

# 06 07

ANNUAL REPORT



**PORT of TOWNSVILLE**  
Nexus North Queensland



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Nexus North Queensland

### About Our Report

Our financial and business-related activities for the fiscal year from 1 July 2006 to 30 June 2007 form the basis of this Report. This Report complies with statutory requirements.

We aim to communicate a clear and accurate account of Townsville Port Authority's performance during this period and touch on how we see the Port progressing in the coming year.

This Report is geared to a range of different audiences, with our primary target group being our stakeholders, customers, employees, Government and industry sectors.

It is also a key marketing tool, circulated nationally and internationally to existing and potential customers and other interested parties.

### Publication Availability

To minimise production costs for the benefit of the environment and tap into the benefits of internet technology, we have printed a limited number of hard copies of our Annual Report.

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

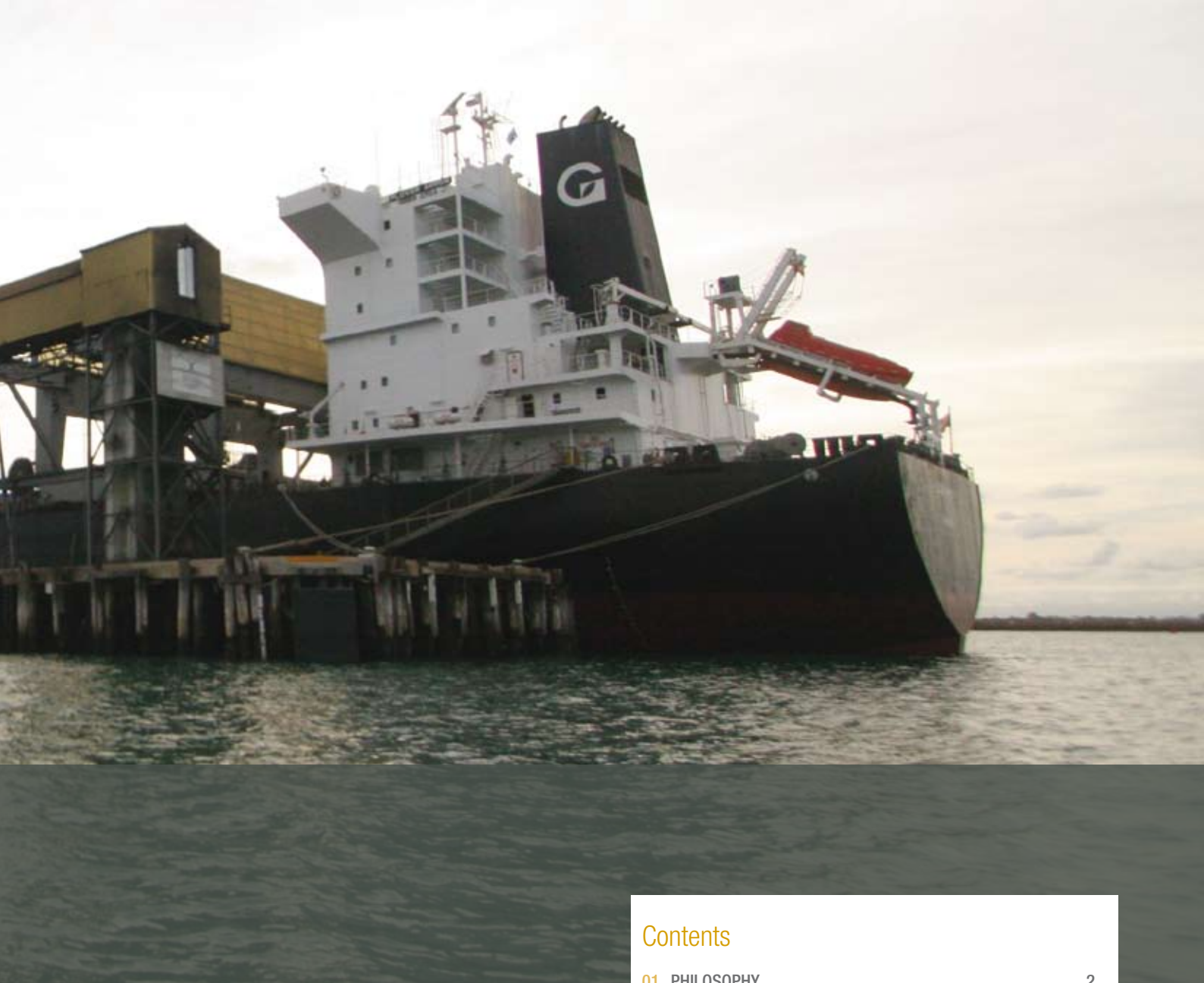
Compact disc versions of this Report are free on request. If you wish to receive a copy please contact us on (07) 4781 1500 or by email: [publicaffairs@townsville-port.com.au](mailto:publicaffairs@townsville-port.com.au).

### Your Comments are Important to Us

Our 2005/2006 Annual Report received a silver award at the Australasian Reporting Awards.

We continually strive to achieve excellence in our reporting standards by ensuring our Annual Report is accurate, clear and professional.

Your comments and suggestions on the content and style of our Report are important to us, so we can improve future reporting. These can be made using the feedback form at the back of this report.



#### **Front Cover - HMAS Townsville**

*HMAS Townsville was decommissioned on Friday, 11 May 2007.*

*Commissioned: 18 July 1981*

*Displacement: 220 tonnes*

*Length: 42 metres*

*Beam: 7.15 metres*

*Speed: 30 knots*

*Ships Company: 24*

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# 01 PHILOSOPHY

Our vision, mission and values are directed towards ongoing business improvement as a basis for strengthening our competitive position, ensuring customer satisfaction, and continually improving the quality of our products and services.

## Our Vision:

To be the driver of sustainable growth in our region through the delivery of trade, port services and development solutions.

## Our Mission:

To provide port and related infrastructure solutions to facilitate regional trade and economic development within a framework of sustained growth and shareholder value.

*We will achieve this mission by:*

- providing our current and future customers with facilities, services and technologies that are efficient, competitive, reliable, safe, and secure;
- understanding market intelligence and customers needs, and actively promoting the Port of Townsville to attract trade and industry to the region;
- undertaking robust port planning to ensure timely, appropriate and sustainable development and management of the Port; and,
- acting commercially and competitively to promote a sustainable economic future for the Port, its shareholders, and the region.

## Our Corporate Values:

### Customers

A commitment to serving our customers, present and future, by conducting all of our dealings honestly, professionally and courteously.

### Shareholders

A commitment to meeting the performance needs and expectations of our shareholders.

### Community

Recognising the community as having an integral interest in the Port and our responsibility as a corporate citizen by increasing our responsiveness to community expectations.

### Our People

Promoting motivation and enthusiasm through open and honest communication, recognition of employee contributions and performance, and creating opportunities for employees and their career development.

### Environment

A responsible and proactive approach to environmental protection by ensuring that sustainable environmental management is a core component of our operations and port development.

### Corporate Governance

Operating in a professional, ethical, and fiscally-responsible manner, minimising risk exposure and adhering to the principles of openness and transparency at all times.

# 02 ABOUT US

The Port of Townsville is Queensland's third largest multi-cargo port and plays a vital role in the regional economy – providing all of north Queensland with a world-class gateway for commerce and trade. Approximately ten million tonnes of cargo pass over our wharves each year.

Townsville Port Authority manages the Port of Townsville, which has nine operational berths and a land and sea jurisdiction in excess of 400 square kilometres.

The Port of Townsville moved more than \$4.4 billion worth of international exports in 2005/2006, which amounts to more than 12 per cent of Queensland's exports by value.

Port activity and industries utilising the port are responsible for over 8,000 regional jobs - that's ten per cent of total employment in northern Queensland.

Every day north Queenslanders benefit from the Port of Townsville. Cars, fuel, food, cement, bitumen and many more products are handled through the Port.

Behind the scenes, the Port of Townsville also plays an important role in supporting the tourism industry including hosting over 7,600 cruise passengers and navy personnel this year as well as providing essential services and infrastructure to tourism operators.

Townsville Port Authority was created in its current form as a statutory Government Owned Corporation on 1 July 1995 under the *Government Owned Corporations Act 1993*. The Authority will convert to a company Government Owned Corporation in 2007/2008.

The Authority directly employs approximately 80 personnel across a broad spectrum of fields including engineering design and supervision, corporate governance, planning, environment, finance, marine services, business development, marketing, and maintenance.

Townsville Port Authority facilitates trade through the Port by managing and operating port facilities and services, and ensuring appropriate levels of safety and security. The Authority also provides safe navigation within the Port by carrying out regular dredging and reclamation works, and providing port services.

The four key considerations to be taken into account in all of our dealings are: industry, trade, community and the environment.

For more information about our history, operations, and current events, visit us online at [www.townsville-port.com.au](http://www.townsville-port.com.au).





# 03 YEAR OF ACHIEVEMENTS IN BRIEF

## Cargo Records

- There were three import records set in 2006/2007. These were: motor vehicles (11,660 vehicles, equating to 18,587 tonnes, an increase of 12.81 per cent on the previous year's results); zinc concentrates (289,086 tonnes, an increase of 24.48 per cent); and cement (476,946 tonnes, an increase of 1.66 per cent).
- The biggest shipment on record of livestock from the Port took place during 2006/2007 with 22,623 live cattle, sheep and goats being exported.
- The Port of Townsville is the largest exporter of molasses and raw sugar in Australia.
- Through the Port of Townsville, Incitec Pivot exports the largest volume of high analysis fertiliser from Queensland.
- Zinc ferrite was exported for the first time through the Port during 2006/2007, with 15,634 tonnes passing over our wharves. The Port of Townsville is the only port in Australia that exports zinc ferrite.

## Maintenance

- Just over \$10.5 million was spent on maintenance works at the Port of Townsville during 2006/2007. This is the largest amount spent on port infrastructure maintenance in the Authority's history.



Sugar loading



Cement Australia

## Commercial Port Operations

- 677 cargo ships docked at the Port in 2006/2007. The majority (253) were bulk carriers, followed by general cargo vessels (207), tankers (114), car carriers (51), bunkers (6), and other vessels (46).
- The Port welcomed 35 naval ships and seven passenger ships during 2006/2007.

