid 2012. The Corporation has entered into an alliance with Laing O'Rourke for the Stage 1 construction works.

### Port Expansion Project Preliminary Investigations and EIS

The Port of Townsville Master Plan examined trade forecasts to 2030 and predicted that Port development and expansion will be necessary to meet the region's trade requirements over the next 25 years. The Corporation must develop additional infrastructure in the outer harbour to meet predicted bulk minerals product trade growth.

The Port Expansion Project will involve reclamation in several stages of up to 100 hectares of seabed to the north of the Port of Townsville over the next 25 years, deepening of the Port approach channels and provide an additional six berths to meet future operational demand. This will boost the Port of Townsville's import and export capacity from 10 million tonnes a year to as high as 30 million tonnes per year.

Whilst the expansion works will proceed as additional Port capacity is required, having the necessary approvals in place will shorten the timeframe for infrastructure delivery and place the Port in a position to be more responsive to industry requirements. An alternative to obtaining development approvals at this time would be to adopt a just-in-time approach. However, this approach would extend the delivery time

of any new infrastructure by several years. The Corporation must therefore obtain the necessary approvals now, particularly in light of the long lead times for outer harbour developments.

Preliminary engineering and environmental studies to define the Port Expansion Project were completed in mid 2009. The contract for the EIS has been awarded and will be completed in 2011/2012.

### Berth 12 Construction and Berth Pocket and Swing Basin Dredging

The Corporation has completed the concept design for a new Berth 12 in the Townsville Port outer harbour. The berth is designed as an exposed berth similar to Berth 11 and 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. Approvals for the development are continuing and will be completed in 2011/2012.

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

Design works are ongoing for a rail loop and drainage, access and services for allotments within the ERA at the Port of Townsville. Works are progressing to meet the service requirements of the TMP Stage 1 works which are to be completed in late 2011.

### Berth 8 Upgrade Investigation and Design

Design of conveyors, transfer towers, a ship loader and argumentation works on Berth 8 continued throughout 2009/2010. The Corporation is in negotiations with Berth 7 users in respect to the transfer of their operations to an upgraded Berth 8 due to the Berth 6/7 structure now being in a serious state of disrepair. 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

Berth 10 at the Port of Townsville is to be upgraded to accommodate the new

Australian Defence Force Landing Helicopter Dock vessels, cruise vessels and opportunistic commercial vessels. The project will involve extending and raising the Berth 10 land area and construction of a new wharf and multi-purpose building for processing of Cruise passengers and Defence personnel. Concept design for the upgrade has been completed. The State and Federal Governments have committed funds to the project.

In order to accommodate displaced and future growth in general cargo through the Port, it is also proposed that Ross Creek be diverted to the north of the Port and a new general cargo berth constructed on the western side of the Inner Harbour. Pending funding approval, works to be undertaken during the 2010/2011 period will include investigations for environmental approvals and design. This will provide a secure harbour for the Port and sufficient general cargo capacity for the next 10 to 20 years. A business case for this project has been completed and submitted to the State Government for approval.



# OPERATIONS

## ENVIRONMENT

### Water Quality Monitoring

Port of Townsville water quality monitoring program was initiated in 2004. This financial year was the start of a new revised program with 15 samples collected from Ross Creek, the inner harbour, outer harbour and Ross River areas. Samples were tested for a range of heavy metals, nutrients, suspended solids and physio-chemical parameters.

Results from the 2009/2010 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 movements, wind driven re-suspension and upstream sources.

### 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 and nuisance dust (dust deposition).

Inhalable dust is continually monitored by a Tampered Element Oscillating Microbalance (TEOM) located at Berth 10, downwind of the majority of Port operations. Results from the TEOM for 2009/2010 indicated that the dust levels met the relevant guidelines state and national guidelines for the monitoring period.

In addition to the TEOM, 13 dust deposition gauges are strategically place on Port land. There are four gauges located along the Port boundary monitoring potential offsite impacts from Port activities. Acceptable dust deposition levels were recorded at each of these sites.

### 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 2009/2010 indicated that trends in contaminant levels in sediments generally

remained consistent with recent years. The Corporation and Port customers continue to review operations to identify opportunities for improved performance in this area. The Corporation is currently negotiating with Port customers with respect to the dredging of inner harbour berth pockets during 2010/2011.

### Environmental Incidents

An environmental incident is any unplanned event or action that impacts or may impact on the environment within Port jurisdiction. All the 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, four environmental incidents were recorded however it was not necessary to report these incidents to the Department of Environment and Resource Management as they related primarily to minor hydrocarbon spills. The Corporation will continue to implement measures during 2010/2011 to minimise the impact of the Port's operations on the environment.

### Environmental Management System

The Corporation is continuing to review and improve its integrated Environmental Management System in accordance with the intent of the ISO14001:2004 and ensure best practice environmental management measures are in place. Audits of the system during 2009/2010 recorded no non-conformances.

### 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.

The Corporation's Sustainability Working Group met regularly during the financial

year to discuss the implementation of various sustainability initiatives, including:

- the implementation of an efficiencies plan to improve operational efficiency;
- the maintenance of carbon emission and energy consumption data in accordance with State and Federal requirements;
- the implementation of initiatives aimed at reducing energy consumption, such as the installation of more energy efficient lighting in the Corporation's Administration building, sub-metering of buildings and an air-conditioning system audit;
- a review of the Corporation's levels of watering for landscaped areas;
- the introduction of recycling bins in office buildings;
- the introduction of default double sided printing to minimise paper use;
- the introduction of a power reduction awareness campaign for employees;
- the introduction of an on-line portal to obtain suggestions from employees in relation to sustainability initiatives that can be implemented in their business unit areas;
- the introduction of a more energy efficient printer and the removal of surplus printers; and
- investigating solar energy options for the Corporation's buildings, lighting and security gates.

### 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 surveillance audit was undertaken in February 2010, with no non-conformances recorded.

### 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 (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF<sub>6</sub>). As part of standard emission measurement practices

these gases are mainly reported as carbon dioxide equivalent emissions (CO<sub>2</sub>-e).

The Corporation’s key greenhouse gas emissions for scope 1 activities as defined by the *National Greenhouse & Energy Reporting Act 2007* (Cth) are those that are linked to operations of vehicles and plant. The Corporation’s emissions are well below levels that trigger reporting under this legislation.

All greenhouse gas emissions arising from the air travel and vehicle 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 2008 and QFleet Climate Smart Policy 2008.

Activity	Greenhouse Gas Emissions (tonnes of CO <sub>2</sub> )
Vehicle & Plant usage	
Fleet	137.27
Corporation owned vehicles and plant and other equipment	514.3
3rd Party Travel	
Car Hire	0.4
Other (taxi, bus travel)	1.6
Electricity consumption	
Purchased directly from electricity retailer	1292
Air travel	
Domestic and International air travel on commercial airlines	132
TOTAL	2077.6





# OPERATIONS

## Tree Day

The Corporation is proud to have supported Tree Day for several years. This financial year Tree Day was carried out on the 9 August 2009. About 23 people participated in the event, resulting in 39 trees, 118 shrubs and 155 groundcover plants being planted in the Corporation's Environmental Park.

## Clean Up Australia Day

The Corporation participated in Clean Up Australia Day on 3 October 2009 for north Queensland local government areas. Participation by employees is voluntary but well attended.

## 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. Marine Services has been working closely with MSQ during the implementation of VTS Townsville whereby some of the functions currently undertaken by Port Control will be controlled by VTS. This will ensure a smooth transition for Port customers booking ships and services at the Port.

Marine Services, in consultation with the Regional Harbour Master, Townsville and other Port customers were at the forefront of coordination and response with the two low-pressure systems off the Queensland coast in the 2009/2010 cyclone season. The new SMS/email alert system has proven an effective tool to ensure the Port community is kept fully informed of the operational status of the Port during severe weather and other emergency events. Marine Services continues to learn from each experience and, in conjunction with Port customers, review and revise emergency response procedures on a regular basis.

The Manager and Supervisor Marine Services also completed an emergency training course covering the operations of incident Command Centres and Media Management at Australian Emergency Management Institute in Mount Macedon Victoria during the financial year.

## Security

The Corporation and the Port Security Committee have continued to work towards improving the security environment of the Port. Marine Services has joined and contributed to a number of national working groups including the Maritime Security Guard Working Group. The role of this group was to develop agreed competencies and ascertain the required training for Maritime Security Guards. Marine Services also now sits on the Cruise Ship Working Group which is currently looking at different aspects of cruise ship security.

The Port of Townsville Security Plan underwent a review in 2008/2009 and







was approved by OTS in August 2009. Plans are now underway for a risk and plan review as well as a complete external audit for the whole Port in the near future. The Corporation also acquired Port of Lucinda in 2009 and a review of Port of Lucinda's Security Plan was completed during the reporting period. It is expected that a new Security Plan for the Port of Lucinda will be implemented during 2010/2011.

The Corporation will also be upgrading the CCTV and Access Control Card System at the Port of Townsville during 2011.

#### Pilot Vessels

The pilot transfer vessel *Petrel II* had its annual refit in early 2010. 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 MSQ pilots to ensure best practice in terms of safety and reliability. 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 MSQ.

#### Defence Vessels

The Corporation, through the Marine Services business 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 has hosted French, Singaporean and New Zealand Navies in addition to the many visits by Australian warships.

#### Towage

The Corporation undertook a rigorous tender process in early 2009 for the issuing of an exclusive licence for the provision of towage services at the Port of Townsville. The Corporation will welcome PB Towage (Australia) Pty Ltd, who will replace Svitser Australia Pty Ltd on 1 July 2010, as the new exclusive towage operator in the Port of Townsville. The new PB Towage tugs, which were built in Changde, China, arrived at the Townsville Port in early 2010. The Corporation will work closely with PB Towage over the term of the licence to ensure safe and high quality towage services are provided at the Port of Townsville.



# OPERATIONS

## SAFETY

The Corporation's Safety team continues to work with Port employees, customers, contractors and visitors to promote and improve safety throughout the Port. As activity at the Port increases it is becoming more important to engage with customers and contractors to ensure the safety requirements for operating in the Port are understood and complied with.

### Safety Management System

Certification of the Corporation's Safety Management System to AS/NZS 4801:2001 as part of its certified Integrated Management System was maintained in the 2009/2010 financial year. Since obtaining the Safety Management System certification there have been various external surveillance audits. Corrective actions have been carried out for non-compliance detected during these audits. 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 monthly and comprises of management and employee representatives.

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.

Key safety initiatives implemented by the Safety Committee during 2009/2010 included:

- elimination of a visitor entrance u-turn hazard at the Benwell Road entrance at the Port of Townsville;
- the addition of a cultural heritage component into the Safety, Security and Environmental Induction System;
- installation of a 'Give Way' sign at the administration/engineering building car parks;

- upgrades to training and emergency procedures for the Berth 1 fire system;
- installation of non-slip surface paint to outside pathways;
- introduction of an onboard flip chart induction for the pilot boats;
- calling of nominations for Workplace Health and Safety Representatives in accordance with legislative requirements;
- appointment of a fire safety advisor;
- introduction of a safety mascot, slogans and safety signage at Port entrances; and
- risk assessment for the introduction of an exercise bike in the Port Control Tower at the Port of Townsville.

### Port Safety Group

The Corporation facilitates a whole of Port safety group representing key users of the Port which reports to the PAB. 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 various key safety initiatives.



## Health and Wellbeing Program

The Corporation has implemented a Health and Wellbeing program aimed at improving the fitness for work of those employees that, by the nature of the tasks they undertake, are at the greatest risk of sustaining injuries from their work. The program involves appropriate exercise sessions, information sessions and benchmarking and monitoring of the group's fitness for work.

## Safety Slogan

Through the Safety Committee, the Corporation continues to promote safety awareness amongst its employees and the Port customers with the slogan "Safety is No Accident" and its mascot "Gunna Goanna". This safety slogan is displayed in working areas and Port gate entrances. Favourable comments were received from both visitors and other Port customers on these bright, eye catching signs.

## Lost Time Injuries

Five employees sustained injuries in the workplace during the year. This is considerably less than the previous year when fifteen injuries were recorded.

As a result of two lost time injuries occurring during the reporting period the LTIFR increased from 6.65 in 2008/2009 to 10.98 during 2009/2010.

The Corporation is committed to reducing this figure in the 2010/2011 reporting period and is proactively investigating accidents and near misses to identify and implement measures to ensure they do not reoccur.

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.

## Rehabilitation and Work Cover Claims

During the reporting period five Work Cover claims were lodged and accepted. The injured persons were able to return to

work on suitable duties and in each case a quick recovery to full time duties occurred. The Corporation's Workplace Rehabilitation Policy and Procedures are accredited by Q-COMP.

## Safety Risk Management

A pre-purchase safety risk assessment system was introduced in the 2009/2010 financial year. This system compliments the already existing safety risk management practices and will ensure equipment purchases meet our high safety standards. The program of regular workplace safety inspections, safety meetings and training continued throughout the financial year.

## Sun Safety

The Corporation's outdoor workers, particularly those in the harsh north Queensland sun, are more than likely to be exposed to damaging UV rays. For this reason the Corporation has introduced a Sun Safe policy for outdoor workers to increase awareness and improve education in sun safe practices.

## LOOKING FORWARD – 2010/2011 STRATEGIES

Some key actions for 2010/2011 include:

- completion of construction of the TMP areas to allow marine industries to relocate from their current locations upstream in Ross River;
- completion of headworks for the ERA to support the TMP;
- finalisation of environmental approvals for the construction of Berth 12 at the Port of Townsville;
- finalisation of design and engagement of construction contractors for the Berth 8 upgrade at the Port of Townsville;
- finalisation of design and engagement of construction contractors for the Berth 10 upgrade at the Port of Townsville;
- progress studies associated with the Townsville Port Expansion EIS;
- completion of the salt water fire system upgrades at the Townsville Port;

- maintenance dredging of Port channels and harbour;
- maintenance of Port security consistent with legislative requirements;
- review of emergency response and business continuity plans;
- completion of the long term dredge management plan review;
- maintenance of the Corporation's external certification of its environmental, safety, information security and quality management systems against relevant Australian and international standards.
- implementation of new training, competency and recertification regime based on occupational health and safety risks providing cost effective relevant training and optimum safety capability outcomes; and
- development and growth of a safety behavioural program to promote a safety culture by way of encouraging employees to manage and monitor their own safety performance as the key to reducing workplace incidents and accidents.







# HUMAN RESOURCES

## Our People

Integral to achieving the Corporation's overall vision and objectives are the Corporation's employees – the greatest asset of any organisation. The Corporation is driven by a culture that reflects its core values which include providing a work environment that encourages and supports innovation, teamwork, respect and the development of its employees.