*Note: The above refers to all vessels greater than 200 GRT that visited the Port during 2006/2007.*

## Financial Outcomes

Total Revenue:	\$36.92 million
Operating Profit before Interest and Tax:	\$10.29 million
Net Profit:	\$7.16 million
Total Assets:	\$218.2 million
Net Assets:	\$175.2 million
Accounting Return on Assets:	4.91%
Current Ratio:	3.20
Interest Cover:	14.56
Debt to Equity:	0.06

# 04 BOARD OF DIRECTORS



**Mr. Ron McLean,  
Chairman**

Ron retired as Executive Chairman of North Queensland Newspapers Ltd., a division of News Limited, after 37 years in the print media industry. He is an honorary Director of Townsville Enterprise Limited, and has been Chairman of the Board of the Authority since 1 July 1999.



**Prof. Stephen Graw,  
Deputy Chairman**

Stephen is Professor of Law at James Cook University. 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 or co-authored five text books on those topics and teaches in these areas both at JCU and in China.

Stephen is currently a member of the UniSuper Consultative Committee and Chairperson of the Council of the Combined Catholic Colleges of . Raphael and St. Paul. He also holds the rank of Brigadier in the Army Reserve.



**Cr. Tony Mooney,  
Director**

Tony has 23 years experience in local Government, and also serves in senior positions on local authority Boards within Australia. He has been Mayor of Townsville since 1989, is President of the Urban Local Government Association of Queensland and an executive member of the Local Government Association of Queensland. Cr. Mooney is Chairman of the Townsville Breakwater Entertainment Centre Joint Venture. He is a life member of a number of organisations and patron of several sporting and community groups.



**Mr. John Pennisi,  
Director**

John recently retired and sold his paper and cardboard recycling company, Finjon Paper Recyclers. He served in the Queensland Police Service from 1970 to 1995.

Prior to his police service he qualified as an electrician. He is also a registered builder with the Queensland Building Services Authority. John has a Diploma in Management and has also served on various community organisations, including two years on the Board of the Housing Industry Association.



**Mrs. Melissa Griffith,  
Director**

Melissa is a civil engineer who has worked 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. Melissa holds a Masters Degree in Engineering in Coastal Engineering through Griffith University on the Gold Coast. She was the 2005 Queensland President of Engineers Australia and is also involved with the Engineers Australia National Women in Engineering Committee. Melissa is an active member of Brisbane City Church.



**Mr. Ken McElligott,  
Director**

Ken left Queensland Parliament in 1998 after serving for 15 years including periods in Cabinet as Minister for Health and Minister for Lands. He previously served for seven years as an Alderman on Townsville City Council, at which time he represented the local authority on the then Townsville Harbour Board. Prior to politics, Ken was employed as an Administration Officer at James Cook University. Now retired, Ken is President of Hockey Queensland and a life member of the Townsville Hockey Association and the Townsville Cricket Association.



**Ms. Debbie Giudes,  
Director**

Debbie is the Managing Director and sole owner of Lades Pty. Ltd. which owns ten Escape Travel agencies in Queensland - two in Cairns, four in Townsville, one in Mackay, two in Rockhampton and one in Brisbane. The group employs over seventy people. Debbie has won a number of awards including the 2001 Townsville Commonwealth Bank Business Women of the Year award, 2002 Harvey World Travel Spirit award and the Queensland Westpac Group Business Owner award at the 2002 Telstra Businesswomen Awards. Her company was also placed 174 in the Queensland top 400 privately-owned companies for 2003 (first year entered). Each year The Debbie Giudes Group continues to better its position within the top 400. Debbie is also president of the Townsville Business Women's Network.



**Mr. Paul Keehan,  
Director** (Resigned June 2007)

Paul spent 12 years in industry before joining the finance sector in 1985. Since then he has advised across a range of industries. Before joining InterFinancial Limited as a principal of the company in February 1997, he worked for McIntosh Securities and Merrill Lynch Australia for nine years where he was responsible for its Brisbane investment banking activities, providing a full range of corporate services including acquisitions, valuations, capital raising and general corporate advice.

# 05 MANAGEMENT TEAM

AS AT AUGUST 2007



## General Manager Support Services

**Ms. Ranees Crosby**

As the General Manager Support Services, Ranees oversees the Authority's strategic business planning functions, commercial and financial management, corporate governance, property management, ICT, human resource and administration functions. Prior to this Ranees has held various senior management positions with the Authority.

Ranees has more than 11 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.

## Chief Executive Officer

**Mr. Barry Holden**

Barry was appointed Chief Executive Officer on 14 March 2002. Prior to that he worked as the Regional Manager, Western Australian Towage Operations, for Adsteam Harbour Ltd. for four years.

Before moving to Western Australia, Barry worked for the Department of the Premier and Cabinet in Townsville.

He was previously employed by the Authority in various managerial and administrative positions from 1974 to 1997. Barry is a member of CPA Australia and a fellow of the Chartered Institute of Logistics and Transport. He has professional qualifications in commerce and specialist shipping and transport fields.

## General Manager Operations

**Mr. Matthew O'Halloran**

As the General Manager Operations, Matthew oversees a broad range of the Authority's operational functions and services including: engineering, maintenance, construction, environment and marine services.

Prior to his role as General Manager Operations at the Port of Townsville, Matthew worked as Operations Manager and Senior Engineer for OMC International Pty. Ltd. for more than eight years.

Matthew is a Member of Engineers Australia and Permanent International Association of Navigation Congresses (PIANC) and holds a Bachelor of Arts/Bachelor of Engineering (Mech).

## General Manager Business Development

**Ms. Elle Glashoff**

Elle has recently joined the Authority after a long association with Patrick Shipping. Most recently, Elle was responsible for the management of Patrick Shipping's Townsville operation including; container park, warehousing and intermodal transport.

Elle's shipping and logistics background includes extensive travel and experience at most Australian ports as well as base periods at the ports of Brisbane, Darwin, Fremantle and Singapore.

Elle's portfolio at Townsville Port Authority covers all areas of business development; client services, public relations, port planning and trade growth.

# 06 ORGANISATIONAL STRUCTURE

AS AT AUGUST 2007





## 07 REPORT FROM THE CHAIRMAN AND THE CEO

Mr. Barry Holden, CEO, and Mr. Ron McLean, Chairman

We have pleasure in reporting another strong year for Townsville Port Authority and its contribution to the regional economy.

During 2006/2007, 9,557,477 tonnes of cargo passed over the wharves. This slight decrease on last year's figure of 9,930,444 tonnes is due to a range of factors including temporary reductions in production at a number of mines and the reduction of an operational stockpile of nickel ore at the BHP Billiton Yabulu refinery. Sugar exports were affected by a delayed start to the crushing season due to unseasonal rainfall. We remain confident that next year we will see tonnage increase.

Three new import records were set for motor vehicles, zinc concentrates and cement. The biggest ever livestock shipment from the Port of Townsville took place during 2006/2007 with 22,623 cattle, sheep and goats being exported.

Zinc ferrite was exported for the first time, with 15,634 tonnes passing over our wharves. Further exports will occur in 2007/2008 when new storage facilities are completed.

The future is bright with several new trades seeking to access the Port of Townsville.

Townsville Port Authority is actively pursuing a number of opportunities to increase trade through the port, diversify our revenue base and increase profitability.

## Port Master Planning

The Port's master planning process commenced in May 2006, and was approved by the Authority's Board of Directors in July 2007. This project was undertaken as a joint initiative of Townsville Port Authority, Queensland Transport, Queensland Treasury and the Department of Infrastructure.

The Master Plan identifies a potential trebling of trade over a 25-year horizon and identifies the key infrastructure and service requirements to support this future growth. The Master Plan will provide guidance for the timely and co-ordinated development of the Port of Townsville to meet the needs of current and future customers.

During 2007/2008, the Authority will commence preliminary investigations into the construction of additional berths outside the existing harbour. Following completion of the preliminary investigations, the Authority will commence a full Environmental Impact Statement process which is necessary to secure approval for this project.

## Major Maintenance

Just over \$10.5 million has been spent on maintenance works at the Port of Townsville during 2006/2007. This amount is the highest spent on infrastructure maintenance in the Authority's history.

This is part of a long-term program to bring Port infrastructure up to the highest possible standard. This program will increase our infrastructure's longevity and reliability to meet the requirements of port users.

## Berth 6/7

During 2006/2007, the Authority entered into negotiations with Xstrata to reach an agreement regarding the future of Berths 6/7.

Berth 6/7 is a finger pier berth, originally constructed in 1911. The Berth 6 side of the pier is obsolete, now requiring uneconomical repairs. Berth 7 is supported by Berth 6, and the structural deterioration of the non-operational Berth 6 has resulted in navigational restrictions being imposed on Berth 7.

The Authority is actively working with relevant Port users to identify appropriate options to address the Berth 6/7 issue that fits within the future port planning framework.

## Berth 4 Upgrade

Detailed engineering design works are nearing completion for the upgrade of Berth 4 to provide a continuous quay line and deck level to Berths 2, 3 and 4 with improved ship navigation. As part of the upgrade, the gas terminal will be relocated from behind Berth 4. This will improve the flexibility of the berth for general cargo storage and consolidation.

## Berth 10 Extension

The Authority has commenced investigations to upgrade Berth 10, including lengthening the berth to accommodate Panamax vessels. The requirements of the Australian Defence Force will be incorporated into the design. During 2007/2008, the Authority will undertake detailed design works to ascertain upgrade options and associated costs. Following completion of the engineering design work, a business case will be developed for submission to shareholding Ministers.

## New Operator for Berth 10

In May 2007, the Authority appointed a new lessee for Berth 10 following a public tender process. Perkins Shipping will commence operations in August 2007 with a new container vessel to service the company's Gulf of Carpentaria operations.

The Authority expects to achieve significant growth in trade over Berth 10 - which will provide acceptable returns and service standards through optimal utilisation of the berth and facilities.

## City-Port Planning

The Authority has participated in a study facilitated by the Department of Infrastructure to produce the Townsville City-Port Strategic Plan. This Plan has examined lands and activities in the interface areas between the port and the surrounding local authority areas. The Plan identifies development projects for these interface lands that will enable the Port and city to continue to grow in a sustainable manner.

The projects from the Townsville City-Port Strategic Plan will be integrated into the Townsville Economic Gateway document, which presents a co-ordinated plan for the development of the city and port. This study is expected to be released for public comment in late 2007.

## Townsville Ocean Terminal

The Townsville Ocean Terminal project will provide Townsville with a dedicated terminal facility to facilitate visits by cruise and naval vessels.

City Pacific Ltd. will construct the Terminal facility, which will be owned and initially operated by Townsville Port Authority.

An Environmental Impact Statement is expected to be completed in the second half of 2007, with construction commencing in 2008.

The Authority is working closely with the developers and the Queensland Government to ensure that adequate port protection mechanisms are in place for the Breakwater Cove residential development, which will be built on land reclaimed adjacent to the Terminal facility.

During 2006/2007, the Port hosted 35 naval vessels and seven passenger ships.

## CHALCO Bid

The Authority continues to actively promote Townsville as the preferred location for the proposed CHALCO alumina refinery.

Three possible locations have been identified for the refinery – Townsville, Abbot Point and Gladstone.

A number of meetings have been held with CHALCO representatives to discuss many issues such as residue disposal and remediation.



US Navy arrive in Port

## Proposed Eastern Access Corridor

It is expected that funding for the proposed Eastern Access Corridor will be included in the Auslink 2 program which is due to commence in 2009.

The eventual need for the Eastern Access Corridor was first identified around ten years ago. Trade through the Port of Townsville is forecast to double over the next ten years. The Eastern Access Corridor is now more likely to become a reality.

During 2007/2008, the Department of Infrastructure will complete acquisition of land required for the Corridor.

## Consultation and Contributions

We maintained our membership and active involvement with a number of regional development organisations including Townsville Enterprise Limited, Townsville Chamber of Commerce, Burdekin Shire Chamber of Commerce, and Mount Isa to Townsville Economic Zone (MITEZ).

Townsville Port Authority participated in and supported the Mount Isa Mining Expo, the premier event for the Queensland minerals mining industry. The Authority is also a major sponsor of the Townsville Maritime Museum where the Port and region's rich maritime history can be enjoyed.

## Looking Ahead

The Authority will continue to actively support the development of trade opportunities in the region and provision of infrastructure to meet the needs of our customers, current and future. We are committed to working closely with our port users and customers, looking to expand and tap into overseas markets, and continuing and nurturing relationships in neighbouring nations.

In the coming year, recent changes to the organisational structure of the management team will start to provide benefits to the Authority. A number of new senior officers will provide further depth to complement our existing team and drive the organisation more effectively to achieve the goals we have set for the future.

## Appreciation

We would like to thank our Board of Directors for their strong commitment and support over the past year.

Our thanks also go to our shareholding Ministers and members of their departments for their ongoing support.

We thank our customers, agents, service providers and other stakeholders, whose assistance, co-operation, and support have contributed to yet another successful year for the Port of Townsville.

Finally we would like to thank our management team and employees whose efforts ensured the Port of Townsville was available to our customers when required. We look forward to their continued support in the coming years.

**Mr. Ron McLean,**  
Chairman

**Mr. Barry Holden,**  
Chief Executive Officer



# 08 OBJECTIVES AND PERFORMANCE FOR 2006/2007

## Summary Statement of Corporate Intent 2006/2007

Each year the Authority's Board and Executive group revises its five-year Corporate Plan and develops an annual Statement of Corporate Intent which are submitted to shareholding Ministers for approval as required under the *Government Owned Corporations Act 1993*. The Authority is required to include a summary of the Statement of Corporate Intent for the relevant financial year in the Annual Report. A full copy of the Statement of Corporate Intent is laid before the Legislative Assembly at the same time as the tabling of the Annual Report.

The information here represents a summary of the information contained in the Statement of Corporate Intent 2006/2007.

## Core Business Activities

The Authority's core functions, as set out in the *Transport Infrastructure Act 1994*, are to:

- establish, manage and operate effective and efficient port facilities and services in the port;
- make land available for the establishment, management and operation of effective and efficient port facilities and 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 facilities and services;
- provide other services incidental to the performance of our other functions, or likely to enhance the usage of the Port; and,
- perform any other functions conferred on the Authority under the Act, another Act or under the Regulations.

## Financial Performance

Performance Targets/Indicators	2006/2007 Budget	2006/2007 Actual	Status
EBIT	\$4,586,345	\$10,290,752	Achieved
EBITDA	\$11,046,033	\$16,862,387	Achieved
NPAT	\$1,737,780	\$7,164,596	Achieved
Return on Total Assets	2.33%	4.91%	Achieved
Return on Equity	1.11%	4.28%	Achieved
Debt/Equity	0.13	0.06	Achieved
Current Ratio	0.83	3.20	Achieved
Interest Cover	4.29	14.56	Achieved

## Non-Financial Performance Targets

Performance Targets/Indicators	2006/2007 Budget	2006/2007 Actual	Status
<b>Trade Growth &amp; Shareholder Value</b>			
Tonnage Throughput	11.44m	9,557,477m	Not Achieved
Loss of Existing Key Trades	0	0	Achieved
<b>Operations, Safety, Security</b>			
Average Berth Utilisation	> 30%	32.22%	Achieved
Unplanned Maintenance Items	< 10%	11.8%	Not Achieved
Planned Program Maintenance Activities Completed	100%	96.5%	Not Achieved
Number of Security Incidents	0	0	Achieved
Number of Deaths	0	0	Achieved
Number of Lost Time Incidents	0	0	Achieved
Lost Time Injury Frequency Rate	0	0	Achieved
Lost Time Injury Duration Rate	0	0	Achieved
Lost Time Incident Rate	0	0	Achieved
External Certification of OH&S System	Certification	Works progressing	On Target for 2007/2008
<b>Corporate Citizenship &amp; Stakeholder Confidence</b>			
Customer Satisfaction	> 60%	58% result achieved	Not Achieved
External Certification of QA System	Certification	Certified Sept 2006	Achieved
Number of Unresolved Customer Complaints	0	0	Achieved
Percentage of Revenue Returned to Community Initiatives	> 1.5%	0.72%	Not Achieved
Number of Unresolved Community Complaints	0	3	Not Achieved
Positive Community Perceptions of the Port	> 60%	49% aware of TPA and 80-92% believe TPA is important to the economy	Achieved
Number of Environmental Compliance Breaches	0	0	Achieved
Percentage of Revenue Returned to Environmental Management	> 1.5%	1.581%	Achieved
<b>Employees</b>			
Employee Satisfaction	> 60%	54% satisfied	Not Achieved
Percentage of Salary on Training Per Person	> 1.5%	1.9%	Achieved
Percentage Staff Turnover	< 10%	19.73%	Not Achieved
Percentage of Vacancies Filled	100%	53%	Not Achieved



Ship at Berth 1

## Business Management Objectives

The Authority's Business Management Objectives are based on the Business Management Policy, Corporate Plan and Statement of Corporate Intent.

The objectives are aimed at providing quality products and services to our customers and the continual improvement of our Business Management System. These actions are intended to meet the Authority's financial and non-financial objectives. The Authority's Business Management Objectives for 2006/2007 are:

Corporate Objective	Corporate Strategies	2006/2007 Actions	Status	Comments
<b>Strong growth and diversification in trades providing sustainable value to shareholders.</b>	Improve our understanding of trade and industry markets and proactively identify and pursue new trade and business opportunities.	Market analysis to identify key trade growth areas for the short, medium and long term.	Achieved	Trade projects component of Port Master Plan completed.
	Maintain a commitment to customers to retain and grow existing trades.	Identify, prioritise and plan for key projects that will contribute to sustained growth in trade and revenue.	Achieved	Strategic directions document introduced to monthly board papers.
	Maximise resource utilisation to improve return on shareholder investment.	Establish customer contacts for key trades to ensure customer requirements are appropriately identified and incorporated into business planning.	Achieved	Contacts list developed.
	Implement strategies that will enhance value to shareholders and maintain shareholder confidence.	Implementation of Marketing and Public Relations Plan and strategies.	Achieved	2006/2007 Marketing and Public Relations Plan implemented.
		Develop a Shareholder Communications Strategy.	On Target for 2007/2008	External consultancy has been commissioned to complete.

## Business Management Objectives *(continued)*

Corporate Objective	Corporate Strategies	2006/2007 Actions	Status	Comments
<b>Provision of efficient, competitive, reliable, safe and secure port facilities and services to meet customer requirements.</b>	Improve wharf capabilities, rationalise critical infrastructure, promote flexibility enhancement and promote intermodal efficiencies.	Complete negotiations, submit business case, complete design works and award tender to undertake Berth 8 upgrade and Berth 6/7 demolition works.	On Target for 2007/2008	Project deferred based on findings of the Port Master Plan. It has now been included in 2007/2008 budget.
		Undertake planning for upgrade to Berth 10.	On Target for 2007/2008	Included in 2007/2008 budget.
	Establish and implement robust whole-of-life asset maintenance programs and promote asset life extension.	Upgrade HV reticulation in the Port.	On Target for 2007/2008	Part of a two-year program. 2006/2007 component achieved.
		Undertake dredging of harbour areas.	Achieved	Annual channel and harbour dredging complete. Ross River dredging complete.
		Review road pavements and load bearing capacity requirements.	Achieved	Higher Mass Limits assessment of port roads is complete.
		Implementation of program maintenance activities.	Achieved	Programmed maintenance activities complete.
	Demonstrate a commitment to ensuring a safe and secure environment.	Introduction of Maritime Security Identification Card.	Achieved	New security arrangements commenced 1 January 2007. MSICs continue to be issued.
		Development and external certification of an integrated occupational health and safety system.	On Target for 2007/2008	Board approval to implement an integrated management system including workplace health and safety obtained. System development eighty per cent complete.
		Implementation of an integrated risk management system.	Achieved	Risk management system framework developed.
	<b>Appropriately planned development of the Port to maximise land and infrastructure usage and accommodate future growth in a timely and sustainable manner.</b>	Undertake port master planning.	Achieved	Master Plan complete.
		Identify and reserve required lands for future developments, transport linkages and services.	On Target for 2007/2008	Commencement on final approval of Port Master Plan.
	Adopt proactive management and involvement in the City-Port Interface.			

## Business Management Objectives *(continued)*

Corporate Objective	Corporate Strategies	2006/2007 Actions	Status	Comments
<b>A responsible business partner and corporate citizen consistently meeting the expectations of shareholders.</b>	Understand customer requirements, involve customers in decisions that affect their business and be a lead agency for port user groups.	Implementation of strategies and actions identified in the Marketing and Public Relations Implementation Plan for 2006/2007.	Achieved	2006/2007 Marketing and Public Relations Plan implemented.
	Understand community expectations and deliver on these expectations where appropriate.	Implementation of strategies and actions identified in the Marketing and Public Relations Implementation Plan for 2006/2007.	Achieved	2006/2007 Marketing and Public Relations Plan implemented.
	Proactively promote excellence in environmental management.	Undertake environmental monitoring programs and publicise results.	Achieved	Water, sediment and air quality programs undertaken and reported through Annual Report.
		Fully implement an aspects register for environmental performance.	On Target for 2007/2008	Aspects register will be established as part of the review of the Authority's Environmental Management Plan in 2007/2008.
<b>A work environment that attracts, develops and retains motivated, capable and high performing people to meet our objectives.</b>	Actively promote a culture based on honesty, transparency and respect.	Develop a Workforce Plan addressing skill shortages and resource requirements into the future.	On Target for 2007/2008	Workforce Plan will be established during 2007/2008.
	Promote and encourage employee training and development and recognise and reward performance.	Implement a Reward and Recognition scheme.	Achieved	Scheme developed and in place.