The Corporation's employment and industrial relations mission is to provide contemporary human resource/ industrial relations services to management and employees and create an environment where employees can communicate ideas and information freely to engender a team ethos in 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.



# HUMAN RESOURCES

## 2009/2010 Workforce Profile Snapshot

- the Corporation currently employs 99 people (91.94 full time equivalent) across a wide range of disciplines including project management, engineering, planning, business development and support services;
- average employee turnover in 2009/2010 was 13.13%;
- 66% of the Corporation's employees are male and 34% are females;
- the average age of employees is 43 years;
- almost 37% are aged over 50 years; and
- no Voluntary Early Retirement packages were offered or taken during the financial year.

## 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.

## 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, recruit and select the best people to meet objectives;
- appropriately inducted, trained and skilled employees;
- motivate, manage and reward performance;
- service delivery;
- strong leadership and communication; and
- equity and inclusivity.

## Employee Values

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

- job satisfaction;
- safe work environment;
- feedback and recognition;
- work/life balance;
- communication efficiencies;
- organisational effectiveness;
- management and Board leadership and direction; and
- opportunities for training and career development.

## Flexible Work Practices

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;
- rostered days off;
- adjusted start/finish/lunch times;
- telecommuting;
- multi skilling and job rotation;
- purchase of additional annual leave;
- paid parental leave;
- leave without pay;
- study leave; and

- special leave (includes Defence reserve leave, emergency service leave, sporting competition leave, blood products donation leave).

## Corporate Health Program

The Corporation's Corporate Health Program continued throughout 2009/2010. 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:

- hearing and vision awareness/education session;
- mental health awareness presentation;
- dental care/hygiene awareness presentation;
- fortnightly fitness class during lunch breaks;
- weekly yoga classes during lunch breaks;
- health checks (blood pressure, blood sugar, cholesterol, BMI);
- 10,000 steps challenge;
- naturopath presentation;
- jump rope for heart;
- suicide prevention workshops;
- skin cancer checks;
- ergonomic assessments; and
- corporate rowing.

The Corporation also provides free flu injections to employees with 55 injections administered in 2009/2010. Attendance at these events is voluntary but well attended.

## Training and Professional Development

The Corporation is proactive in encouraging and assisting employees in undertaking professional development, training and further education. There are eight employees who are currently undertaking study courses



supported by the Corporation – Diploma of Maritime and Logistics Management, Master of Business Administration (Maritime and Logistics Management), Masters in Management (Information Technology), Bachelor of Spatial Science (Survey), Bachelor of Accounting, Certified Practising Accountant program, Certificate IV in Business Administration and Advanced Procurement B.

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 and one second-year fabrication apprentice from the Australian Technical College. The Corporation also engaged work experience students from JCU and the Australian Technical College (school-based apprentice) during the financial year.

### Communication

The Corporation publishes and distributes an employee newsletter each month. This newsletter covers all topics relevant to employees including policies, procedures, Port and shipping news, outcomes of meetings as appropriate, Port events, employee changes and Port history. A separate newsletter, designed for Port clients,

is also distributed to all employees. Email is used extensively to distribute information to employees and clients.

All media releases and upcoming events are routinely posted to the Corporation's intranet site for ready access by employees. In addition, an Employee Portal has been created to allow greater interaction between employees. The portal is available for all employees to use to advertise items for sale or wanting to buy, display details of upcoming social events and an Employee Blogs page where employees can share pictures and post comments. Additional computers have been placed in the workshop lunchroom to facilitate access by employees who do not have access to a computer as part of their usual routine.

Information is also communicated verbally through employee meetings.

### 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:

095991791 – Port of Townsville Port Services Collective Agreement 2007 between the Corporation and Australian Maritime Officers Union (AMOU) was lodged with the Workplace Authority on 22 April 2009 and expires on 30 June 2010. The agreement



# HUMAN RESOURCES

covers 18 Port Services Officers. Work hours under the agreement are in accordance with the Port Control Roster, and average 42 hours per week

095991934 – Port of Townsville Administrative, Technical, Supervisory and Professional Employees Collective Agreement 2007 between the Corporation and AMOU was lodged with the Workplace Authority on 22 April 2009 and expires on 30 June 2010. The agreement covers 48 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 Maritime Union of Australia was lodged with the Workplace Authority on 9 April 2009, and expires on 30 June 2010. This agreement covers 22 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 Maritime Union of Australia and the AMOU. Employee representatives of these unions are consulted with respect to all industrial matters affecting their members, in accordance with enterprise agreements.

## 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 SCI 2009/2010, 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 GOCs Governance Arrangements for Chief and Senior

Executives guidelines issued by Queensland Treasury.

## Job Security

The Corporation is committed to providing long term job security to all employees. The Corporation currently has 21 employees with more than 10 years service, and 11 employees with more than 20 years service. The Corporation recognises long and meritorious service with presentations to employees with 10, 20 and 30 years continuous service.

## Equal Employment Opportunity

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





during induction and all employees are required to attend annual training in relation to this Policy. Any reported breaches of the Corporation's Equity Policy are investigated promptly and any person found to be in breach of the policy may be subject to disciplinary action in accordance with the Corporation's Disciplinary Procedure.

The Corporation currently employs 31 women, of which seven are classified at Port of Townsville Level 5 and above. Four women are currently working in senior or middle management positions. As at 30 June 2010 there was 25% 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.

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. The Corporation also encourages Aboriginal and Torres Strait Islander people to apply for vacant positions.

In accordance with section 31 of the *Public Service Act 2008 (Qld)*, the Corporation submits an annual report to the Public Service Commissioner on the outcomes of its actions required under section 30 of the *Public Service Act 2008 (Qld)*.

### Looking Forward – 2010/2011 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 2010/2011 include:

- renegotiation of Enterprise Agreements; and
- continued implementation and improvement of Corporate Health Programs designed to encourage employee health and wellbeing.
- annual performance reviews to monitor levels of employee satisfaction and identify any negative workplace and organisational issues, with formulation and implementation of strategies that continually improve the work environment for employees;
- 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;







# 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.



# CORPORATE GOVERNANCE

## Governance Framework

The Corporation is a company GOC established in its current form on 1 July 2008 pursuant to the *Corporations Act 2001* (Cth) and GOC Act (as amended by the *GOCs Amendment Act 2007* (Qld)).

The Corporation is required to comply with a number of statutes 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;
- *Financial and Performance Management Standard 2009* (Qld); and
- *Corporations Act 2001* (Cth).

The Corporation and its Board of Directors takes its responsibility to pursue efficient, effective and accountable port management very seriously and are committed to achieving and demonstrating the highest standard of corporate governance. The Corporation has developed the following corporate governance framework to ensure the highest standard of corporate governance is achieved:

- The development of a Corporate Governance Manual detailing:
  - roles and responsibilities of the Board, individual Directors, the CEO and Senior Management;
  - delegations of powers and authorities;
  - board composition, appointments, and tenures;
  - protocol for board meetings;
  - board committees including roles, composition, meetings, etc;
  - dealing with conflicts of interest;
  - board assessments and performance reviews;
  - financial reporting and audits;
  - legal compliance;
  - corruption and fraud control;

- risk management; and
- processes for obtaining independent professional advice.
- The development of manuals for directors, officers and company secretaries outlining their statutory and common law duties.
- Establishment of a number of board committees to assist in carrying out board duties, monitor performance and allow detailed consideration of complex issues. Each board committee has its own charter.
- The adoption of the following policies and procedures which apply to all directors, senior managers, officers and employees:

- Company Constitution;
- Code of Conduct;
- Authorities and Delegations Policy;
- Risk Management Policy and Guidelines;
- Fraud and Corruption Control Policy and Guidelines;
- Compliance Policy and Framework;
- Gifts and Benefits Policy;
- Disclosure of Interests Policy;
- Shareholder Communications Policy; and
- Insider Trading Policy.

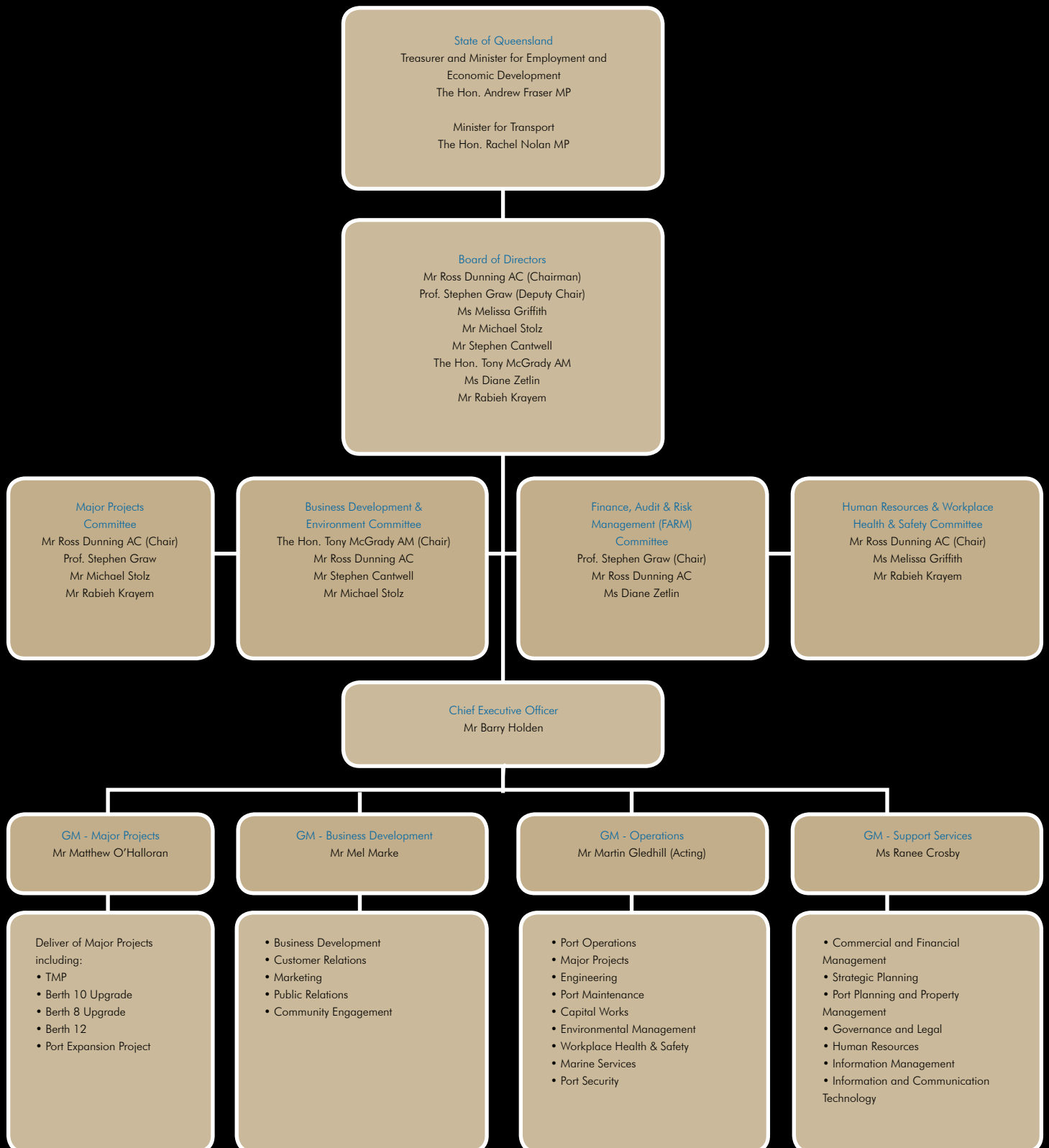
- The development of a corporate planning framework including a five-year Corporate Plan, annual SCI and divisional business plans.
- The development of a corporate reporting framework including quarterly, biannual and annual performance reporting to the Corporation's shareholding Ministers and other stakeholders.
- The development of other policies and processes aimed at increasing accountability and transparency whilst also reducing business risks.

The Corporation's corporate governance framework incorporates all governance recommendations outlined in the Corporate Governance Guidelines for GOCs (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.

## Governance Structure

The Corporation is responsible to two shareholding Ministers: the Treasurer and Minister for Employment and Economic Development, the Honourable Andrew Fraser MP, and the Minister for Transport, the Honourable Rachel Nolan MP. The Corporation's governance structure during the reporting period is shown below:





# CORPORATE GOVERNANCE

## Structure of the Board & Executives

The Corporation's Board of Directors comprises of eight non-executive directors (including the Chairman and Deputy Chairman). The number of Directors is 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 SCI, the implementation of the SCI.

Name	Position	Initial Appointment	Last Re-Appointed	Appointment Expiry
Mr Ross Dunning AC	Chairman	1 October 2007	Not Applicable	30 September 2010
Prof. Stephen Graw	Deputy Chairman	1 July 2001	1 July 2009	30 September 2012
Ms Melissa Griffith	Director	1 July 2005	1 October 2009	30 September 2012
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
Ms Diane Zetlin	Director	1 July 2009	Not Applicable	30 September 2012
Mr Rabieh Krayem	Director	1 October 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 CEO 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 SCI 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 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, CEO and Executives. In addition, an Authorities and Delegations Policy is in place which specifies the approval thresholds for the Board, Chairman, CEO and Senior Executives.

## Board Committees

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

- Finance, Audit and Risk Management (FARM) Committee;
- Human Resource and Workplace Health and Safety (HR & WHS) Committee;
- Business Development and Environmental Management Committee; and
- Major Projects 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 FARM 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





# CORPORATE GOVERNANCE

The primary objective of the FARM 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 core duties are 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 of the Committee over the reporting period included:

- oversight of the Corporation's acquisition of Port of Lucinda which took effect on 1 July 2009;
- monitoring and review of the Corporation's financial statements and overall financial performance;
- oversight of the Corporation's expenditure in respect to awarded tender contracts;
- review and oversight of the Corporation's internal and external audit functions;
- awarding of a new internal audit services tender and development of a new internal audit plan;
- implementation of a new financial management system, which commenced operation on 1 July 2009;
- oversight of the business performance reporting function to ensure timely,

accurate and informative reporting to shareholding Ministers;

- oversight of the Corporation's compliance, risk and fraud and corruption frameworks;
- oversight of the Corporation's integrated management system, including maintenance of external certification of the Corporation's Quality (ISO9001:2000), Safety (AS4801:2004), Environment (ISO14001:2004) and Information Security (ISO27001:2006) Management Systems;
- oversight of the Corporation's information management function, including ensuring compliance with Queensland Government mandatory information standards; and
- review and update of the FARM Committee Charter.