Storage facilities at the Port of Townsville

## 2005/2006 Strategies and Targets *(carried over to 2006/2007)*

Corporate Strategies	Actions	Status	Comments
<b>Proactive identification and pursuit of trade and business opportunities.</b>	External consultancy to identify market opportunities.	Achieved	Merged into Port Master Plan project which was approved by the Authority's Board of Directors in July 2007.
	Preparation of Business Development Strategy.	On Target for 2007/2008	Due for completion in 2007/2008.
	Commencement of the Townsville Waterways Redevelopment Project (Stage 1) – subject to shareholding Ministers approval.	On Target for 2007/2008	Superseded by Townsville City-Port Strategic Plan, which will be completed during 2007/2008.
<b>Capital investment planning for future needs.</b>	Business case to upgrade Berth 4.	On Target for 2007/2008	Due for completion in 2007/2008.
<b>Critical infrastructure rationalisation, maintenance and flexibility enhancement.</b>	Demolition of Berth 6/7 structure.	On Target for 2007/2008	Commercial negotiations are progressing. Some works are budgeted for 2007/2008.
<b>Maintain critical infrastructure and services.</b>	Performance criteria for critical infrastructure.	On Target for 2007/2008	Due for completion in 2007/2008.
<b>Promote and encourage employee development.</b>	Establish existing and required competency levels for all employees.	Achieved	Competency framework developed. Determination of employee competencies and implementation of framework progressed in 2006/2007 in conjunction with implementation of Qudos training manual.
	Develop and implement a competency framework.	Achieved	
<b>Recognise and reward performance (in accordance with Government guidelines).</b>	Establish a Reward and Recognition Scheme.	Achieved	Scheme developed and in place.
<b>Adequate planning to ensure appropriate development and flexibility of port lands.</b>	Review of the Port Development Plan.	On Target for 2007/2008	Due for completion in 2007/2008.
	Revision of the Land Use Plan and development of associated Land Planning Scheme.	On Target for 2007/2008	Statement of Proposal has been publicly advertised. Land Use Plan will be finalised in 2007/2008.



Ship at Berth 7



## **08.1 BUSINESS PERFORMANCE > TRADE**

## Townsville Ocean Terminal

In early 2007, City Pacific Ltd., the developers of the Townsville Ocean Terminal project, commenced an Environmental Impact Statement (EIS) process to address the requirements of the State's Terms of Reference. This required consultation with key stakeholders including Townsville Port Authority, Townsville City Council and the greater Townsville community.

City Pacific expects to complete the EIS in the second half of 2007, and has indicated that construction could start in early 2008.

Townsville Port Authority will own the Townsville Ocean Terminal facility. The Authority will also be the facility operator, with this arrangement to be reviewed after five years.

The Authority is working closely with City Pacific Ltd. and the Queensland Government to ensure that adequate port protection mechanisms are in place for the Breakwater Cove residential development which will be located adjacent to the Ocean Terminal facility. These mechanisms, which will closely reflect those agreed for residential developments surrounding the Breakwater Marina, will ensure that residents are aware of potential amenity impacts, that building design appropriately addresses impacts and that legal protections are in place to ensure the ongoing operations and growth of the Port of Townsville.

The Authority will also work closely with the Queensland Government to negotiate management arrangements for the Terminal facility as a community service obligation.

## Proposed Eastern Access Corridor

AusLink 2 for the period 2009-2013 was released in 2007.

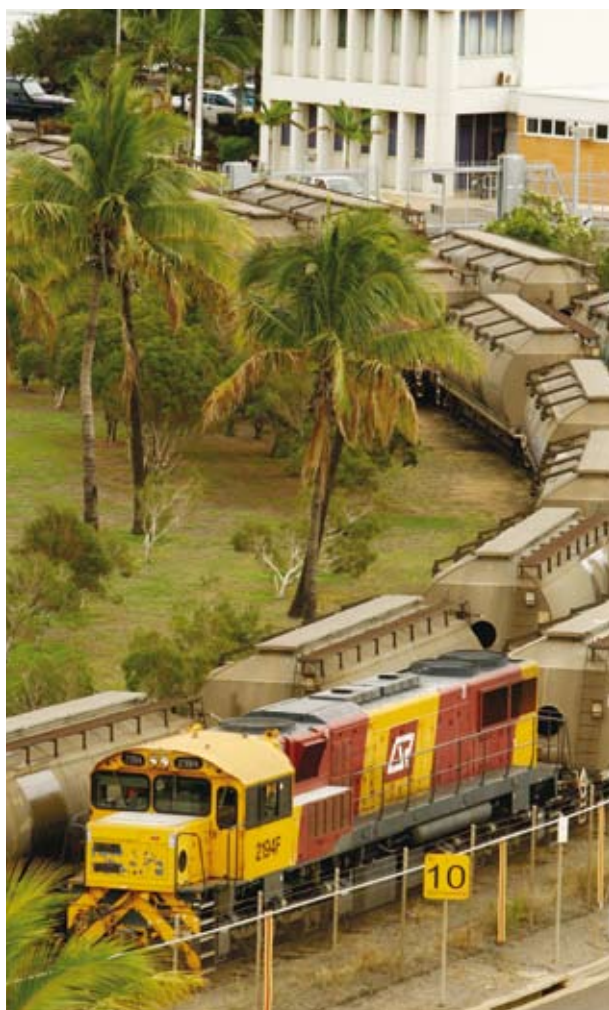
This document outlined \$22.3 billion to be spent on Australian land transport systems. It is expected that the proposed Eastern Access Corridor will be constructed as part of this funding.

During 2006/2007, the Authority has continued to work closely with relevant stakeholders to actively promote the proposed Eastern Access Corridor as a vital project of regional significance.

This project remains high on the list of priorities for both the Port of Townsville and the region and its construction will continue to play an integral role in the future growth of the local economy.



Sugar ship at Berth 9



Rail activity in the Port



Baltimore Boreas on its first visit to the Port



Tug guides a ship to its berth

## CHALCO Proposed Alumina Refinery

The Authority continues to actively promote Townsville as the preferred location for the proposed CHALCO alumina refinery. The \$3 billion deal between the Queensland Government and CHALCO would see 7.5 million tonnes of bauxite from the Aurukun deposit in Cape York extracted each year and converted into more than 2 million tonnes of alumina at the refinery.

Three possible locations have been identified for the refinery – Townsville, Abbot Point and Gladstone. An alumina refinery in the twin cities of Townsville and Thuringowa, which is already home to three major refineries, would cement Townsville's reputation as a major growth hub for the minerals processing industry.

During 2006/2007, there were a number of meetings held with CHALCO representatives to discuss many issues such as residue remediation and locations for such activities. Townsville presented a number of site options with a final decision yet to be made. The land rights issues in Aurukun were resolved during 2007 and CHALCO entered into an Indigenous Land Use Agreement which grants the company permission to continue its operations in Aurukun. It is expected that the location of the refinery will be announced by the end of 2007.

## Perkins Shipping

Townsville Port Authority has appointed a new operator to manage Berth 10 at the Port of Townsville. Perkins Shipping will take over the lease of Berth 10 from Patrick Stevedores from August 2007.

Perkins Shipping has also announced the purchase of a multi-purpose container vessel called the *Halifax Bay* for its fleet. The new vessel is 3,500 tonnes and can carry almost two hundred TEU (twenty foot equivalent units).

The new vessel will operate between Townsville and Weipa on a weekly basis commencing in September 2007. The *Halifax Bay* will become the main line haul vessel into the Gulf of Carpentaria from the east coast of Australia.

Perkins is Australia's largest privately-owned shipping company, specialising in coastal shipping services, freight logistics and stevedoring across the north of Australia, Timor, Singapore and South East Asia.

The operation and management of Berth 10 was offered by Townsville Port Authority through a public tender process late last year.

The Authority has been proactively planning for the future of the Port and has identified the need for Berth 10 to provide for growth in container and general cargo through the Port.

In recent years there has been a considerable reduction in vessel calls and berth utilisation figures at Berth 10. By nominating Perkins Shipping as a new berth operator, the Authority expects to achieve the optimal use and growth potential from this critical component of port infrastructure.

## Motor Vehicles

During 2006/2007, 11,660 vehicles were imported over the Authority's wharves representing the largest number of vehicles imported in any financial year.

## Hai Win Shipping

Hai Win Shipping commenced operating from the Port of Townsville in May 2007. The line has chartered the *Baltimar Boreas* for a new direct Townsville-to-China service commencing in July 2007.

The direct service between Townsville, Qingdao and Shanghai will operate on a monthly basis. There will be no trans-shipments which will reduce transit time to only fifteen days.

Hai Win has been operating monthly services between Qingdao, Shanghai and Darwin under a slot charter arrangement for almost three years, but saw sufficient demand for a direct service to Townsville.

The *Baltimar Boreas* can carry approximately 260 TEU.

## Refined Nickel

BHP Billiton is expanding its refined nickel output by importing semi-refined nickel, mixed hydroxide precipitate (MHP), to Townsville for final processing at its Yabulu refinery. This material will be shipped to Townsville in containers from Ravensthorpe in Western Australia. It represents an additional 175,200 tonnes per annum imported over Berth 2 with the potential for an additional 30,000 tonnes per annum of refined nickel exported from Townsville.

## Biodiesel

Two lease options for biodiesel projects were approved during 2006/2007. The projects intend to import raw feed stock such as palm oil and combine that with diesel or ethanol from the local sugar industry. It is expected that construction of the tank farm and processing plant will take place in 2008.

## New Tenancy Arrangements

The Authority entered into a number of new tenancy arrangements. These include: BHP Billiton, USS UBS, Swire Shipping, Inspectorate, Northern Shipping and Stevedoring and Perkins Shipping.

## Looking Ahead

With the creation of the new Business Development team, Townsville Port Authority will be re-focusing its efforts on the primary role of the Authority, which is facilitating trade in the region. This will be achieved by:

- the identification and pursuit of trade opportunities and value-added services through improved communication with our clients, market intelligence and a broader interface with Government and industry groups;
- furthering our involvement with the Northern Minerals Provinces and being part of the solution to ongoing infrastructure concerns;
- continuing to market and maximise the potential of port-owned lands which will create opportunities for Port customers and augment the Authority's revenue streams to improve financial and economic returns; and,
- improvements to our marketing and reporting tools, and the development of an environment which stimulates positive partnerships.

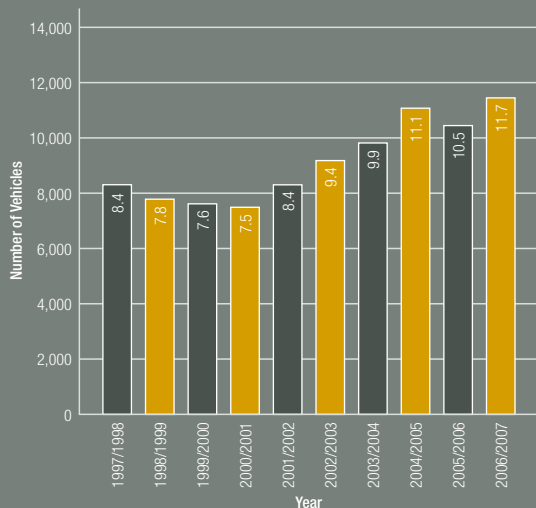


Figure 1. Trend of Imported Vehicles.

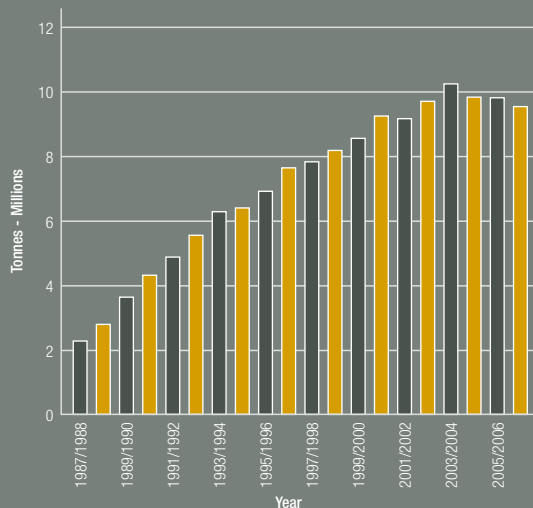


Figure 2. Total Trade Throughput 1987/1988 to 2006/2007.

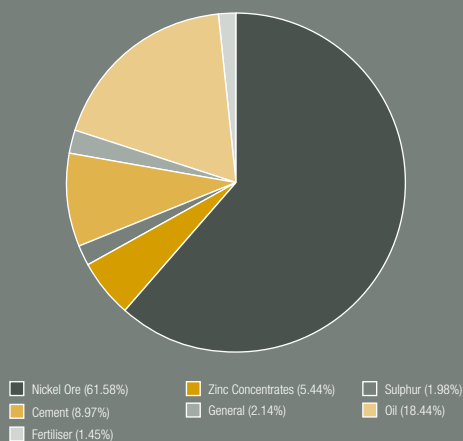


Figure 3. Imports Through the Port of Townsville 2006/2007. Total Imports: 5,316,298 tonnes.

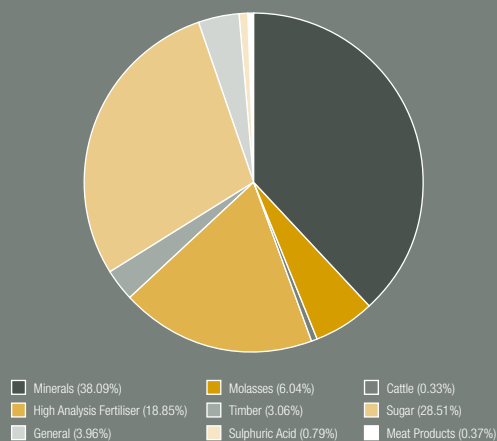


Figure 4. Exports Through the Port of Townsville 2006/2007. Total Exports: 4,241,179 tonnes.

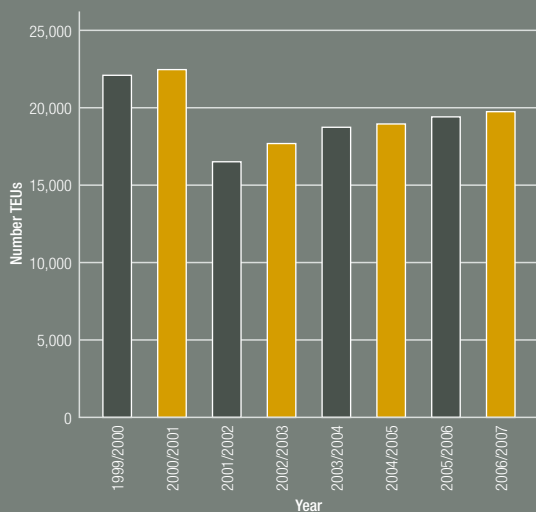


Figure 5. Container Traffic – TEUs 1999/2000 to 2006/2007.

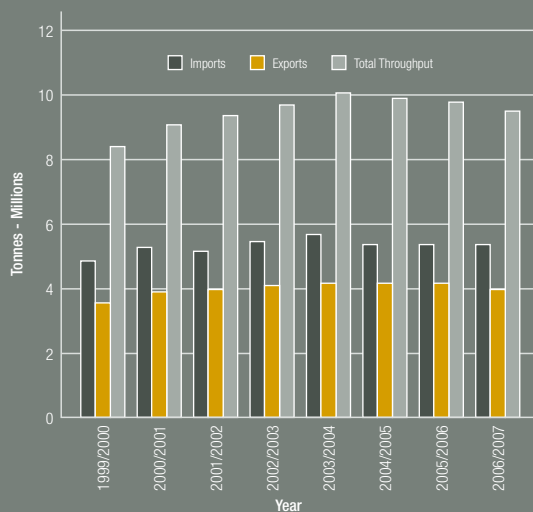


Figure 6. Trade Throughput 1999/2000 to 2006/2007.



## **08.1 BUSINESS PERFORMANCE > OPERATIONS AND SERVICES**

# MARINE SERVICES/PORT SECURITY

## Security

Townsville Port Authority's Marine Services division continues to oversee port security and work with industry through the Port Security Committee to ensure compliance with the *Maritime Transport and Offshore Facilities Act 2005 (Cwth) (MTOSFA)* and general port security.

### Maritime Security Identification Card

Marine Services has successfully implemented the Maritime Security Identification Card (MSIC) under the requirements of the *MTOSFA*, incorporating this into the Port Security Plan. The Authority worked closely with customers during this period to ensure compliance. All persons with an operational need to enter an active Landside Restricted Zone now require an MSIC unless continuously monitored or escorted by an MSIC holder. The objective of minimum disruption to shipping and trade has been achieved and no security incidents as defined under the legislation have occurred.

### Risk Assessment

A complete port security risk assessment update review was undertaken in 2006 and this assessment formed part of the reviewed Port Security Plan which was approved by Government in late December.

## Serving Our Customers

Marine Services has continued to work with port customers to facilitate the provision of efficient, safe and secure port operations.

A Port Operations Group has been formed and has commenced quarterly meetings to ensure continuity in shipping processes and to discuss operational matters.

Port Services Officers are now undertaking the Duty Officer's position on a rotating basis to better their knowledge of port processes and to encourage customer liaison and understanding of the complexities of port operations.

## Pilot Vessels

A backup pilot vessel was purchased and a major refit undertaken to bring the vessel up to the required standard for pilot transfers. Additionally, this vessel will serve as a hydrographic vessel when not being used for pilot transfers.

An Automated Identification System class B was fitted to the pilot vessel *Petrel II* in early 2007. A backup system has also been installed in Port Control as part of the Authority's contractual arrangement with Maritime Safety Queensland.

## Talisman Saber

The Authority worked closely with the Department of Defence in 2007 to assist with the Talisman Saber 2007 exercise. This was done by participating in pre-Talisman Saber planning conferences and desktop exercises to ensure the Port of Townsville was ready to receive navy vessel visits and deal with any activity surrounding these visits.

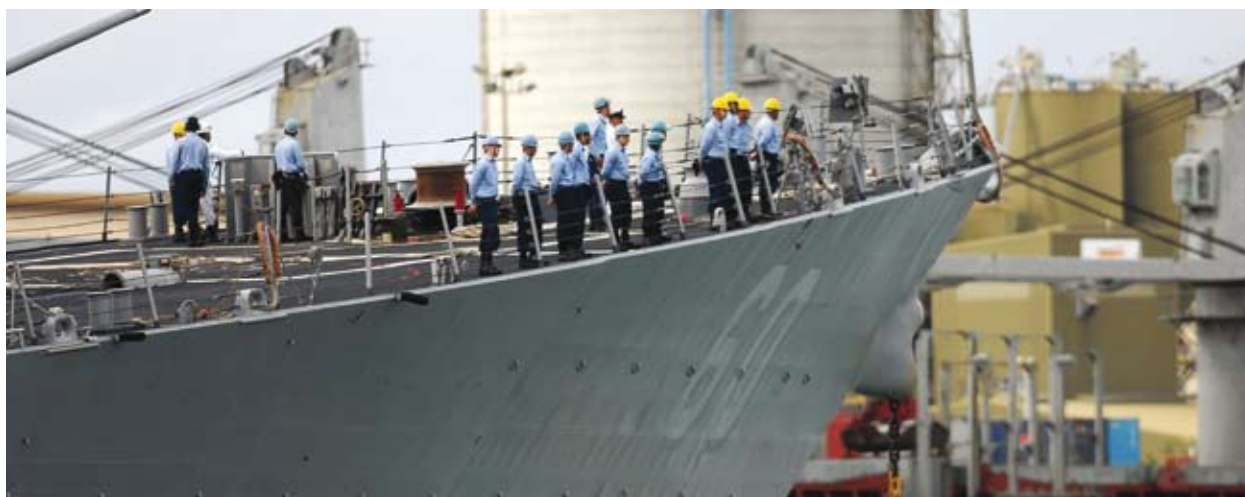
## Achievements

- Upgraded Digital Video Multiplexer/Recorder (DVR) system capable of supporting 16 cameras with one terabyte of video storage.
- Successful implementation of Maritime Security Identification Card.
- Port Security Plan has been updated and approved in line with legislation.