The qualifications of those directors on the FARM Committee are detailed on page 10 of this report.

## Human Resources and Workplace Health and Safety (HR&WHS) Committee

### Chair

Mr Ross Dunning AC

### Members

Ms Melissa Griffith

Mr Rabieh Krayem

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

Specific responsibilities of the Committee include:

- 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;
  - evaluating and advising the Board of Directors on the performance of designated Senior Executives, including the CEO;
  - 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 FARM Committee in relation to human resources, industrial relations and safety matters.
- Significant achievements of the Committee over the reporting period included:
- evaluating and advising the Board of Directors on the performance of the Chief and Senior Executives;
  - oversight of the Corporation's employee performance review process;
  - oversight of the enterprise agreement negotiation process, including ensuring new enterprise agreements comply with all new Workplace Relations legislation requirements and Government policies;
  - review and advising the Board of Directors on the implementation of a Voluntary Early Retirement policy;
  - review and update of the employee reward and recognition scheme, succession plan and workforce plan and policy for the recruitment and remuneration of Chief and Senior Executives, and ensuring compliance with Government policies and alignment with the strategic objectives of the Corporation;
  - oversight of the implementation of the Corporation's safety management system, including maintenance of the system's external certification to AS4801:2004;
  - oversight of the Corporation's workplace health and safety performance and evaluating the effectiveness of the policies and processes in place to effectively manage workplace health and safety issues in the workplace;
  - oversight of the Corporation's human resource and industrial relations function, and evaluating the effectiveness of the policies and processes in place to effectively manage human resource and industrial relations issues in the workplace; and
  - review and update of the HR&WHS Committee Charter.

The qualifications of those directors on the HR & WHS Committee are detailed on page 10 of this report.



# CORPORATE GOVERNANCE

## Business Development and Environmental Management Committee

### Chair

Hon. Tony McGrady AM

### Members

Mr Ross Dunning AC

Mr Stephen Cantwell

Mr Michael Stolz

The primary objective of the Business Development and Environmental Management 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 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 on trade and business growth opportunities and customer relations activities;
- ensuring the development of environmental management policies and practices that allow the Corporation to comply with relevant legislation, government policy and best industry practice;
- oversight of the effective implementation of the Corporation's environmental management strategies, plans and policies;
- responding to emerging issues relating to business development 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 FARM Committee, Major Projects Committee, or HR&WHS Committee in relation to business development, project management and planning and environment matters.

Significant achievements of the Committee during the reporting period included:

- oversight of construction works and commissioning of a fuel pipeline on Berth 9 at the Port of Townsville;
- oversight of the Berth 1 service jetty duplication works, whole-of-port fire system review and upgrade and Berth 8/9 pile repairs at the Port of Townsville;
- monitoring the Corporation's environmental performance and evaluating the effectiveness of the policies and processes in place to effectively manage environmental issues at the Ports of Townsville and Lucinda;
- oversight of the implementation of the Corporation's environmental management system, including maintenance of system's external certification to ISO14001:2004;
- continued expansion and positive results from the Corporation's Air Quality Monitoring Program.

The qualifications of those Directors on the Committee are detailed on page 10 of this report.

## Major Projects Committee

### Chair

Mr Ross Dunning AC

### Members

Prof. Stephen Graw

Mr Rabieh Krayem

The primary objective of the Major Projects Committee is to assist the Board of Directors in fulfilling its responsibilities by facilitating the delivery of major infrastructure projects being constructed by the Corporation in a timely, efficient and cost effective manner.

Specific responsibilities of the Committee include:

- oversight of the delivery of those major infrastructure projects delegated to the Committee by the Board of Directors, including making decisions as and when required without further reference to the Board of Directors, up to a limit of \$2 million per occurrence; and
- monitor and evaluate the risk management systems in place to protect the Corporation during construction of major infrastructure projects.

Significant achievements of the Committee during the reporting period included:

- oversight of the EIS and Alliance contract for the TMP Project, and securing State Government funding of \$110 million for the project;
- oversight of the preliminary engineering and environmental studies undertaken for the Port Expansion Project at the Port of Townsville;
- review of design and planning works for the upgrade of Berths 8 and 10 at the Port of Townsville; and
- oversight of concept design works for a new Berth 12 at the Port of Townsville.

Board Committee Charters can be viewed on the Corporation's website at

[http://www.townsville-port.com.au/corporate\\_governance#subcommittee](http://www.townsville-port.com.au/corporate_governance#subcommittee).

## Board and Committee Attendances

Director	Board Meetings		Financial, Audit and Risk Management Committee		Business Development & Environmental Management Committee		Human Resources, Workplace Health and Safety Committee		Major Projects Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Mr Ross Dunning AC	11	11	5	5	4	4	4	4	2	2
Prof. Stephen Graw	11	11	5	5	N/A	N/A	N/A	N/A	2	2
Ms Melissa Griffith	11	11	N/A	N/A	N/A	N/A	4	4	N/A	N/A
Mr Stephen Cantwell	11	11	N/A	N/A	4	4	N/A	N/A	N/A	N/A
Hon Tony McGrady AM	11	11	N/A	N/A	4	4	N/A	N/A	N/A	N/A
Mr Michael Stolz	11	11	N/A	N/A	4	4	N/A	N/A	N/A	N/A
Ms Diane Zetlin	11	10	5	4	N/A	N/A	2	2	N/A	N/A
Mr Rabieh Krayem	8	6	N/A	N/A	N/A	N/A	2	1	2	0

### Director and Executive Remuneration

The Corporation's Directors are paid fees for their services. The amount of the fees is approved by shareholding Ministers.

Remuneration arrangements for the CEO and Senior Executives are determined by the Board in accordance with GOCs Governance Arrangements for Chief and Senior Executives (February 2009).

The Corporation's remuneration policy provides for a review of senior executive salaries during June of each year with any adjustments effective 1 July. Increases in senior executive remuneration are made and approved in accordance with the GOCs Governance Arrangements for Chief and Senior Executives (February 2009). Details of executive remuneration are included in the Annual Report and SCI in accordance with

legislative and policy requirements.

In accordance with the disclosure requirements for GOCs, details of Directors' remuneration for the reporting period are shown in the following table.





**SPIRIT OF ESPERANCE**

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## Director Remuneration

Non-Executive Director	Director Fees (\$)	Committee Fees (\$)	Superannuation (\$)	Total (\$)
Mr Ross Dunning AC	29,937	15,392	3,428	48,757
Prof. Stephen Graw	13,585	5,986	1,481	21,052
Ms Melissa Griffith	13,563	3,983	1,322	18,868
Mr Stephen Cantwell	13,563	3,983	1,322	18,868
Hon Tony McGrady AM	13,563	4,096	1,333	18,991
Mr Michael Stolz	13,563	3,983	1,322	18,868
Ms Diane Zetlin	12,466	4,312	1,326	18,104
Mr Rabieh Krayem	10,271	2,995	1,194	14,460

## Board Evaluations

The Board carries out regular reviews of its performance to evaluate the effectiveness of the Board in meeting its objectives, discharging its functions and responsibilities, and to identify self-improvement or process improvement opportunities that can be pursued to enhance the overall performance of the Board.

The Chairman continuously monitors the performance of individual Directors, the Board and Board Committees. The Directors also conduct an assessment of their own and the Board's collective performance on a regular basis. The evaluation focuses on the following key areas:

- individual Director and collective Board knowledge, experience and performance;
- 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.

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

The results of the evaluations are communicated to the Board and

shareholding Ministers via the Chairman.

The results of Board evaluations are analysed for trends and areas for improvement so 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 Board has also adopted an Insider Trading Policy which ensures that Directors, Senior Executives and employees do not use inside information acquired through their position in the Corporation to deal in securities or gain a personal benefit. This includes trading through a family member or through a trust or company over which a Director, Senior Executive or employee has influence and control.

Directors are required to disclose any direct or indirect interest they have at the commencement of their appointment as a Director by submitting a Statement of Interests Form to the Chairman or CEO as appropriate.

In accordance with the requirements of the *Corporations Act 2001* (Cth), if a Director has a direct or indirect interest in a matter being considered, or about to be considered by the Board, the Director is also required

to disclose the nature of the interest to the Board as soon as practicable after the relevant facts come to the Director's knowledge. Except as permitted by the *Corporations Act 2001* (Cth), 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.

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.



# CORPORATE GOVERNANCE

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 [http://www.townsville-port.com.au/corporate\\_governance](http://www.townsville-port.com.au/corporate_governance).

## Code of Conduct

The Corporation has adopted a Code of Conduct which outlines the responsibilities and obligations of all employees of the Corporation.

All employees are provided training as part of their induction process in relation to their rights 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.

The conduct and ethics expected specifically of Directors are covered in the Corporation's Corporate Governance Manual and 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). Copies of the policy may also be obtained by members of the public at the Corporation's registered office.

## Independent Advice

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

## Planning & Performance Reporting

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

Business performance reports are provided to the Board and shareholding Ministers on a quarterly, biannual and annual basis such that they can monitor the Corporation's performance against agreed targets. The biannual and annual reports are published such that the Corporation's performance can be communicated to other stakeholders.

A summary of the Corporation's performance against its SCI for the 2009/2010 reporting period is provided in the SCI Summary of this report on page 16.

## 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 SCI provides for payment of a dividend amount equivalent to 80% of the Corporation's NPAT and adjustments for the 2009-2010 financial year exclusive of amounts attributable to reversal of prior year write downs on assets and changes in fair value of investment properties.

After consulting with its shareholding Ministers during the financial period, the Corporation's Board has resolved to formally recommend a dividend of 80% of NPAT (excluding any revaluation effects) for the 2009/2010 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 Committee meets on a monthly basis to identify, assess and manage risks impacting the organisation. 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 reported to the FARM Committee 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.

## 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 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 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 FARM Committee in June each year;
- 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 where appropriate or advised;
- providing reports on the outcome and findings after each assignment and recommendations for follow-up actions;
- 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 audits were conducted by the Corporation's internal auditors in respect to the following matters:

- revenue;
- payroll;
- computer assisted audit - accounts payable;
- procurement; and
- major capital projects project management.

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 GOCs.

### Business Management Systems

During the 2009/2010 financial year, the Corporation maintained external certification of its integrated management system which is composed of Quality Assurance (ISO9001:2008), Information Security

(ISO27001:2005), Occupational Health and Safety (AS4801:2001) and Environment (ISO14001:2004). The Corporation was also successful in upgrading its Quality Assurance certification to ISO 9001:2008.

### Records Management

The Corporation has a Recordkeeping Framework consistent with the requirements outlined in the *Public Records Act 2002* (Qld) and associated information standards issued by the Queensland State Archivist.

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 2009/2010, the Corporation undertook the following actions outlined in the ORIP to improve compliance with the IS40:

- transfer of the Corporation's historical records, dating back to 1896, to Queensland State Archives;
- scanning of the Corporation's vital records to place the Corporation in a position to be able to recover these records in a timely manner in the event of a disaster;
- provision of recordkeeping refresher training to the Corporation's employees;
- attendance by recordkeeping employees at regional training events provided by Queensland State Archives;
- reviews and updates of the Corporation's business information systems to ensure compliance with Information Standard 34 relating to metadata; and

- continued implementation of strategies to fully centralise the recordkeeping function.

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.



# CORPORATE GOVERNANCE

## 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 IPPs outlined in the IP Act do not apply to GOCs, 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. A copy of the Plan is also available to the public on the Corporation's website at [http://www.townsville-port.com.au/privacy\\_policy](http://www.townsville-port.com.au/privacy_policy).

The Corporation received and processed one Information Privacy application during the reporting period.

## Release of Information

The *Right to Information (RTI) Act 2009* (Qld)

and the IP Act, which replaces the previous Freedom of Information laws, commenced on 1 July 2009.

The RTI regime requires GOCs to provide greater proactive and routine disclosure of information to the public and gives individuals the right to apply for access to information held by GOCs. Consistent with the spirit of the legislation, the Corporation published a publication scheme on its website during the reporting period in accordance with the requirements of the RTI Act and associated Release of Information

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
Sport and Recreation Sponsorships Policy	28 September 2009
State Procurement Policy (replacing the State Purchasing Policy)	3 February 2010

In accordance with section 115 of the GOC Act and section 24AA of the *Acts Interpretation Act 1954* (Qld), the Corporation was notified by its shareholding Ministers that the following will no longer apply to the Corporation, its subsidiaries and controlled entities:

Government Policy	Date Notified
Audit and Reporting Requirements for GOC Controlled Entities and Investments'	20 April 2010

## Overseas Travel for the Financial Year

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 GOCs Air Travel Policy (March 2008) issued by Queensland Treasury.

Applications for overseas visits (including itineraries) for the Chairperson or a Director are to be submitted to the 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 CEO must be approved by the Board. Overseas travel by other employees must be approved by the CEO.

A report on overseas travel undertaken throughout the financial year is to be submitted to shareholding Ministers with the Corporation's Quarterly Performance Report.

In accordance with the disclosure requirements for GOCs details of overseas travel during the reporting period is shown in the following table:

Arrangements for GOCs (December 2008) guidelines issued by Queensland Treasury. The publication scheme proactively discloses a number of the Corporation's internal policies and procedures for access by the general public.

The Corporation received and processed one Right to Information application during the reporting period.