## Looking Ahead

Major milestones for 2007/2008 include:

- continue to review port service operations and processes to ensure efficiencies in operations;
- further training for Port Services Officers in customer service excellence and port operations;
- minimum disruption to shipping and trade throughput;
- zero security incidents as defined under legislation; and,
- review the Authority's Port Security Plan to ensure it is compliant with legislation and best practice.



US Navy in Port

# ENGINEERING WORKS

During 2006/2007, the Authority completed just over \$10.5 million of maintenance works and over \$4 million of capital improvements. The increased maintenance expenditure represented the Board's recognition of the ongoing maintenance requirements of an active and growing port environment.

## Channel and Harbour Dredging

The dredge vessel, the *Brisbane*, commenced the annual maintenance dredging campaign in the Platypus Channel on 3 October 2006. Dredging works were completed on 29 October 2006. A summary of outcomes is shown in the table below.

### Channel and Harbour Dredging – Summary of Outcomes

Dredge Location	Surveyed Quantity (m <sup>3</sup> )	Approximate Cost
Platypus and Sea Channel	92,008	\$1,044,297
Berth 11	53,908	\$611,758
Total	145,916	\$1,655,782

## Ross River Dredging

The Authority undertook cutter suction dredging of Ross River Channel and in areas adjacent to the upstream pile moorings. The Environmental Protection Agency granted approval to relocate 140,000 m<sup>3</sup> of sands and silts to the Authority's reclamation area.

Approximately 2,500 m<sup>3</sup> was dredged each day with operations working on a 24-hour basis. The total cost of this dredge campaign was approximately \$1.26 million.

## Inner Harbour Dredging

A program of grab dredging to improve the under keel clearances in the inner harbour berth pockets was conducted during 2006/2007. Dredged materials were pumped into the Authority's reclamation area for further treatment prior to incorporation as land fill. Approximately 5,600 m<sup>3</sup> of material was removed from the berth pockets.

## Electrical Upgrade Works

To maintain service reliability to customers, the Authority commenced a major upgrade program of high voltage and low voltage networks. Detailed design works and the acquisition of conduit, cables and switchgear materials was completed. The Authority also commenced the installation of underground conduits and cable tray. The project is scheduled for completion during late 2007 and has a budget of \$2.2 million.

## Nexus Business Park

The construction of a commercial and light industrial subdivision including roadworks, earthworks, associated stormwater drainage, sewerage and the provision of electrical supply at the Nexus Business Park was substantially progressed during 2006/2007.

The ten hectare park, which will provide a premier location for port-related business, is expected to be completed by December 2007 at a cost of \$3.8 million.

## Looking Ahead: Our Objectives

### Channel and Harbour Dredging

An allowance has been made to remove 260,000 m<sup>3</sup> of material from the Platypus and Sea Channels and 200,000 m<sup>3</sup> from the Outer Harbour during the 2007/2008 dredging campaign. Additional berth pocket grab dredging is proposed for the Inner Harbour areas. The total funds budgeted for dredging in 2007/2008 are approximately \$2.9 million.

### Berths 8 & 9 Pile Repairs

Detailed investigations and design work has commenced for an extensive program of repairs to be undertaken on cracked concrete piles under Berths 8 and 9. Cracking was discovered during routine maintenance inspections and a remediation program has been developed with the first stage to be implemented during 2007/2008. Total funds provided for the first stage of this program are \$1.8 million.

### Berth 4 Upgrade

Extensive consultation, investigation and detailed design work for the widening and strengthening of Berth 4 has been completed. Design provision allows for the accommodation of a wharf crane, heavy vehicle and rail access and heavy capacity forklifts. Construction of the planned upgrade to Berth 4 is due to commence in 2007/2008.



Lead ingots and copper cathodes on Berth 3 with Castle Hill in the background

# MANAGING OCCUPATIONAL HEALTH & SAFETY

## Zero Injuries

The Authority is committed to the provision of safe and healthy working conditions for its employees, port customers, and contractors, and to the safe custody of visitors to its operations and premises. During 2006/2007 Townsville Port Authority has achieved its safety vision of 'zero injuries'.

To achieve, sustain and maintain the safest practicable workplace requires a balanced approach towards the physical work environment, our systems, and the culture of our business. We actively pursue our goal of an injury free working environment and support all endeavours to prevent injury and harm at work. The Authority also provides ongoing education and training to:

- ensure an awareness of workplace risks and hazards;
- facilitate discussion to identify new or emerging risks and hazards; and,
- initiate regular group discussions for continuous improvement in safety within the workplace.

## A New Way of Thinking

The Authority has achieved its best result in safety performance in over eight years. This was achieved through a new approach to safety. Through a concerted safety awareness program the Authority aims to ensure that every member of our workforce knows the difference between safe and unsafe work practices, and the importance of working safely.

The first step was to define the parameters required for the safe behaviour and practices of the Authority's leaders. Strong safety leadership is a prerequisite for achieving good safety performance and the most visible way to achieve this is through the involvement

of senior management in safety auditing. The audit process was split into systems and behavioural audits. Known as Safe Work Observations (SWOs), the behavioural audits focus on people as they go about their work. The key steps are:

- watching people work;
- looking for safe acts to positively reinforce;
- looking for unsafe actions/practices;
- having a conversation with people about their concerns and how they might be injured; and,
- gaining a commitment from the people to work safely in the future.

## Safety Statistics 2006/2007

Number of lost time injuries incidents	0
Number of contractor incidents	1
Number of near miss/dangerous occurrences	2
Number of safety inductions completed	1,211

## Lost Time Injury Frequency Rate

The Authority's Lost Time Injury Frequency Rate (LTIFR) fell from 23.92 in 2005/2006 to zero in 2006/2007. Reducing the LTIFR has been one of the Authority's long-term goals and will continue to be a major area of focus in the future.

In an effort to keep our work environment safe the Authority has set reduction targets in safety indicators for 2007/2008. We will continue to use our toolbox and monthly team meetings to build safety awareness among our employees and ensure that they are kept informed of the number and cause of injuries, should they occur.



From left: David Price, Northern Shipping and Stevedoring; Kevin Clair, John Holland, and Geoff Dengate, Townsville Port Authority

## Lost Time Injury Frequency Rate

Indicator	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007
Total Number of Employees	71	74	72	76	80
Hours Worked	120,503	116,975	119,443	125,391.9	128,754.35
Lost Time Incidents	5	1	1	3	0
Lost Time Frequency Rates	41.49	8.54	8.37	23.92	0
Average Lost Time Rate*	12.9 days	3 days	4 days	98.67 days	0
Incident Rate	29.5	6.7	4.1	3.95	0

\*The average lost time rate is the average time lost per occurrence of injury/disease. This rate provides a measure of the severity of the occurrences being experienced by workplaces over time. It is calculated by dividing the number of working days lost by the number of occurrences in the period.

## Rehabilitation and WorkCover Claims

There were no WorkCover claims lodged or return to work plans implemented for the 2006/2007 reporting period.

## Training and Awareness

The *Workplace Health and Safety Act 1995 (Qld)* requires the Authority to ensure the health and safety of all employees, contractors, and visitors to the workplace. The Authority educates and assists individuals in recognising and achieving their workplace health and safety responsibilities.

All new employees are introduced to health and safety procedures and are trained in emergency procedures. This includes a site induction, evacuation training, area familiarisation, fire extinguisher handling, and safety in the office and workplace.

Fire wardens are trained in emergency procedures, including evacuation procedures and bomb/arson threats. There were two live exercises performed during 2006/2007.

Other training offered to employees includes: unacceptable workplace behaviour, job hazard analysis, risk management and assessment, manual handling, senior first aid/CPR, safety representatives, refresher training for plant and equipment, and elements of shipboard safety.

On average each employee participated in at least three training sessions during 2006/2007.

## Health and Safety Committee

The Authority's Health and Safety Committee meets monthly to discuss initiatives to make our workforce safer and healthier.

The six-member committee includes employer and employee representatives. The Committee provides a formal consultative forum to resolve health and safety issues, and to discuss matters relating to accidents and incidents, personal protective equipment, and the physical conditions of our worksites.

## Contractor Management

Managing contractors and their activities more effectively has been identified as a significant improvement opportunity for the Authority. The Authority's objective is to ensure that policies and procedures adopted by the contractors are consistent with the Authority's policies. Some of the steps the Authority has taken to move towards improved consistency in this area are:

- the contract work is to be assigned a Townsville Port Authority manager or supervisor as the single point of accountability;
- allocate adequate time and resources to manage the day-to-day activities of the contract;
- sign off on the work procedures and methods and ensure that work is carried out according to the agreed procedure;
- ensure the Authority's expectations are clearly and effectively communicated to all contractors; and,
- ensure that each contractor's on-site manager is introduced to the responsible Townsville Port Authority supervisor who has single-point accountability and that effective systems of communication are in place.

## Looking Ahead

During 2007/2008, the Authority will continue to implement strategies aimed at pursuing continued improvements in workplace health and safety. Some of the key actions include:

- to achieve certification of the Safety Management System against *AS/NZS 4801:2001 – Safety Management Systems*;
- implementation of a web-based safety, security and environmental induction system;
- to achieve accreditation of the Authority's Workplace Rehabilitation Policy and Procedures by Q-COMP;
- review and update the Authority's former Drug and Alcohol Policy into a Fitness for Work Policy and Procedure; and
- implementation of a web-based system for the lodgement of permit applications.



## 08.1 BUSINESS PERFORMANCE > PORT PLANNING

The Port of Townsville is located immediately adjacent to the city of Townsville. As the region and the city have prospered and grown, land values have increased and land uses surrounding the Port of Townsville's assets have changed.

To facilitate this growth, the Authority has focused on the development and implementation of a sound land use and development planning framework to ensure the sustainable development of the Port of Townsville.

## Planning for the Future

Townsville Port Authority continually monitors trade growth to pre-empt increasing demands for supporting infrastructure.

The Authority ensures facilities and services at the Port of Townsville are efficient, reliable and adequately meet the needs and expectations of existing and future customers.

## Port Master Plan

The Port of Townsville, together with the Department of Infrastructure, the Office of Government Owned Corporations, and Queensland Transport, has been working with Maunsell Consulting Engineers to prepare the Townsville Port Master Plan. This plan has a planning horizon to the year 2030 for the Port of Townsville. The Master Plan was approved by the Authority's Board of Directors in July 2007.

Over a 12-month period, particular studies to assess demand and capacity have resulted in a documented framework within which future investment decisions can be made. The Authority is confident that the Master Plan will provide sustainable development for the Authority, customers and community alike. The certainty of future port direction and rigour of underlying analysis has been welcomed by all stakeholders.

As a result of the study, the Port of Townsville is committed to meeting a potential tripling of trade to 27 million tonnes per annum during the forecast period by providing focus for sustainable growth in three key result areas:

1. securing the port boundaries via the City/Port Strategic Plan;
2. driving our existing assets harder via Inner Harbour rationalisation; and
3. providing for the future via Port expansion and access corridors.

Work is in its early stages, but has commenced in what will be a concentrated effort lasting over a number of years to negotiate

with relevant parties, obtain necessary approvals, and ultimately implement the vision for the Port of Townsville encapsulated by the Authority's Master Plan.

Following completion of the Master Planning process, a Port Development Plan will be developed. This plan will present a blueprint for the future development of the Port of Townsville.

## Townsville City-Port Strategic Planning

The Port of Townsville commenced its operations in Ross Creek more than 140 years ago. As the city grew, and ships grew larger in size, the Port of Townsville gradually moved beyond the inner creek area to the artificial harbour where it now resides.

In planning for the expected future growth of the Port, it is important to consider the impact of the Port on our neighbours and to ensure that the Port and the city can continue to grow with compatible and sustainable outcomes.

The Townsville City-Port Strategic Plan was a joint study undertaken by Townsville Port Authority, Townsville City Council and the Department of Infrastructure to examine the most suitable planning outcomes for lands located in the interface between the Port and the Townsville CBD. This plan proposes suitable and appropriate developments on lands located at this interface that will ensure positive synergies are maximised, negative outcomes are minimised, and both the Port and city can continue to grow and expand in a sustainable manner.

The Plan was approved by the Authority's Board in June 2007. The projects from the Townsville City-Port Strategic Plan will be integrated into the Townsville Economic Gateway Study, which is a document representing the future vision for the city and Port. This Study will be released for public comment in late 2007.

## Developments on Port Lands

The *Transport Infrastructure Act 1994 (Qld)* provides that the Authority is the Assessment Manager for developments on Strategic Port Lands under the *Integrated Planning Act 1997 (Qld)* and the Integrated Development Assessment System (IDAS).

The IDAS Development Application Guidelines Manual, which was developed in 2006, provides guidance and information to assist developers in the preparation of development proposals on Strategic Port Lands.

During 2006/2007, five IDAS applications were received. These applications were for modifications and/or extensions to existing infrastructure and related to upgrading of infrastructure for port customers. All applications were approved in full, subject to conditions.

## Land Use Planning

A Statement of Proposal was made publicly available for comment during 2006/2007. This is primarily a consultation tool that provides the opportunity for community members to gain a clear understanding of the major issues and challenges within and surrounding the Port area. Fifteen submissions were received from Government departments, members of the public and special interest groups. These comments are being incorporated into a Draft Land Use Plan which will be completed in 2007/2008.

Port Authorities are required to develop a Land Use Plan for Strategic Port Lands under the *Transport Infrastructure Act 1994*.

The Land Use Plan will assist in ensuring that:

- there is consistency and appropriate decision-making by Townsville Port Authority;
- there is effective development on Strategic Port Land that does not compromise future development or the wider community; and,
- an integrated statutory document guides future growth and development of the Port of Townsville.

Over the next six months, the Authority will complete the revision of the Land Use Plan, incorporating into the review comments received during the public consultation.

The Authority will also develop an associated Land Use Planning Scheme for Strategic Port Lands to ensure the planned development of lands in the future.

## Nexus Business Park

Design Guidelines for a new Port of Townsville 'Nexus Business Park' were developed in 2006/2007.

The purpose of these Guidelines is to ensure a development that accommodates port-related activities and industry, and maximises and respects the site's location, whilst positively contributing to the urban fabric.

The Design Guidelines provide information, advice and controls for the Nexus Business Park by defining specific elements of the development and appropriate degrees of control.

Once completed, the business park will house approximately nine port-related businesses. These businesses will mainly comprise offices and warehouse facilities that require close access to the Port of Townsville.

## Looking Ahead

The Authority will continue to undertake effective planning for future port growth and development to ensure that there is appropriately planned development of the Port. Some of the planned activities for 2007/2008 include:

- complete the Port Master Planning process and commence implementation of its recommendations;
- commence the development of a Port Development Plan;
- complete the development of a new Land Use Plan;
- adopt proactive management and involvement in the planning and development of the City-Port interface;
- identify and reserve lands required for future developments, transport linkages and services;
- ensure a cooperative and consultative approach to regional planning activities to ensure the Port of Townsville's interests are taken into consideration; and,
- establish an interactive web-based Development Approvals System.



Aerial view of Townsville, the Port and Magnetic Island



## 08.2 SOCIAL PERFORMANCE > COMMUNITY

## Keeping Customers and the Community Informed

Internal and external publications play an integral part in how we communicate information to our employees, customers and the wider community.

Our external website and bi-monthly external newsletter, 'rapPORT', form the basis of our interaction with outside audiences. During 2006/2007, the Authority's new-look website has become an excellent resource attracting over 5.5 million hits.

An email bulletin called 'E-updates' is distributed regularly to port customers and stakeholders. This ensures that they receive up-to-date information quickly.

## Meeting the Needs of Port Customers

Townsville Port Authority actively facilitated and/or participated in a number of scheduled customer meetings during 2006/2007. Some of these include the Port Advisory Body, Port Security Committee, Port Safety Group, and the Environmental Working Group.

These meetings provide the Authority with a comprehensive understanding of our customers' requirements, ensuring that any issues are considered and resolved quickly and efficiently.

## Marketing and Public Relations Plan

During 2006/2007 a one year Marketing and Public Relations Plan was implemented and carried out. The Plan is designed to meet Townsville Port Authority's overall objectives in accordance with the Corporate Plan and Statement of Corporate Intent.

The impacts and effectiveness of strategies included in the plan are measured against a number of performance mechanisms. Over 95 per cent of tasks set out in the plan were completed.

## Customer and Community Feedback Surveys

In April and May 2007 the Authority conducted its third annual customer and community feedback surveys. The results of these surveys are used by the Authority to identify issues and develop strategies to address these issues.

### Customers and Stakeholders

The Authority conducted a survey of 67 key stakeholders including Government agencies and customers. A total of 52 responses were received.

Overall, the Authority was rated positively by its customers and stakeholders. For almost all key performance criteria, the Authority received performance ratings in excess of six (out of ten, where ten meant 'excellent'); indicating that customers generally saw Port performance as satisfactory.

However, Townsville Port Authority's overall value for money performance in the eyes of its customers has fallen over the past 12 months, from 6.7 to 5.8 out of 10.

Areas where the Authority was rated over seven out of ten include; having a friendly approach (7.1), making a contribution to the community (7.0), and its environmental management practices (7.4).

A decrease in satisfaction from the previous year's survey was observed in the following key attributes:

- having appropriate security measures in place;
- being willing to negotiate on price and conditions;
- providing sufficient depth for berths and channel;
- effectively managing the changing demands for port infrastructure; and,
- listening to customers and suggesting solutions and services to best meet their needs.

### Community

Four hundred respondents from the Townsville city area completed our annual feedback survey questionnaires. 49 per cent of respondents knew of Townsville Port Authority and over eighty per cent believed the Port contributed significantly to the local economy.

The community believes that Townsville Port Authority develops the port area in a responsible manner (6.6 out of ten) and that the Port contributes positively to the quality of life and work of Townsville residents (6.5). Townsville Port Authority scored highly regarding minimising the noise impact of the port (6.3) and being a responsible corporate citizen (6.6 out of ten).

Over eighty per cent were aware of proposals to develop the Townsville Ocean Terminal and over 75 per cent supported the proposal.

Almost seventy per cent were aware of proposals to develop the Eastern Access Corridor, of whom ninety per cent were in favour.

## Port Community Partnerships Forum

Townsville Port Authority continued its Port Community Partnerships Forum. It provides a means through which community-based groups provide comment on port-related policies, development plans, management programs, ongoing operations, and future development activities at the Port of Townsville that may impact on specific community interests.

The forum, which meets quarterly, has proven to be an excellent opportunity for the Authority to work with local community viewpoints. This ensures that operations at the Port of Townsville remain sensitive to the interests and expectations of the community.

## School Education Program

During 2006/2007 the Authority began developing the 'Port of Townsville School Education Program' in association with the South Townsville Primary School. This will be a long-term program of co-operation and education regarding port operations and the marine environment integrated into the school curriculum. The program aims to improve students' understanding of the commercial port environment including port operations, shipping activities and port development, whilst also providing an opportunity to promote awareness of marine environmental matters.

Draft unit plans have been developed covering various aspects of port activities including: the environment, imports and exports, transport, port facilities, history of the Port, and more. These plans have been developed in accordance with Education Queensland guidelines.

Once finalised, the Education Program will be made available on the Authority's website for all schools to access.

## Supporting the Red Cross

The Port community rolled up their sleeves when the Red Cross mobile blood van visited the Port as part of a regular and ongoing donation program.

The Port community plays host to the Red Cross on a quarterly basis, with employees and members of the Port community taking time to assist the Red Cross in its blood drive.

## Complaints

64 formal complaints were registered this year comprising:

Complaint	No.
Noise and vehicles	4
Rubbish	2
Boat ramps	25
Environmental – general	4
Other	9
Dust	8
Moorings	12
<b>TOTAL</b>	<b>64</b>

*All but three of these complaints were addressed and resolved during 2006/2007.*

## Donations and Sponsorships

The Authority's philosophy is simple: we understand that the impact of our actions and operations affect our customers, clients, employees, and the broader community. We take our commitment as a corporate citizen seriously and participate in community activities to build relationships with our stakeholders.

Financial sponsorships and donations are assessed in accordance with our Sponsorship and Donation Policy, which incorporates elements of, and is consistent with, the Queensland Government Sponsorship Policy (August 2003).

In 2006/2007 the Authority spent over \$250,000 on donations and sponsorships to local charities, local business activities, regional development bureaux, cultural events, trade events, tourism, and mining activities. Some of these are detailed in the following table.