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

Name	Position	Destination	Departure Date	Return Date	Reason	Estimated Total Cost
David Leverton	Manager Corporate Information Systems	United States of America	8 October 2009	29 October 2009	To represent Australia at a Cyber Security Training Workshop hosted by the USA Department of Homeland Security.	\$4,119.15
Shenal Basnayake	Previous General Manager Business Development	Guam	12 October 2009	15 October 2009	To promote the services of the Port of Townsville at a Townsville Enterprise trade mission in Guam.	\$4,089.91
Mel Marke	General Manager Business Development	Papua New Guinea	15 March 2010	18 March 2010	To identify trade opportunities between PNG and Australia, develop and strengthen working relationship between the Corporation and PNG Ports Corporation, and promoting the services of Port of Townsville to the PNG business community.	\$4,167.60

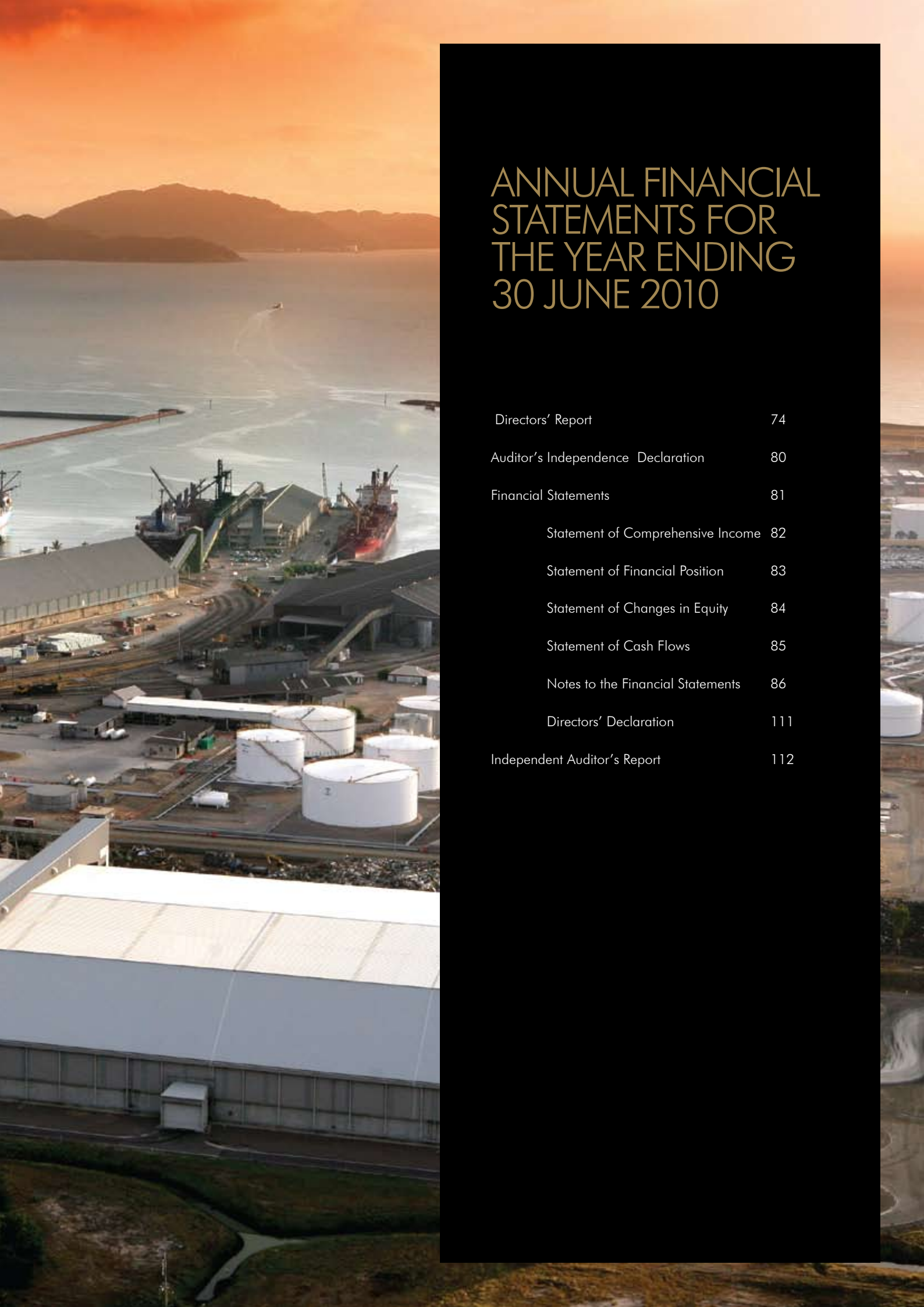
### Looking Forward – 2010/2011 Strategies

The Corporation will undertake the following key actions in 2010/2011:

- review and update of the Corporation's risk, fraud and corruption, compliance, privacy, governance, release of information and information privacy frameworks to ensure alignment with shareholding Ministers' expectations, strategic objectives, legislative requirements and best practice;
- development of an integrity framework in collaboration with the Crime and Misconduct Commission (CMC) in response to the enactment of the *Integrity Act 2009* (Qld) which extends the CMC's jurisdiction to GOCs;
- implementation of the Corporation's 2010/2015 Corporate Plan and 2010/2011 SCI as agreed with shareholding Ministers;
- continued business performance reporting to shareholding Ministers on a quarterly, biannual and annual basis;
- continued implementation of the Corporation's 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;
- maintenance of the Corporation's external certification of its Integrated Management Systems; and
- implementation of strategies to improve the Corporation's information management processes.





An aerial photograph of an industrial port facility at sunset. In the foreground, there are large white storage tanks and a long, low industrial building with a corrugated metal roof. The middle ground shows a busy harbor with several large cargo ships docked at piers, cranes, and other industrial structures. The background features a calm body of water and distant mountains under a warm, orange-hued sky.

# ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2010

Directors' Report	74
Auditor's Independence Declaration	80
Financial Statements	81
Statement of Comprehensive Income	82
Statement of Financial Position	83
Statement of Changes in Equity	84
Statement of Cash Flows	85
Notes to the Financial Statements	86
Directors' Declaration	111
Independent Auditor's Report	112

# DIRECTORS' REPORT

## FOR THE YEAR ENDING 30 JUNE 2010

The Directors present their report together with the financial statements of Port of Townsville Limited ("the Corporation") for the year ended 30 June 2010 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:

#### Chairman

Mr Ross Dunning AC, BEng (Hons), BCom, 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 the Port of Townsville Limited, Central Co-ordinator for the Goonyella Coal Chain Board, and a non-executive director of Queensland Energy Resources Limited and Indec Consulting. Mr Dunning undertakes consulting work in the areas of project management and commercial corporate activity, particularly related to rail, ports and transport. 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.

Mr Dunning 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, a Fellow of the Institution of Railway Signal Engineers and a member of the Australian Institute of Company Directors.

#### Special responsibilities

- Chair of the Board
- Chair of the Human Resources and Workplace Health and Safety (HR & WHS) Committee
- Chair of the Major Projects Committee
- Member of the Finance, Audit and Risk Management (FARM) Committee
- Member of the Business and Environment 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) in Townsville. 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 Executive of the Australasian Law Teachers Association, a member of the Council of Australian Law Deans, a member of the UniSuper Consultative Committee, Deputy Chairperson of the Council of the Catholic College of St. Raphael and St. Paul and patron of two community organisations. Professor Graw also holds the rank of Brigadier in the Standby Army Reserve.

#### Special responsibilities

- Deputy Chair of the Board
- Chair of the FARM Committee
- Member of the Major Projects Committee

Ms Melissa Griffith BE (Civil) (Hons), MEng (Coastal), MIEAust, GAICD. Non-executive director.

Initial appointment 1 July 2005, Last re-appointed 1 October 2009, Term of Office - to 30 September 2012.

#### 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 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

# DIRECTORS' REPORT

## FOR THE YEAR ENDING 30 JUNE 2010

Committee. She is an active member of Brisbane City Church and is currently the Deputy Chairperson of CityCare Brisbane, a not-for-profit community services organisation.

### Special responsibilities

- Member of the HR & WHS Committee

[Mr Stephen Cantwell MBus, 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. 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.

### Special responsibilities

- Member of the Business and Environment Committee

[Hon. Tony McGrady AM.](#) [Non-executive director.](#)

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

### Experience and expertise

Mr 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.

Mr McGrady resigned from Parliament in 2006. Mr McGrady was previously a Director of the Townsville Harbour Board from 1973 to 1989. Mr McGrady is currently on the Advisory Board of Laramide Resources, an energy company with their head office situated in Toronto.

### Special responsibilities

- Chair of the Business and Environment Committee

[Mr Michael Stolz BE \(Aero\), MAICD.](#) [Non-executive director.](#)

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

### Experience and expertise

Mr Stolz is a practising management consultant with over 14 years experience in the transport, energy, government and not-for-profit sectors. Mr Stolz founded and developed an independent consulting business, which he recently sold, and he is now the Queensland State Manager for CSG Consulting. Mr Stolz played a key role in the establishment of the Dalrymple Bay Coal Chain Integrated Logistics Centre and the development of an independent Coal Chain Master Plan.

Before his career in consulting, Mr Stolz spent 9 years as an engineer and manager in the areas of aircraft operations, maintenance, research and development.

Mr Stolz has worked in Queensland, New South Wales, Victoria, South Australia, the United Kingdom and Turkey. He is a member of the International Project Management Institute, Australian Change Management Institute and Australian Institute of Company Directors.

### Special responsibilities

- Member of the Business and Environment Committee

[Ms Di Zetlin BA \(Hons\) UQ, GAICD](#) [Non-executive director.](#)

Appointed 1 July 2009, Term of Office - to 30 September 2012.



# DIRECTORS' REPORT

## FOR THE YEAR ENDING 30 JUNE 2010

### Experience and expertise

Ms Zetlin was appointed to the Board on 1 July 2009, having previously been a Director of Ports Corporation of Queensland (PCQ) since 1999 and Chair of its Strategic Planning and Risk Committee.

Ms Zetlin is a Lecturer in the School of Political Science and International Studies at the University of Queensland. Her teaching and research expertise is in conflict resolution and employment matters.

Ms Zetlin served on the Higher Education Council of the National Board of Employment, Education and Training in the 1990s and was a member of the Women's Employment, Education and Training Advisory Group of the Commonwealth Minister for Employment, Education and Training. She has been General Secretary of the Federated Australian University Staff Association and President of the National Tertiary Education Union.

She has served a number of terms as Senator of the University of Queensland Senate.

### Special responsibilities

- Member of the FARM Committee

**Mr Rabieh Krayem MAHRI, FAIM. Non-executive director.**

Appointed 1 October 2009, Term of Office - to 30 September 2012.

### Experience and expertise

Mr Krayem has been appointed CEO of the North Queensland Fury FC, based in Townsville. This appointment took place July 2010. Prior to this Mr Krayem held the position of CEO of IPA Personnel.

Mr Krayem has a breadth of experience in the provision of solution based services in his experience as CEO of IPA Personnel. He recognises the value of strong networks and can count some of Australia's leading members of Business, Government and Community as his colleagues. His ability to unite and focus collaborative efforts to achieve common goals and collective outcomes for both enterprise and community has seen IPA extend its innovative services to indigenous employment and workforce development.

Mr Krayem's local knowledge and diverse business background, which includes time as CEO of IPA Personnel, CEO of the North Queensland Cowboys, and General Manager of CHR Red, means he is well placed to serve the Port which plays a pivotal role in the Townsville regional economy.

### Special responsibilities

- Member of the HR & WHS Committee
- Member of the Major Projects Committee

### COMPANY SECRETARIES

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

**Ms Esther Slocombe B.Com-LLB (Hons), 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 three years.

**Ms Ranee 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 within the Corporation. Ms Crosby has more than 14 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. Ms Crosby is also an appointed member of the James Cook University Council and sits on a number of committees, including the Australian Institute of Company Directors Townsville Committee, JCU Audit and Compliance Committee and is Deputy Chair of the JCU Remuneration and HR Committee.

# DIRECTORS' REPORT

## FOR THE YEAR ENDING 30 JUNE 2010

### 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 2010, and the number of meetings attended by each Director were:

Director	Board Meetings		FARM Committee		Business and Environment Committee		HR & WHS Committee		Major Projects Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Mr Ross Dunning AC	11	11	5	5	4	4	4	4	2	2
Prof Stephen Graw	11	11	5	5	N/A	N/A	N/A	N/A	2	2
Ms Melissa Griffith	11	11	N/A	N/A	N/A	N/A	4	4	N/A	N/A
Mr Stephen Cantwell	11	11	N/A	N/A	4	4	N/A	N/A	N/A	N/A
Hon Tony McGrady AM	11	11	N/A	N/A	4	4	N/A	N/A	N/A	N/A
Mr Michael Stolz	11	11	N/A	N/A	4	4	N/A	N/A	N/A	N/A
Mr Diane Zetlin	11	10	5	4	N/A	N/A	2	2	N/A	N/A
Mr Rabieh Krayem	8	6	N/A	N/A	N/A	N/A	2	1	2	0

### REMUNERATION OF DIRECTORS

Note 24 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 insured. The Corporations Act 2001 (Cth) does not require disclosure of this information in these circumstances.

### DIRECTORS' SHAREHOLDING

No Directors held any beneficial interest in the shares of the 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: -
  - o the establishment, management and operation of effective and efficient port facilities and port services in the port by other persons; or
  - o 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:
  - o whether in or outside its ports; and
  - o whether in or outside Australia; and
  - o 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.

# DIRECTORS' REPORT

## FOR THE YEAR ENDING 30 JUNE 2010

### REVIEW OF OPERATIONS

During the year the Corporation welcomed funding from the State for the construction of Stage 1 of the Townsville Marine Precinct. An Alliance contract was executed by the Corporation with Laing O'Rourke Australia Construction Pty Ltd, for the construction of Stage 1 of the TMP. In April 2010, the Treasurer confirmed funding approval for the project consisting of grant funding for the Corporation by the Department of Transport and Main Roads (TMR) of \$80.4 million. Construction works commenced in May 2010 with expenditure at year end of \$3.886 million. The project has an expected completion date of December 2011.

The Corporation's net profit for the year after income tax is \$35,898,797 (2009: \$3,172,148), representing an increase of 1032% from the previous year.

Profit from continuing operations was \$50,162,390 (2009: \$4,554,284) representing an increase of 1001% from last year. This significant increase is a result of receiving the grant funding detailed above for the TMP. Excluding the grant funding shows an increase of 244% from last year.

The Corporation also saw the Port of Lucinda transferred from PCQ as at 1 July 2009, as detailed below.

These general purpose financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 (Cth), GOC Act 1993 (Qld), Financial Accountability Act 2009 (Qld), Financial and Performance Management Standard 2009 (Qld), Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group Interpretations. The financial statements comply with International Financial Reporting Standards (IFRSs) and Interpretations adopted by the International Accounting Standards Board (IASB).

### DIVIDENDS

Directors recommend the payment of a final dividend at 80% of profits, as adjusted for revaluation and extraordinary items. The final dividend amounts to \$4,024,693 (2009: Nil).

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 1 July 2009 the assets, liabilities, staff and control of the Port of Lucinda were transferred from Ports Corporation Queensland to Port of Townsville Limited under the GOC (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).

On 1 July 2009 1,685,876 shares were issued to each Shareholding Minister on behalf of the State of Queensland. The shares were issued in accordance with the Corporations Act 2001 (Cth).

As a result of the final audit of Port of Lucinda's books, there were some minor adjustments made in order to correct the value of assets and liabilities transferred. The outcome was a cancellation of 96,760 shares from each Shareholding Minister which took effect 2 April 2010. This share reduction was conducted in accordance with the Corporations Act 2001 (Cth).

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

Asset	Liabilities	Share Capital Final Adjustment
3,985,461	807,229	3,178,232

Other than the above, there was no significant change in the state of affairs of the Corporation during the financial year.

### MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There has not been any matter or circumstance has arisen since 30 June 2010 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.



# DIRECTORS' REPORT

## FOR THE YEAR ENDING 30 JUNE 2010

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 1981 (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. Ongoing monitoring of emissions using a carbon emissions calculator developed by QTC indicates the Corporation's emissions for the 2009/2010 financial year continue to be well below reporting thresholds. 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

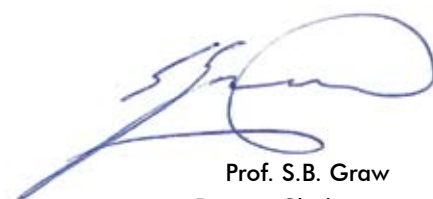
The auditor's independence declaration as required under section 307C of the Corporations Act 2001 (Cth) is set out on page 6.

### 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 financial statements and Directors' Report. Amounts in the Directors' Report have been rounded off to the nearest dollar in accordance with that Class Order.



Mr R.W. Dunning AC  
Chairman  
25 August 2010



Prof. S.B. Graw  
Deputy Chairman  
25 August 2010

# AUDITOR'S INDEPENDENCE DECLARATION

## FOR THE YEAR ENDING 30 JUNE 2010

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 2010, 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.

A handwritten signature in black ink, appearing to read 'John Zabala', with a long horizontal line extending to the right.

**John Zabala FCA**

**As delegate of the Auditor-General of Queensland**

**25 August 2010**

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDING 30 JUNE 2010

### PURPOSE AND SCOPE

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

**Port of Townsville Limited**  
**Benwell Road**  
**Townsville QLD 4810**

The Corporation is required to comply with the requirements of the Corporations Act 2001 (Cth). Under the terms of Section 118 of the GOC Act, specified sections of the Financial Accountability Act 2009 (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 Accountability Act 2009 (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: -
  - o its shareholding Ministers, the Honourable Treasurer and Minister for Employment and Economic Development, and the Honourable Minister for Transport;
  - o users and potential users of the Port of Townsville;
  - o the community in general; and
  - o 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.



# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDING 30 JUNE 2010

	Notes	2010 \$	2009 \$
Revenues from Continuing Operations			
User Charges	2	41,828,854	35,948,887
Grants and Other Contributions		34,509,091	-
Interest Received		1,451,023	958,545
Other Revenue		1,416,530	547,041
Reversal of Prior Year Write-Downs on Assets	8	5,502,812	1,910,219
Fair Value Gains on Investment Properties	9	9,921,122	805,901
		<b>94,629,432</b>	<b>40,170,592</b>
Expenses from Continuing Operations			
Employee Related Expenses	2	8,477,738	7,637,144
Supplies and Services	2	16,758,259	19,081,420
Depreciation Expense	2	6,599,888	7,597,315
Finance Costs		793,542	435,205
Other Expenses	2	3,233,306	510,086
Asset Impairments	8	2,991,880	-
Asset Revaluation Write-Downs	8	5,612,429	355,138
		<b>44,467,042</b>	<b>35,616,308</b>
<b>Profit from Continuing Operations Before Income Tax Expense/ (Income Tax Revenue)</b>		<b>50,162,390</b>	<b>4,554,284</b>
Income Tax Expense relating to Ordinary Activities	3	(14,263,593)	(1,382,136)
<b>Profit from Continuing Operations After Income Tax Expense/ (Income Tax Revenue)</b>		<b>35,898,797</b>	<b>3,172,148</b>
<b>Profit for the Year</b>		<b>35,898,797</b>	<b>3,172,148</b>
Other Comprehensive Income			
Increase in Revaluation Surpluses (net of tax effect)	15	106,349,873	9,541,458
<b>Total Comprehensive Income</b>		<b>142,248,670</b>	<b>12,713,606</b>

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

# STATEMENT OF FINANCIAL POSITION

## AS AT 30 JUNE 2010

	Notes	2010 \$	2009 \$
<b>Current Assets</b>			
Cash and Cash Equivalents	4	123,321,850	5,741,957
Trade and Other Receivables	5	5,792,790	4,003,881
Other Assets	6	338,662	469,981
<b>Total Current Assets</b>		<b>129,453,302</b>	<b>10,215,819</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	8	358,601,351	204,427,185
Investment Properties	9	40,695,567	26,657,867
Deferred Tax Assets	3(d)	25,912,393	1,791,025
<b>Total Non-Current Assets</b>		<b>425,209,311</b>	<b>232,876,077</b>
<b>TOTAL ASSETS</b>		<b>554,662,613</b>	<b>243,091,896</b>
<b>Current Liabilities</b>			
Trade and Other Payables	10	4,919,685	1,842,014
Financial Liabilities	11	3,128,371	2,790,235
Current Tax Liabilities		35,673,503	1,030,231
Provisions	12	4,179,225	4,110,293
Other Liabilities	13	69,057,116	547,719
<b>Total Current Liabilities</b>		<b>116,957,900</b>	<b>10,320,492</b>
<b>Non-Current Liabilities</b>			
Financial Liabilities	11	7,882,803	3,186,571
Deferred Tax Liabilities	3(d)	68,237,635	21,823,539
Provisions	12	4,741,233	921,350
Other Liabilities	13	8,131,910	-
<b>Total Non-Current Liabilities</b>		<b>88,993,582</b>	<b>25,931,460</b>
<b>TOTAL LIABILITIES</b>		<b>205,951,482</b>	<b>36,251,952</b>
<b>NET ASSETS</b>		<b>348,711,131</b>	<b>206,839,944</b>
<b>Equity</b>			
Contributed Equity	14	101,746,168	98,567,936
Accumulated Surplus		62,657,209	30,314,125
Asset Revaluation Surplus	15	184,307,756	77,957,883
<b>TOTAL EQUITY</b>		<b>348,711,131</b>	<b>206,839,944</b>

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

# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDING 30 JUNE 2010

	Notes	2010 \$	2009 \$
<b>Contributed Equity</b>			
Balance at beginning of the year		98,567,936	98,935,028
Shares Redeemed		-	(367,092)
Shares Issued		3,178,232	-
Balance at the end of the year		<b>101,746,168</b>	<b>98,567,936</b>
<b>Accumulated Surplus</b>			
Balance at beginning of the year		30,314,125	27,012,873
Operating results from Continuing Operations		35,898,797	3,172,148
Transfer from reserves on disposal of property, plant and equipment		468,979	129,104
Dividends provided for	16	(4,024,693)	-
Balance at the end of the year		<b>62,657,209</b>	<b>30,314,125</b>
<b>Asset Revaluation Surplus</b>	15		
Balance at beginning of the year		77,957,883	68,416,425
Revaluation of property, plant and equipment		152,393,410	13,969,254
Deferred tax adjustment for revaluations		(45,574,557)	(3,987,616)
Transfer to accumulated surplus on disposal of property, plant and equipment		(468,980)	(338,600)
Deferred tax credited to reserves on disposal of property, plant and equipment		-	(101,580)
<b>Balance at the end of the year</b>		<b>184,307,756</b>	<b>77,957,883</b>

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



# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDING 30 JUNE 2010

	Notes	2010 \$	2009 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers		41,456,477	32,016,283
Grants and Other Contributions		114,909,091	-
Payments to Suppliers and Employees		(22,396,319)	(21,670,378)
GST collected from Customers		15,616,038	3,537,300
GST paid to Suppliers		(3,329,228)	(3,022,675)
GST collected from Australian Tax Office		184,322	455,723
GST paid to the Australian Tax Office		(12,621,307)	(1,071,110)
Interest Received		1,451,023	958,545
Interest Paid/Competitive Neutrality Fee		(895,996)	(435,205)
Income Tax Equivalents Paid		(3,693,726)	(3,829,733)
Net Cash Inflow from Operating Activities	27(b)	<b>130,680,377</b>	<b>6,938,750</b>
<b>Cash Flows from Investing Activities</b>			
Payment for Property, Plant and Equipment		(18,163,278)	(15,310,730)
Proceeds from Sale of Property, Plant and Equipment		26,778	126,073
Net Cash Outflow from Investing Activities		<b>(18,136,500)</b>	<b>(15,184,657)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from Borrowings		8,000,000	-
Repayment of Borrowings		(2,963,983)	(2,626,243)
Dividends Paid		-	(3,917,003)
Net Cash Inflow (outflow) from Financing Activities		<b>5,036,016</b>	<b>(6,543,246)</b>
Net (Decrease) / Increase in Cash Held		117,579,893	(14,789,153)
Cash at Beginning of the Financial Year		5,741,957	20,531,110
<b>Cash at End of Financial Year</b>	27(a)	<b>123,321,850</b>	<b>5,741,957</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDING 30 JUNE 2010

### NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND EXPLANATION OF ITEMS SHOWN IN THE FINANCIAL STATEMENTS

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

The financial statements were authorised for issue by the Directors on 25 August 2010. The Directors have the power to amend and reissue the financial statement.

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

#### (a) Statement of Compliance

These general purpose financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 (Cth), GOC Act, Financial Accountability Act 2009 (Qld), Financial and Performance Management Standard 2009 (Qld), Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations. The financial statements comply with International Financial Reporting Standards (IFRSs) and Interpretations adopted by the International Accounting Standards Board (IASB).

Standards and Interpretations in issue not yet adopted

The Corporation has not adopted Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective for the annual reporting period ended 30 June 2010. These are outlined below:

Title	Operative for reporting periods beginning on/after
AASB 9 Financial Instruments, AASB 2009-911 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2013
AASB 124 Related Party Disclosures (revised December 2009), AASB 2009-12 Amendments to Australian Accounting Standards	1 January 2011
AASB 2009-5 Further amendments to Australian Accounting Standards arising from the Annual Improvements Project	1 January 2010
AASB 2009-8 Amendments to Australian Accounting Standards - Group Cash-settled Share-based Payment Transactions	1 January 2010
AASB 2009-10 Amendments to Australian Accounting Standards - Classification of Rights Issue [AASB 132] (October 2010)	1 February 2010
AASB 2009-14 Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement	1 January 2011
Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

#### (b) Basis of Preparation

##### (i) 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 at fair value through profit or loss and certain classes of property, plant and equipment and investment property.

##### (ii) Functional and presentation currency

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

##### (iii) 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 financial statements and Directors' Report. Amounts in the Directors' Report and financial statements have been rounded off in accordance with that Class Order.

##### (iv) Reclassifications

To allow the financial statements to align with the Corporation's new chart of accounts structure, certain comparative amounts have been reclassified to conform to the current year's presentation. Items such as Other Employee Related Expenses have transferred in from Supplies and Services and Other Expenses; Provision for Long Service Leave was transferred from Trade and Other Payables to Provisions; Provision for Litigation was reclassified from Current liabilities to Non-Current Liabilities.

#### (c) Critical accounting estimates

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDING 30 JUNE 2010

### NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND EXPLANATION OF ITEMS SHOWN IN THE FINANCIAL STATEMENTS (continued)

where assumptions and estimates significant to the financial statements are disclosed in the following notes:

Valuation of property, plant and equipment

Note 8

Provision for long service leave

Note 12

#### (d) Taxation

As a GOC, 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 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.

#### (e) 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.

##### (vi) Government Grants

Government grants are not recognised until there is reasonable assurance the Corporation will comply with the conditions attaching



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDING 30 JUNE 2010

### NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND EXPLANATION OF ITEMS SHOWN IN THE FINANCIAL STATEMENTS (continued)

to them and that the grants will be received. Grant funding related to assets may be offset against the cost of bringing the assets to their present location and condition (to the extent that the offset does not exceed their cost), in presenting the carrying value of the assets on the statement of financial position (capital approach). Alternatively, the funding may be recognised gross as deferred income in the statement of financial position and subsequently recognised in profit or loss on a systematic basis (income approach). Where the net value of the asset cost less grant monies deducted over the period of construction is reflective of the final impaired value, the Corporation will adopt the capital approach to grant funding.

Where government grants have been grossed up for the effects of income tax and GST, the taxation component will be recognised as revenue in profit and loss.

#### (f) 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 statement of financial position.

#### (g) Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost. 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. If a contractual arrangement exists, settlement is in accordance with the contractual terms.

Collectability 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.

#### (h) Non-Current Assets Held for Sale

Non-current assets held for sale consist of those assets that management has determined are available for immediate sale in their present condition, for which their sale is highly probable within the next 12 months. The Corporation did not hold any such assets during the year.

#### (i) 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.

##### (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 in the statement of financial position.

##### (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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDING 30 JUNE 2010

### NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND EXPLANATION OF ITEMS SHOWN IN THE FINANCIAL STATEMENTS (continued)

#### (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.

#### (i) 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 is 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 impairment are reviewed for possible reversal of the impairment at each reporting date.

#### (k) 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.

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 the cost of materials, direct labour and other costs directly attributable to the assets and where appropriate, borrowing costs.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDING 30 JUNE 2010

### NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND EXPLANATION OF ITEMS SHOWN IN THE FINANCIAL STATEMENTS (continued)

#### (ii) Assets Carried at Fair Value

Channels and swing basins, freehold land, wharves, buildings, infrastructure, small boat harbours and facilities, breakwaters (except for investment properties refer to note 1(l)) are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation where applicable.

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 30 June 2010 by AssetVal Pty Ltd. This valuation has been evaluated under the fair value principal calling for the value to be assessed by direct market comparison wherever possible.

As a result of the valuation provided by AssetVal Pty Ltd, the Corporation has performed re-classifications of asset categories with assets grouped of a similar nature and use in the Corporation's operations. The reconciliation is provided in note 8 for all transfers that have occurred between classes.

Increases in the carrying amounts arising on revaluation of channels and swing basins, freehold land, wharves, buildings, infrastructure, small boat harbours, breakwaters, are credited, net of tax, to asset revaluation surplus 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 is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

#### (iv) Depreciation Expense

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.

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

	2010	2009
Channels, Swing Basins, and Wharves	1.1% - 3.2%	2.5%
Plant, Equipment	5.0% - 50%	5.0% - 33.3%
Infrastructure & Small Boat Harbour	2.5% - 10.0%	2.5% - 10.0%
Buildings	5.0% - 10.0%	5.0% - 10.0%
Breakwaters	2.0%	2.0%

Depreciation Rates used for each class of depreciable assets are:

As a result of the valuation provided by AssetVal Pty Ltd, the Corporation has performed re-classifications of asset categories with assets grouped of a similar nature and use in the Corporation's operations. These re-classifications have not resulted in material changes in depreciation charges.

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 and are recognised net within other revenue in profit or loss. When revalued assets are sold or derecognised, it is the Corporation's policy to transfer the amounts included in the other reserves in respect of those assets to accumulated surplus.

#### (l) Investment Properties

Investment properties, 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 (including property under construction for such purposes). This category does not



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDING 30 JUNE 2010

### NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND EXPLANATION OF ITEMS SHOWN IN THE FINANCIAL STATEMENTS (continued)

include property used in the provision of services and supporting infrastructure for Port customers. Investment property is carried at fair value, representing open market value determined annually by external valuers. Changes in fair values are recorded in profit or loss.

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

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

Investment properties under construction are included in the Investment Property category, rather than work in progress. Consequently, investment properties under construction are also now measured at fair value. In determining a fair value for a property under construction, a value is determined as at reporting date for an equivalent property, and this value is adjusted proportionately to reflect the percentage of completion and remaining costs to complete construction at reporting date.

#### (m) 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.

#### (n) 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 financial statements, prepared in terms of AASB 1049 Whole of Government and General Government Sector Financial Reporting.

#### (o) 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 year end date.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDING 30 JUNE 2010

### NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND EXPLANATION OF ITEMS SHOWN IN THE FINANCIAL STATEMENTS (continued)

#### (p) Finance Costs

Finance costs directly attributable to the acquisition, construction or production of qualifying assets that take more than 12 months to prepare for their intended use or sale are added to the cost of those assets. Borrowing costs that cannot be directly attributable to a qualifying asset are recognised in profit or loss in the period they were incurred. No finance costs have been capitalised for the year ended 30 June 2010.

#### (q) 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.

#### (r) 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.

#### (s) 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.

#### (t) Goods and Services Tax (GST)

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

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

#### (u) 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 environments.

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

#### (v) Presentation of Financial Statements

The Corporation applies revised AASB 101 Presentation of Financial Statements (2007), which became effective 1 January 2009. As a result, the Corporation presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. In addition, the Corporation's financial statements have been re-named in accordance with the revised standard, that is Balance Sheet is now Statement of Financial Position, Income Statement is now Statement of Comprehensive Income and Cash Flow Statement is now Statement of Cash Flows.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDING 30 JUNE 2010

NOTE 2 PROFIT (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE (INCOME TAX REVENUE) INCLUDES THE FOLLOWING SPECIFIC REVENUES AND EXPENSES.

	2010 \$	2009 \$	2010 \$	2009 \$
<b>User Charges</b>				
Cargo Charges			26,204,614	22,947,770
Berthage			8,397,263	6,354,938
Properties and Facilities			5,516,582	4,547,823
Environmental Monitoring			1,075	43,316
Miscellaneous Trade Revenue			-	1,500
Infrastructure Recovery Charges			353,005	417,107
Safety and Security Charges			140,062	106,694
Utilities and Consumables			423,905	787,338
Pilot Transfer Service			792,348	742,401
			<b>41,828,854</b>	<b>35,948,887</b>
<b>Employee Related Expenses</b>				
Salaries and Wages			6,381,798	5,619,348
Annual Leave			451,988	417,409
Long Service Leave			135,935	219,171
Superannuation			757,442	683,346
Payroll Tax			374,721	350,103
Fringe Benefits Tax			68,441	109,312
Workers Compensation			71,982	70,380
Other Employee Related Expenses			235,431	168,076
			<b>8,477,738</b>	<b>7,637,144</b>
<b>Supplies and Services</b>				
Payments to Contractors			9,226,612	8,834,828
Other Supplies and Services			7,531,647	10,246,592
			<b>16,758,259</b>	<b>19,081,420</b>
<b>Depreciation Expense</b>				
Channels and Swing basins			1,008,860	975,769
Land			-	-
Wharves			1,716,826	1,801,823
Breakwaters			472,269	455,684
Buildings			465,310	667,760
Small Boat Harbours			203,715	226,163
Plant and Equipment			1,121,098	917,721
Infrastructure			1,611,810	2,552,396
			<b>6,599,888</b>	<b>7,597,315</b>
<b>Other Expenses</b>				
Revenue from sale of Property, Plant & Equipment	26,778	124,558		
Carrying Value of Property, Plant & Equipment Disposed of	73,941	249,700		
Carrying Value of Investment Properties Disposed of	2,586,150	-		
Gain (Loss) on Sale of Property, Plant & Equipment	(2,633,313)	(125,142)		
			2,633,313	125,142
Competitive Neutrality Fee			102,454	32,062
Land Tax			319,986	239,402
Audit Fee – Other			132,854	75,680
Audit Fee – year end Financial Statement review			44,700	37,800
			<b>3,233,306</b>	<b>510,086</b>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDING 30 JUNE 2010

### NOTE 3 INCOME TAX EQUIVALENTS

	2010 \$	2009 \$
<b>(a) Income tax equivalent expense</b>		
Current Tax/(Revenue)	38,336,999	2,663,686
Deferred Tax/ (Revenue)	(24,073,406)	(1,281,550)
	<b>14,263,593</b>	<b>1,382,136</b>
Income Tax Equivalents Expense is attributable to:		
Profit from Operations	14,238,493	1,382,136
Under/(Over) provision in prior years	25,100	
	<b>14,263,593</b>	<b>1,382,136</b>
Deferred Income Tax (Revenue) Expense included in Income Tax Expense comprises:		
Decrease/(Increase) in Deferred Tax Assets	(24,117,710)	(691,318)
(Decrease)/Increase in Deferred Tax Liabilities	44,304	(590,232)
	<b>(24,073,406)</b>	<b>(1,281,550)</b>
<b>(b) Numerical Reconciliation of Income Tax Expense prima facie Tax Payable</b>		
Profit from Operations before Income Tax Expense	50,162,390	4,554,284
Tax at the rate of 30% (2009 – 30%)	15,048,717	1,366,285
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Investment Allowance	(23,642)	(30,600)
Entertainment	4,994	7,721
Asset fair value adjustments and depreciation	-	38,730
Adjustments due to distribution from owners	(791,576)	-
	14,238,493	1,382,136
Under/(over) provision in prior years	25,100	-
Income Tax Equivalent Expense	<b>14,263,593</b>	<b>1,382,136</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) directly as a result of net increment in Revaluation Surpluses	45,574,557	4,089,196
	<b>45,574,557</b>	<b>4,089,196</b>
<b>(d) Additional Disclosure Notes</b>		
<b>Deferred Tax Assets</b>		
The balance comprises temporary differences attributable to:		
Amount recognised in profit or loss		
Provision for doubtful debts	-	-
Accrued audit fees	13,410	6,840
Provision for litigation	1,140,000	1,200,000

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDING 30 JUNE 2010

### NOTE 3 INCOME TAX EQUIVALENTS (continued)

	2010 \$	2009 \$
Provision for annual leave	126,720	120,070
Provision for long service leave – current	20,253	19,315
Provision for long service leave – non current	262,878	247,764
Provision for maintenance Picnic Bay Jetty – current	7,050	4,079
Provision for maintenance Picnic Bay Jetty – non current	19,491	28,641
Accrued revenue	202,591	164,316
Deferred grant revenue	24,120,000	-
	<b>25,912,393</b>	<b>1,791,025</b>
Movement:		
Opening balance at 1 July	1,791,025	1,099,707
Contribution from owners	3,658	-
Credited/(charged) to the income statement	24,117,710	691,318
Closing balance at 30 June	<b>25,912,393</b>	<b>1,791,025</b>
<b>Deferred Tax Liabilities</b>		
The balance comprises temporary difference attributable to:		
<i>Amounts recognised is profit or loss</i>		
Prepayments	243	802
Investment properties	6,896,673	5,370,130
Property, plant equipment	61,340,719	16,452,608
	<b>68,237,637</b>	<b>21,823,540</b>
Movements:		
Opening balance at 1 July	21,823,540	18,324,575
Credited/(charged) to the income statement	44,304	(590,231)
Contribution from owners	795,234	-
Credited/(charged) to equity	45,574,557	4,089,196
Closing balance at 30 June	<b>68,237,635</b>	<b>21,823,540</b>
The Deferred tax liability includes amounts recognised directly in equity as follows:		
Revaluation of Property, Plant and Equipment	78,985,080	33,410,521

### NOTE 4 CASH AND CASH EQUIVALENTS

	2010 \$	2009 \$
Cash on Hand	1,450	1,450
Cash at Bank	703,830	487,718
Term Deposits	122,616,570	5,252,789
	<b>123,321,850</b>	<b>5,741,957</b>

#### (a) Interest Rate Risk Exposure

The Corporation's exposure to interest rate risk is discussed in note 23. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above. The 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 in note 23.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDING 30 JUNE 2010

### NOTE 5 TRADE AND OTHER RECEIVABLES

	2010 \$	2009 \$
Trade Receivables	5,792,790	4,003,882
	<b>5,792,790</b>	<b>4,003,882</b>
The ageing of these receivables is as follows:		
0 – 30 days	5,114,007	3,694,914
30 – 60 days	365,491	94,102
over 60 days	313,292	214,866
	<b>5,792,790</b>	<b>4,003,882</b>

#### (a) Past Due but not Impaired

As of 30 June 2010 trade receivables of \$313,292 (2009 - \$403,910) 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:

	2010 \$	2009 \$
Up to 3 months	4,499	101,377
3 to 6 months	62,744	57,860
Over 6 months	246,049	244,673
	<b>313,292</b>	<b>403,910</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.

### NOTE 6 OTHER ASSETS

	2010 \$	2009 \$
Prepayments	338,662	469,981

### NOTE 7 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

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). There were no assets classified as held for sale in the current reporting period.

	2010 \$	2009 \$
Land		
Opening Balance	-	612,484
Transferred out/disposed	-	(612,484)
Closing Balance	-	-



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDING 30 JUNE 2010

### NOTE 8 PROPERTY, PLANT AND EQUIPMENT

	2010 Fair Value \$	2010 Accumulated Depreciation \$	2010 Impairment \$	2010 Carrying Amount \$
<u>Channels and Swing Basins</u>				
At Valuation 2010	213,274,475	130,124,477	36,109,256	47,040,742
At Valuation 2009	92,281,526	54,671,574	747,437	36,862,515
<u>Land</u>				
At Valuation 2010	113,399,000	-	-	113,399,000
At Valuation 2009	61,576,177	-	-	61,576,177
<u>Wharves</u>				
At Valuation 2010	250,820,871	155,697,070	40,202,810	54,920,991
At Valuation 2009	191,455,141	164,585,505	167,232	26,702,404
<u>Breakwaters</u>				
At Valuation 2010	154,340,387	59,140,387	33,165,844	62,034,156
At Valuation 2009	29,856,507	9,012,917	431,065	20,412,525
<u>Improvements (Land)</u>				
At Valuation 2010	-	-	-	-
At Valuation 2009	31,123,916	10,941,433	-	20,182,483
<u>Buildings</u>				
At Valuation 2010	26,004,058	13,548,272	-	12,455,786
At Valuation 2009	27,035,836	16,814,735	-	10,221,101
<u>Access Roads</u>				
At Valuation 2010	-	-	-	-
At Valuation 2009	12,712,358	10,486,849	-	2,225,509
<u>Small Boat Harbours</u>				
At Valuation 2010	10,213,672	7,209,675	-	3,003,997
At Valuation 2009	8,604,044	6,083,084	-	2,520,960
<u>Infrastructure</u>				
At Valuation 2010	201,225,921	161,517,698	-	39,708,223
At Valuation 2009	-	-	-	-
<u>Beacons</u>				
At Valuation 2010	-	-	-	-
At Valuation 2009	534,864	523,143	-	11,721
<u>Plant and Equipment</u>				
At Cost 2010	17,306,506	12,234,181	-	5,072,325
At Cost 2009	30,510,852	24,848,710	-	5,662,142
<u>Motor Vehicles</u>				
At Cost 2010	-	-	-	-
At Cost 2009	744,266	334,047	-	410,219
<u>*Capital Works in Progress</u>				
At Cost 2010	20,966,131	-	-	20,966,131
At Cost 2009	17,609,429	-	-	17,609,429
<b>Total 2010</b>	<b>1,007,551,021</b>	<b>539,471,760</b>	<b>109,477,910</b>	<b>358,601,351</b>
<b>Total 2009</b>	<b>504,044,915</b>	<b>298,301,996</b>	<b>1,345,734</b>	<b>204,397,185</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDING 30 JUNE 2010

### NOTE 8 PROPERTY, PLANT AND EQUIPMENT (continued)

	2010 \$	2009 \$
* Capital Works in Progress		
Harbour Works	12,770,454	12,550,493
Eastern Port Development	7,258,404	4,477,242
Equipment	937,274	518,694
	<b>20,966,131</b>	<b>17,609,429</b>

2009/2010 Reconciliation of Carrying Amounts	Carrying Amount at 1 July 2009 \$	Additions \$	Disposals \$	Transfers \$	Net Revaluations \$	Impairment \$	Depreciation Expense \$	Carrying amount at 30 June 2010 \$
Channels and Swing Basins	36,862,515	-	-	-	47,296,343	(36,109,256)	(1,008,860)	47,040,742
Land	61,576,177	4,852,411	(2,500)	(5,819,512)	52,792,426	-	-	113,399,000
Wharves	26,732,404	75,980	-	819,043	69,001,155	(39,990,765)	(1,716,826)	54,920,991
Breakwaters	20,412,525	-	-	-	75,259,744	(33,165,844)	(472,269)	62,034,156
Improvements (Land)	20,182,483	-	-	(20,182,483)	-	-	-	-
Buildings	10,221,101	1,722,742	(26,846)	59,264	944,835	-	(465,310)	12,455,786
Access Roads	2,225,509	-	-	(2,225,509)	-	-	-	-
Infrastructure	-	1,489,664	-	22,386,629	17,443,740	-	(1,611,810)	39,708,223
Small Boat Harbours	2,520,960	18,267	-	(19,375)	687,860	-	(203,715)	3,003,997
Beacons	11,721	-	-	(11,721)	-	-	-	-
Plant & Equipment	5,662,142	995,728	(32,874)	(431,573)	-	-	(1,121,098)	5,072,325
Motor Vehicle	410,219	-	-	(410,219)	-	-	-	-
Capital Works in progress	17,609,429	6,669,042	-	(3,312,340)	-	-	-	20,996,131
- Transfers to Investment Properties	-	-	-	9,147,796	-	-	-	-
	<b>204,427,185</b>	<b>15,823,834</b>	<b>(62,220)</b>	<b>-</b>	<b>263,426,103</b>	<b>(109,265,865)</b>	<b>(6,599,888)</b>	<b>358,601,351</b>

2009/2010 Reconciliation of Carrying Amounts	Carrying Amount at 1 July 2009 \$	Additions \$	Disposals \$	Transfers \$	Net Revaluations \$	Impairment \$	Depreciation Expense \$	Carrying amount at 30 June 2010 \$
Channels and Swing Basins	34,244,821	-	-	-	4,340,900	(747,437)	(975,769)	36,862,515
Land	54,041,190	-	-	-	7,561,987	-	-	61,576,177
Wharves	27,478,059	-	-	-	1,066,765	(167,232)	(1,645,188)	26,732,404
Breakwaters	18,898,637	-	-	-	2,400,637	(431,065)	(455,684)	20,412,525
Improvements (Land)	13,601,197	6,886,368	-	-	730,718	-	(1,035,800)	20,182,483
Buildings	10,097,851	395,878	-	-	387,352	-	(659,980)	10,221,101
Access Roads	2,530,853	-	-	-	289,342	-	(594,686)	2,225,509
Infrastructure	-	-	-	-	-	-	-	-
Small Boat Harbours	2,665,194	-	-	-	92,369	-	(236,603)	2,520,960
Beacons	12,404	-	-	-	-	-	(683)	11,721
Plant & Equipment	6,845,863	662,930	(37,875)	-	-	-	(1,808,776)	5,662,142
Motor Vehicle	644,532	-	(50,167)	-	-	-	(181,146)	410,219
Capital Works in progress	10,222,703	15,331,901	(7,945,175)	-	-	-	-	17,609,429
	<b>181,256,304</b>	<b>23,277,077</b>	<b>(8,033,217)</b>	<b>-</b>	<b>16,870,070</b>	<b>(1,345,734)</b>	<b>(7,597,315)</b>	<b>204,427,185</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDING 30 JUNE 2010

### NOTE 8 PROPERTY, PLANT AND EQUIPMENT (continued)

#### (a) Valuation of Property, Plant and Equipment

The valuation basis of infrastructure, buildings, channels and swing basins, wharves, small boat harbours is fair value, this 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 2010 revaluations were based on independent assessments of a member of the Australian Property Institute as at 30 June 2010, refer to note 1 (k)(ii) for details. The revaluation surplus net of applicable deferred income taxes was credited to other reserves in shareholder's equity (note 15).

#### (b) Impairment Loss and Compensation

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 revaluation surpluses 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. A prior year impairment loss for Berth 6 was not reversed in the current year and has remained in accumulated impairment losses.

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 within the next financial year.

		2010 \$	2009 \$
<b>Property, Plant &amp; Equipment</b>			
Recoverable amounts estimates	Discount Rate (pre tax WACC)	13.56%	12.57%
	Inflation Rate	2.75%	2.75%
	Period cash projections	10 years	10 years

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

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

	2010 \$	2009 \$
Channel and Swing Basins	38,142,624	39,235,350
Land	21,552,401	21,746,801
Wharves	37,529,112	39,506,579
Breakwaters	2,372,225	2,437,742
Buildings	9,248,295	8,090,435
Small Boat Harbours	913,038	1,014,638
Infrastructure	14,222,048	14,368,977
	<b>123,979,744</b>	<b>126,400,523</b>

#### (d) Transfer of Port of Lucinda

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 Port Restructure) Regulation 2009.

In accordance with AASB Interpretation 1028 Contributions by Owners by 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).

On 1 July 2009 1,685,876 shares were issued to each shareholding Minister on behalf of the State of Queensland. The shares were issued in accordance with the Corporations Act 2001 (Cth).

As a result of the final audit of Port of Lucinda's books, there were some minor adjustments made in order to correct the value of assets and liabilities transferred. The outcome was a cancellation of 96,760 shares from each shareholding Minister which took effect 2 April 2010. This share reduction was conducted in accordance with the Corporations Act 2001 (Cth).

The final value of the assets and liabilities transferred to the Corporation is as follows:

Asset	Liabilities	Share Capital Final
3,985,461	807,229	3,178,232



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDING 30 JUNE 2010

### NOTE 9 INVESTMENT PROPERTIES

	2010 \$	2009 \$
Land	33,338,000	23,744,597
Buildings	1,611,000	2,913,270
Work in Progress	5,746,567	-
	<b>40,695,568</b>	<b>26,657,867</b>
<b>Land</b>		
Opening balance at 1 July	23,744,597	23,180,283
Acquisitions	-	-
Net gain (loss) from fair value adjustment	6,350,676	691,590
Transfer from property plant and equipment	5,828,878	-
Disposals	(2,586,150)	(127,277)
Closing balance at 30 June	<b>33,338,000</b>	<b>23,744,597</b>
<b>Buildings</b>		
Opening balance at 1 July	2,913,270	2,798,960
Acquisitions	-	-
Net gain (loss) from fair value adjustment	(1,307,116)	114,311
Transfer from property plant and equipment	4,845	-
Disposals	-	-
Closing balance at 30 June	<b>1,611,000</b>	<b>2,913,270</b>
<b>Work in Progress</b>		
Opening balance at 1 July	-	-
Work in progress transferred from Property, Plant and Equipment from prior year	3,312,340	-
Acquisitions	6,320,499	-
Work in Progress transferred to unearned revenue	(3,886,272)	-
Closing balance at 30 June	<b>5,746,567</b>	-

Land with a total value of \$9,620,000 is subject to Deeds of Grant in Trust (DOGIT) or reserve provisions. The land is retained by the Crown, however, the Corporation administers and accrues economic benefits from the land.

#### (a) Amounts recognised in Profit and Loss for Investment Properties

	2010 \$	2009 \$
Rental income	878,508	923,814
Direct operating expenses from property that generate rental income	(50,808)	(49,363)
Direct operating expenses from property that did not generate rental income	(68,158)	(96,831)
Profit/(Loss)	<b>759,542</b>	<b>777,620</b>

#### (b) Valuation Basis

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 2010 revaluations were based on independent assessments made by AssetVal Pty Ltd.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDING 30 JUNE 2010

### NOTE 10 TRADE AND OTHER PAYABLES

Current	2010 \$	2009 \$
Trade Payables	4,493,283	1,317,719
Retention	-	118,106
Trust Fund Deposits	4,000	5,955
Employee Benefits - Annual Leave	422,402	400,234
	<b>4,919,685</b>	<b>1,842,014</b>

#### (a) Risk Exposure

Information about the Corporation's exposure to foreign exchange risk is provided in note 23.

### NOTE 11 FINANCIAL LIABILITIES

	2010 \$	2009 \$
Current	3,128,371	2,790,235
Non-Current	7,882,803	3,186,571
	<b>11,011,174</b>	<b>5,976,806</b>

#### (b) Fair value – Non-Current portion of Financial Liabilities

All borrowings are with Queensland Treasury Corporation. Queensland Treasury Corporation recorded a market value adjustment of \$355,673 (2009 was -\$108,887) principally as a result of past movements in the market value of liabilities in the Debt Pools giving a market debt outstanding of \$11,366,846 (2009 was \$6,084,034).

None of the classes are readily traded on organised markets in standardised form. No assets have been placed as securities for financial liabilities

### NOTE 12 PROVISIONS

	2010 \$	2009 \$
Current		
Dividend	4,024,693	-
Picnic Bay Jetty Maintenance	23,500	13,596
Fringe Benefits Tax	18,754	25,333
Competitive Neutrality Fee	44,767	6,982
Employee Benefits – Long Service Leave	67,511	64,382
Litigation	-	4,000,000
	<b>4,179,225</b>	<b>4,110,293</b>
Non-Current		
Picnic Bay Jetty Maintenance	64,973	95,469
Employee Benefits – Long Service Leave	876,260	825,881
Litigation	3,800,000	-
	<b>4,741,233</b>	<b>921,350</b>

#### (a) Amounts not expected to be settled within the next 12 months

The current provision for long service 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) Litigation

There are a number of ongoing legal proceedings involving the Corporation at reporting date. Provisions have been taken up for some of these exposures based on the Board's determination. Based on information at year end, it was determined to transfer the provision to non-current liabilities as settlement is not expected in the coming year.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDING 30 JUNE 2010

### NOTE 12 PROVISIONS (continued)

#### (c) Movements in Provisions

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

	Dividend \$	Picnic Bay Jetty Maintenance \$	Fringe Benefits Tax \$	Competitive Neutrality Fee \$	Employee Benefits – Long Service Leave \$	Litigation \$
<b>Current</b>						
Carrying amount at start of year	-	13,596	25,333	6,982	64,382	4,000,000
Charged/(credited) to the Income Statement	-	-	-	-	-	-
- additional provisions recognised	4,024,693	23,500	18,754	44,767	67,511	-
- unused amounts reversed	-	-	(25,333)	-	-	-
Amounts transferred/reclassified	-	-	-	-	-	(4,000,000)
Amounts used during the period	-	(13,596)	-	(6,982)	(64,382)	-
<b>Carrying amount at end of year</b>	<b>4,024,693</b>	<b>23,500</b>	<b>18,754</b>	<b>44,767</b>	<b>67,511</b>	<b>-</b>

	Litigation \$	Picnic Bay Jetty Maintenance \$	Employee Benefits – Long Service Leave \$
<b>Non-Current</b>			
Carrying amount at start of year	-	95,469	825,881
Charged/(credited) to the Income Statement	-	-	-
- additional provisions recognised	-	-	50,379
- unused amounts reversed	-	-	-
Amounts transferred/reclassified	4,000,000	-	-
Amounts used during the period	(200,000)	(30,496)	-
<b>Carrying amount at end of year</b>	<b>3,800,000</b>	<b>64,973</b>	<b>876,260</b>

### NOTE 13 OTHER LIABILITIES

	2010 \$	2009 \$
<b>Current</b>		
Properties and facilities revenue	675,298	547,719
Unearned grant revenue		
Opening balance 1 July		-
Monies Received	80,400,000	
Transferred from Investment Properties work in progress	(3,886,272)	-
Transferred to non-current unearned grant revenue	(8,131,910)	-
	<b>68,381,818</b>	<b>-</b>
<b>Total</b>	<b>69,057,116</b>	<b>547,719</b>
<b>Non-current</b>		
Unearned grant revenue	<b>8,131,910</b>	<b>-</b>

During the year the Corporation welcomed funding from the State for the construction of Stage 1 of the TMP. An Alliance contract was executed by the Corporation with Laing O'Rourke Australia Construction Pty Ltd, for the construction of Stage 1 of the TMP. In April 2010, the Treasurer confirmed funding approval for the project consisting of grant funding for the Corporation by the Department of Transport and Main Roads (TMR) of \$80.4 million. Construction works commenced in May 2010 with expenditure at year end of \$3.886 million. The project has an expected completion date of December 2011.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDING 30 JUNE 2010

### NOTE 14 CONTRIBUTED EQUITY

	2010 \$	2009 \$
Authorised capital – 500,000,000 ordinary share of \$1 each	500,000,000	500,000,000
Issued capital		
Amount of beginning of the financial year – 98,567,936 (2009: 98,935,028) ordinary shares of \$1 each fully paid	98,567,936	98,935,028
Share redemption	(193,520)	(367,092)
Issue of shares	3,371,752	
Amount at the reporting date – 101,746,168 (2009: 98,567,936) ordinary shares of \$1 each fully paid	101,746,168	98,567,936

#### (a) Issued Capital - Ordinary Shares

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) Capital Risk Management

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.

### NOTE 15 ASSET REVALUATION SURPLUS

Movements in Revaluation Surpluses were as follows:

	2010 \$	2009 \$
Balance 1 July	77,957,883	68,416,425
Revaluation - gross	258,667,395	15,175,488
Impairment – gross	(106,273,985)	(1,206,235)
Realisation of disposed assets	(468,980)	(338,600)
Deferred tax	(45,574,557)	(4,089,196)
Balance 30 June	184,307,756	77,957,883

Balance of Asset Revaluation Surplus by category are as follows:

	2010 \$	2009 \$
Channels and Swing basins	15,091,982	7,342,198
Land	68,415,603	31,079,775
Wharves	24,022,550	5,038,967
Breakwaters	43,399,761	13,934,031
Buildings	6,552,687	5,826,872
Small Boat Harbours	1,917,344	1,448,655
Plant and Equipment	533,775	805,492
Infrastructure	22,022,272	9,422,671
Investment Properties	2,351,782	3,059,225
	184,307,756	77,957,883

#### (a) Nature and Purpose of Surplus

The property, plant and equipment revaluation surplus is used to record increments and decrements on the revaluation of non-current assets, as described in note 1(k). The balance standing to the credit of the surplus 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDING 30 JUNE 2010

### NOTE 16 DIVIDENDS

#### (a) Ordinary Shares

Dividends provided are based on 80% of net profit after an adjustment for the effect on net profit for upwards revaluations and extraordinary items, in consultation with the shareholding Ministers.

	2010 \$	2009 \$
Dividends provided for or paid	4,024,693	-
Dividends per share	0.040	-

#### (b) Earnings Per Share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Corporation, excluding adjustments for the effect of revaluations.

	2010 \$	2009 \$
Profit attributable to equity holders	29,079,171	811,167
Number of Shares	101,746,168	98,567,936
Earnings per share	0.286	0.008

### NOTE 17 DEVELOPMENT BUREAU & COMMUNITY PROJECTS

The Corporation supported Development Bureau and community projects by providing cash and in-kind contributions to the following: -

	2010 \$	2009 \$
Townsville Enterprise Limited	106,392	104,000
Townsville Maritime Museum	53,932	56,094
Australian Volunteer Coastguard	25,000	25,000
Ingham Flood Appeal	-	10,000
Bush Kids Sponsorship	8,000	-
Other	24,330	63,572
	217,654	258,666

### NOTE 18 CONSULTANCY EXPENDITURE

	2010 \$	2009 \$
Professional/Technical	1,221,400	1,057,490
Management	12,700	52,322
Human Resource Management	10,390	26,752
Finance/Accounting	114,141	137,159
Information Technology	12,480	31,698
Communication	-	10,364
	1,371,111	1,315,785

### NOTE 19 LEASING ACTIVITIES

#### (a) General Description

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

#### (b) Future Minimum Lease Payments Receivable

Future minimum lease amounts receivable under non-cancellable operating leases at balance date:

	2010 \$	2009 \$
Not later than one year	5,228,957	4,956,356
Later than one year but not later than five years	25,590,903	21,258,427

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDING 30 JUNE 2010

### NOTE 20 COMMITMENTS

#### (a) Capital Expenditure Commitments (GST inclusive)

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

	2010 \$	2009 \$
Not later than one year	81,786,159	7,256,478
Later than one year but not later than five years	17,164,165	-
	<b>98,950,324</b>	<b>7,256,478</b>

#### (b) Operating Commitments (GST inclusive)

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

	2010 \$	2009 \$
Not later than one year	1,082,484	1,399,856
Later than one year but not later than five years	-	302,641
	<b>1,082,484</b>	<b>1,702,497</b>

### NOTE 21 CONTINGENT ASSETS/LIABILITIES

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 12. 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.

### NOTE 22 SEGMENT REPORTING

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

### NOTE 23 FINANCIAL RISK MANAGEMENT

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

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

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

The Finance, Audit and Risk Management (FARM) Committee oversees how management monitors compliance with the Corporation's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Corporation. The FARM Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the FARM Committee.

#### (a) 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 statement of financial position and notes to the financial statements. Aging of past due trade receivables is shown in Note 5.

#### (b) Liquidity Risk

The Corporation is exposed to liquidity risk in respect to its payables and borrowings from QTC for capital works. The Corporation manages liquidity risk through the use of a liquidity management strategy which aims to reduce the exposure to risk by ensuring the Corporation has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring maximum levels of cash are at hand to match the expected duration of various employee and supplier liabilities.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDING 30 JUNE 2010

### NOTE 23 FINANCIAL RISK MANAGEMENT (continued)

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

	2010 Payable In			2009 Payable In		
	< 1 year	1-5 years	> 5 years	< 1 year	1-5 years	> 5 years
Payables	4,919,685	-	-	1,842,014	-	-
QTC Borrowings	3,128,371	6,653,562	1,229,241	2,790,235	3,186,571	-

#### (c) Market Risk

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

#### (d) Interest Rate Risk

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.

	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	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Financial Assets												
Cash on Hand							1,450	1,450	1,450	1,450		
Cash at Bank	703,830	487,718							703,830	487,718	2.44%	4.56%
Term Deposits	122,616,569	5,252,789							122,616,569	5,252,789	5.28%	3.42%
Receivables							5,792,790	4,003,881	5,792,790	4,003,881		
Utility deposits							-		-	-		
Financial Liabilities												
Payables							4,919,685	1,842,014	4,919,685	1,842,014		
QTC Borrowings	3,128,371	2,790,235	6,653,562	3,186,571	1,229,241				11,011,174	5,976,806	6.64%	5.67%

In the above Financial instruments, book value equates to net fair value, with the exception of QTC Borrowings as at 30 June 2010 was \$11,366,846 (at 30 June 2009 was \$6,084,034). Borrowings recorded a market value adjustment of \$355,673 (2009 was -\$108,877) principally as a result of past movements in the market value of liabilities in the Debt Pools.

#### (e) Sensitivity Analysis

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

	Carrying Amount	Interest Rate Risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Financial Assets			Increase/(Decrease)	Increase/(Decrease)	
Cash and Cash Equivalents	123,321,850	(1,233,218)	(1,233,218)	1,233,218	1,233,218
Receivables	5,792,790	-	-	-	-
Financial Liabilities					
Payables	4,919,685	-	-	-	-
QTC Borrowings	11,011,174	(110,112)	(110,112)	110,112	110,112

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

#### (f) 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(f).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDING 30 JUNE 2010

### NOTE 24 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 AC (Chairman)	1 October 2007	30 September 2010
Prof. S. Graw (Deputy Chair)	1 July 2001, Reappointed 1 July 2009	30 September 2012
Ms M. Griffith	1 July 2005, Reappointed 1 October 2009	30 September 2012
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
Ms D. Zetlin	1 July 2009	30 September 2012
Mr R. Krayem	1 October 2009	30 September 2012

#### (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 GOCs, details of remuneration provided to Directors in office at 30 June 2010 are as follows: -

Remuneration of Specified Directors	Year	Director Fees	Committee Fees	Superannuation	Total Remuneration
Mr R. Dunning AC (Chairman)	2009/10	29,937	15,392	3,428	48,757
	2008/09	28,679	14,227	4,203	47,109
Prof. S. Graw (Deputy Chair)	2009/10	13,585	5,986	1,481	21,052
	2008/09	13,261	9,124	2,015	24,400
Ms M. Griffith	2009/10	13,563	3,983	1,322	18,868
	2008/09	13,208	3,910	1,541	18,659
Mr S. Cantwell appointed - appointed 7 May 2009	2009/10	13,563	3,983	1,322	18,868
	2008/09	2,195	-	198	2,393
Hon. T. McGrady AM - appointed 7 May 2009	2009/10	13,563	4,096	1,333	18,992
	2008/09	2,195	-	198	2,393
Mr M. Stolz - appointed 7 May 2009	2009/10	13,563	3,983	1,322	18,868
	2008/09	2,195	-	198	2,393
Ms D. Zetlin - appointed 1 July 2009	2009/10	12,466	4,312	1,326	18,104
	2008/09	-	-	-	-
Mr R. Krayem - appointed 1 October 2009	2009/10	10,271	2,995	1,194	14,460
	2008/09	-	-	-	-
<b>Total Remuneration Specified Directors</b>	<b>2009/10</b>	<b>120,511</b>	<b>44,730</b>	<b>12,728</b>	<b>177,969</b>
	<b>2008/09</b>	<b>61,733</b>	<b>27,261</b>	<b>8,353</b>	<b>97,347</b>
Insurance premiums to indemnify	2009/10	-	-	-	42,330
liabilities while acting as a Director	2008/09	-	-	-	38,523

#### (c) Executive Remuneration

Remuneration for the CEO 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 SCI in accordance with legislative and policy requirements. Increases in CEO and Senior Executive remuneration are made and approved in accordance with the GOCs 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDING 30 JUNE 2010

### NOTE 24 KEY MANAGEMENT PERSONNEL (continued)

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 SCl. 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.

Remuneration of Specified Directors	Year	Director Fees	Committee Fees	Superannuation	Total Remuneration
Mr B. Holden Chief Executive Officer	2009/10	253,659	35,451	9,229	298,339
	2008/09	213,348	28,011	15,501	256,860
Mr M. O'Halloran General Manager Operations	2009/10	177,721	15,320	4,829	197,870
	2008/09	152,847	12,320	4,829	169,996
Ms R. Crosby General Manager Support Services	2009/10	145,565	19,556	5,263	170,384
	2008/09	122,549	16,245	5,263	144,057
Mr M. Marke General Manager Business Development	2009/10	140,606	17,930	9,105	167,641
	2008/09	126,173	6,409	6,640	139,222
Mr M. Gledhill Manager Engineering	2009/10	146,694	17,170	8,609	172,473
	2008/09	127,405	17,135	9,050	153,590
<b>Total Remuneration Specified Executive</b>	<b>2009/10</b>	<b>864,245</b>	<b>105,427</b>	<b>37,035</b>	<b>1,006,707</b>
	<b>2008/09</b>	<b>742,322</b>	<b>80,120</b>	<b>41,283</b>	<b>863,725</b>

				2010	2009
Aggregate performance incentive paid				\$114,286	\$109,949
Number of employees to whom performance payment is				7	8

Number of senior executives whose remuneration from the Corporation was within the bands listed below:

	2010 \$	2009 \$
\$100,000 - \$120,000	4	2
\$120,001 - \$140,000	8	3
\$140,001 - \$160,000	1	3
\$160,001 - \$180,000	3	1
\$180,001 - \$200,000	1	-
\$200,001 - \$220,000	-	-
\$220,001 - \$240,000	-	-
\$240,001 - \$260,000	-	1
\$260,001 - \$280,000	-	-
\$280,001 - \$300,000	1	-
The aggregate remuneration paid to the above executives	\$2,582,101	\$1,542,333

#### (d) Loans to Key Management Personnel

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

#### (e) Other Transactions with Key Management Personnel

No transactions were entered into by the Corporation and key management personnel other than compensation paid to key management personnel by the Corporation.

### NOTE 25 RELATED PARTY TRANSACTIONS

#### (a) Control

The Corporation is a Queensland GOC, with all shares held by shareholding Ministers on behalf of the State of Queensland.

#### (b) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 24.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDING 30 JUNE 2010

### NOTE 25 RELATED PARTY TRANSACTIONS (continued)

#### (c) Transactions with Related Parties

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:

- JCU, of which Professor S. Graw is the Head of the School of Law. JCU received payments for sponsorship of Asian Market forums of \$4,000 during the year and awarded \$5,000 in scholarships.

#### (d) Transactions with State of Queensland Controlled Entities

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.

	2010 \$	2009 \$
<b>Revenue</b>		
QTC:		
- Interest Revenue	1,438,763	943,028
<b>Expenses</b>		
Queensland Audit Office - Audit fees	44,700	37,800
Queensland Transport - Crown boat harbour mooring fees	22,458	25,216
QR Limited - Track maintenance	26,157	25,333
QTC:		
- Loan interest expense	793,542	435,205
- Competitive Neutrality Fee	102,454	32,062
Office of State Revenue:		
- Payroll Tax	374,721	350,103
- Land Tax	319,987	239,402
WorkCover Queensland - Workers Compensation	71,981	70,380
Port of Brisbane - Dredging and MSIC Applications	2,758,376	2,262,771
Ergon Energy – Electricity	467,263	340,250
Contributions to Q Super on behalf of employees	757,442	634,002
<b>Assets</b>		
QTC:		
- Short Term Investment	122,616,569	5,252,789
<b>Liabilities</b>		
QTC:		
- Loan repayment	2,963,983	2,626,243
Dividends Payable to Queensland Treasury	4,024,693	-

#### (e) Outstanding Balances arising from Transactions with Related Parties

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.

#### (f) Guarantees

As at 30 June 2010 there were no guarantees provided by Port of Townsville Limited on behalf of a related party.

### NOTE 26 EVENTS OCCURRING AFTER THE YEAR END DATE

No events were noted in the previous year's Annual Financial Statements as occurring after balance date.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDING 30 JUNE 2010

### NOTE 27 RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

#### (a) Reconciliation of Cash

For the purposes of this cash flow statement, cash includes cash on hand and at bank and investments, in money market instruments, and readily convertible to cash at the investor's option. Cash at the end of the year is shown in the Statement of Financial Position as: -

	2010 \$	2009 \$
Cash on Hand	1,450	1,450
Cash at Bank	703,830	487,718
Term Deposits	122,616,569	5,252,789
	<b>123,321,850</b>	<b>5,741,957</b>

#### (b) Reconciliation of Profit (Loss) from Ordinary Activities After Income Tax Equivalents Expense to Net Cash Inflow from Operating Activities

	2010 \$	2009 \$
Operating (Loss) / Profit after Income Tax Equivalents Expense and Abnormal Items	35,898,798	3,172,147
Depreciation	6,599,888	7,597,315
Profit (Loss) on Disposal of Non-Current Assets	2,633,312	125,141
Net Revaluation Increments - Non-Current Assets	(9,811,506)	(2,360,982)
Impairment expense	2,991,880	-
<b>Changes in Assets and Liabilities</b>		
(Increase) Decrease in Trade Debtors	(1,575,393)	(486,620)
(Increase) Decrease in Utility Deposits	-	1,440
(Increase) Decrease in Prepayments	131,319	(170,672)
Increase (Decrease) in Trade and Other Payables	83,355,924	(888,620)
Increase (Decrease) in Operating Retention	-	(1,350)
Increase (Decrease) in Provisions	(113,713)	2,398,548
Increase (Decrease) in Provision for Taxation and Deferred Tax balances	10,569,867	(2,447,597)
Net Cash Inflow from Operating Activities	<b>130,680,377</b>	<b>6,938,750</b>

#### (c) Financing Facilities

The Corporation has available a business card facility with a limit of \$120,000. Loan facilities as shown in Note 11 to the accounts are provided by QTC. 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 2010

### 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 Corporation as at 30 June 2010 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 AC  
Chairman

Townsville  
25 August 2010



S. B. Graw  
Deputy Chairman

Townsville  
25 August 2010



# INDEPENDENT AUDITOR'S REPORT

## FOR THE YEAR ENDING 30 JUNE 2010

To the Board of Port of Townsville Limited

### Report on the Financial Statements

I have audited the accompanying financial statements of Port of Townsville Limited which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, 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 Statements

The directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with prescribed accounting requirements identified in the Financial Accountability Act 2009 (Qld) and the Financial and Performance Standard 2009 (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 statements 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 statements 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement in the financial statements, 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 statements 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 statements.

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

### Independence

The Auditor-General Act 2009 (Qld) promotes the independence of the Auditor-General and QAO authorised auditors. The Auditor-General is 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.

### Auditor's Opinion

In accordance with s40 of the Auditor-General Act 2009(Qld) -

- (a) I have received all the information and explanation which I have required; and
- (b) in my opinion-
  - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all materials respects; and
  - (ii) the financial statements have been drawn up so as to present a true and fair view, in accordance with the prescribed Australian Accounting Standards including Australian Accounting Interpretations and the Corporations Regulation 2001 of the transactions of Port of Townsville limited for the financial year 1 July 2009 to 30 June 2010 and the financial position as at the end of that year; and
  - (iii) the financial statements also comply with International Reporting Standards as disclosed in note 1.



John Zabala  
(as delegate of the Auditor-General of Queensland)  
Townsville  
25 August 2010

# GLOSSARY

Acronym	Meaning
AMOU	Australian Maritime Officers Union
CEO	Chief Executive Officer
CMC	Crimes and Misconduct Commission
EIS	Environmental Impact Statement
ERA	Eastern Reclamation Area
EWG	Environmental Working Group
FARM	Finance, Audit and Risk Management
GOC	Government Owned Corporation
GOC Act	<i>Government Owned Corporation Act 1993 (QLD)</i>
HR & WHS	Human Resources & Workplace Health and Safety
IP Act	<i>Information Privacy Act 2009 (Qld)</i>
IPPs	Information Privacy Principles
IS40	Information Standard 40
JCU	James Cook University
LTIFR	Lost Time Injury Frequency Rate
MITEZ	Mount Isa to Townsville Economic Development Zone
MSQ	Maritime Safety Queensland
NPAT	Net Profit After Tax
OHS	Occupational Health & Safety
ORIP	Operational Recordkeeping Implementation Plan
OTS	Office of Transport Security
PAB	Port Advisory Body
PCQ	Ports Corporation of Queensland Limited
QAO	Queensland Audit Office
QTC	Queensland Treasury Corporation
Corporation	Port of Townsville Limited
RTI	Right to Information
SCI	Statement of Corporate Intent
TEL	Townsville Enterprise Limited
TEOM	Tampered Element Oscillating Microbalance
TMP	Townsville Marine Precinct
VTS	Vessel Traffic Services



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