Townsville Sailing Club with their new junior sabot sails

## Summary of 2006/2007 Donations and Sponsorships\*

Donations/Sponsorships	\$
Townsville Enterprise Limited annual sponsorship/membership fee	\$99,000
Townsville Maritime Museum annual sponsorship	\$47,409
Townsville Enterprise Limited contribution to base metal processing investment	\$30,000
North Queensland Tourism Awards sponsorship	\$18,023
Camp Quality donation from annual corporate golf day	\$10,170
Townsville Region Export Awards sponsorship	\$10,000
2007 Mount Isa Mining Expo	\$8,000
Dragons Abreast sponsorship for breast cancer association dragon boat	\$5,000
Thuringowa City Council Economic Development Conference sponsorship	\$3,800
Townsville and James Cook University Rowing Club employee team sponsorship	\$3,000
Mission to Seafarers donation	\$2,708
Townsville Sailing Club donation to junior sabot sails	\$2,500
Pearl Divers Festival sponsorship	\$1,800
James Cook University academic prizes	\$1,700
Rotary Club of Townsville donation to Rotary Park	\$1,500
Asian Market Forum sponsorship	\$1,000
Sunfish NQ donation for junior angler education	\$1,000
Endeavour Foundation Christmas appeal	\$500
Ronald McDonald House donation	\$500
Other	\$5,115
<b>TOTAL</b>	<b>\$252,725</b>

*\*GST included where appropriate.*

## Looking Ahead

- During 2007/2008 the Authority will finalise the curriculum for its Port of Townsville School Education Program. Unit plans for each subject will also be made available on the Authority's website and distributed to local primary schools.
- The Authority will continue to ensure port customers and the wider community are informed on Port activities. This will be carried out through the Authority's website, bi-monthly rapPORT newsletter, port tours, regular meetings, media releases, and E-updates.
- The Authority will also develop a new three-year Marketing and Public Relations Plan which will become effective from 1 July 2008. This plan will also include an Implementation Plan for 2008/2009.



## 08.2 SOCIAL PERFORMANCE

### > PEOPLE

Townsville Port Authority is committed to developing a workplace culture where employees are valued and offered the opportunity to develop their skills and knowledge base. The Authority is also committed to achieving a balance between work and family life for its employees.

The Board of Townsville Port Authority has an active Human Resources Committee with a charter to review, monitor and establish human resources policy frameworks. The Authority also has a designated Human Resource Adviser to service its growing HR demands.

### Authority Employees – Facts and Figures

- Average age is 42.6 years
- Oldest employee is 65 years
- Youngest employee is 18 years old
- 12 employees were born overseas
- 64 employees are male, 16 are female

### General Managers

On 25 June 2007 three new General Managers were appointed. They are:

- Raneë Crosby – General Manager Support Services;
- Elle Glashoff – General Manager Business Development; and,
- Matthew O'Halloran – General Manager Operations.

### Use of Apprentices and Trainees

The Authority employs two Apprentice Boilermakers, a Mechanical Fitter and a Cadet Drafting Officer. The Authority has also employed a trainee (Certificate IV in Database Administration).

### Employee Feedback Surveys

In May 2007 the Authority conducted our third annual employee feedback survey. The Authority uses the results of the survey to identify issues and develop strategies to address these issues.

The survey canvassed the areas of job satisfaction, remuneration arrangements, work/life balance, communication, management and leadership, organisational effectiveness, as well as opportunities for training and development.

A total of 67 responses out of 80 were received in 2007 compared to 51 out of 76 in 2006.

The key findings in the report indicate that the Authority is consistently seen as flexible and cares for the health and safety of its employees, perceived as an organisation that cares for the environment and its customers and provides solid training support for employees. A significant finding is that employees stated that communications with immediate managers and supervisors is good and improving and most immediate managers and supervisors are seen in a very positive light.

Issues identified as needing attention included employees wanting to be informed more of the general issues and trends at the Authority, concerns over resources, a perception of reduced job security and in some cases a decline in job satisfaction.

### Corporate Health Program

The Townsville Port Authority Corporate Health Program continued throughout 2006/2007. The Authority believes in the good health and well-being of its employees and engaged external professional expertise to facilitate various health initiatives. Topics included; general nutrition, will making, mental health, heart disease risk reduction, men's health, women's health, breast cancer awareness, prostate cancer awareness, organ donation, diabetes, blood and plasma donation, and a seminar on the Employee Assistance Group.

### Training and Professional Development

The Authority is proactive in encouraging employees to seek professional development opportunities.

There are six employees undertaking postgraduate studies supported by the Authority. These studies include a Masters of Business Administration (Marketing), Masters of Business Management (HR), Masters of Environment and Business Management, Diploma of Human Resources and two Certified Practising Accounting programs.

There has been a significant increase in training in the areas of supervision, leadership and conflict resolution. An internal supervision and leadership program has been written and will be rolled out in August 2007.

### Communication

The Authority produces a monthly employee newsletter called 'High Tidings'. The newsletter is distributed to all employees and covers a wide range of topics relevant to employees. The newsletter was identified in the employee survey as a successful information tool for employees and the survey showed that 'High Tidings' is being read more frequently by more employees.

## Superannuation

Townsville Port Authority employees have two options under the QSuper Scheme either contributory or non-contributory.

### Contributory

Employees may contribute up to five per cent of their base wage to the scheme. The Authority then contributes an equivalent amount plus an additional 7.75 per cent of the employee's base wage.

### 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 Authority. This amount is nine per cent of the base wage.

The Authority 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:

*AG842872 – Townsville Port Authority Maintenance Employees Certified Agreement 2005* between the Authority and Maritime Union of Australia (MUA) was certified on 23 September 2005, and will remain in force until 30 November 2007. This Agreement covers 21 maintenance employees. Negotiations have begun for the re-negotiation of this Agreement.

*AG838926 – Townsville Port Authority Port Services Enterprise Agreement 2004* between the Authority and Australian Maritime Officers Union (AMOU) was certified on 24 February 2005, with an end date of 30 June 2007. This agreement covers 15 Port Services Officers. Re-negotiation of the Agreement took place in May 2007 and agreement in principle has been reached between the union and the Authority for a new Agreement which will remain in place until June 2010.

*AG840186 – Townsville Port Authority Administrative, Technical, Supervisory and Professional Employees Agreement 2004* between the Authority and AMOU was certified on 19 May 2005, with an end date of 30 June 2007. This agreement covers 36 employees. Re-negotiation of the Agreement took place in May 2007 and agreement in principle has been reached between the union and the Authority for a new Agreement which will remain in place until June 2010.

## Authority employees as at 30 June 2007:

Departments	Actual 30 June 2007
CEO and Executive Support	3
Finance	6
Engineering	8
Planning and Environment	4
Maintenance	26
Corporate Governance	9
Marine Services	20
Pilot Transfer Service	3
Major Projects Administration	1
<b>TOTAL</b>	<b>80</b>



Les Nicholson, HR Adviser and Jodi Pattinson, Commercial Clerk

## Relationship between Townsville Port Authority and Unions

The Authority maintains a productive working relationship with the Maritime Union of Australia and the Australian Maritime Officers Union. Employee representatives are consulted on industrial matters affecting their members, in accordance with the certified agreements. The Agreements also provide for regular meetings of consultative committees and other consultation on matters affecting employees.

## Job Security

The Authority is committed to providing long-term job security to all employees. The number of employees with over 10 years service is 29. Five of these employees have over 20 years service.

The Authority recognises long and meritorious service with presentations to employees with 15 and 25 years continuous service.

## Chief Executive and Senior Executive Remuneration

The Authority's remuneration policy provides for a review of salaries for senior executives during June of each year with any adjustments effective 1 July. Details of senior executive remuneration are included in this Annual Report, and the Statement of Corporate Intent, 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 document *Remuneration Guidelines for Directors and Senior Executives in Government Owned Corporations* (issued September 2000) and advice from shareholding Ministers.

## Equal Employment Opportunity and Anti-Discrimination

The Authority has adopted and implemented policies on equal employment opportunities, anti-discrimination, and prevention of harassment and bullying. These policies are included in the Authority's Human Resource Manual and are highlighted during employee inductions and regular awareness briefings. The Authority continues to ensure that the principals of merit and equity are upheld in the processes associated with the recruitment, selection, and promotion of employees.

## Women's Initiatives

There are four females in a supervisory role out of a total of 16 female employees. The Board of Directors comprises of two female directors out of a total of eight.

The Authority promotes the balancing of work and family responsibilities by having flexible working hours and family leave arrangements.

During 2006/2007, two employees took maternity leave.

All employees are encouraged to undertake further studies. Four female employees are currently undertaking further studies. These studies include a Masters of Business Administration (Marketing), Masters of Environment and Business Management, and two Certified Practising Accountant programs.

## Employee Departures and Appointments

Fifteen permanent employees left the Authority during 2006/2007.

Nineteen new employees joined the Authority in the Engineering, Environment and Planning, Corporate Governance, Finance and Marine Services departments.

The Authority also offered vacation employment to one University student (Civil Engineering).



Authority employees, Jessica Taylor and Robert Henaway enjoy a lunchtime walk through the Port of Townsville Environmental Park

## Sick Leave

Total sick leave taken during 2006/2007 was 2,444 hours (without a medical certificate) and 1,017.50 hours (with a medical certificate). This compares favourably with the 2005/2006 figure of 3,241.75 hours, and the 2004/2005 figure of 3,963.65 hours. Average sick leave per employee was 31.17 hours.

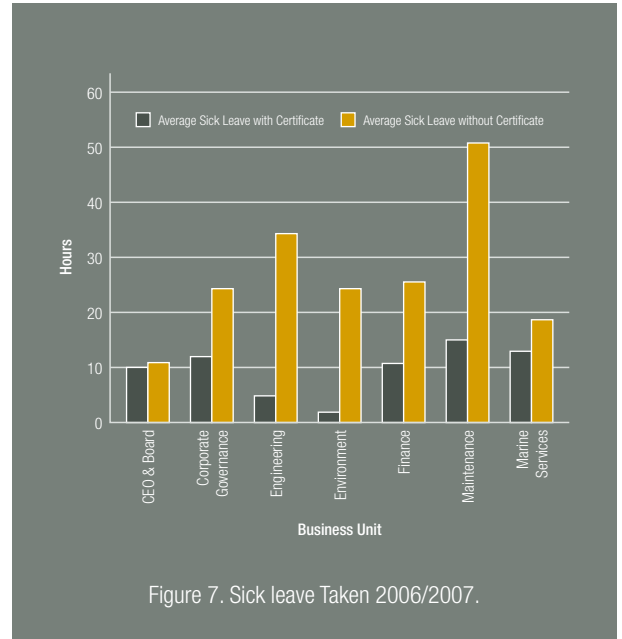


Figure 7. Sick leave Taken 2006/2007.

## Looking Ahead

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

Some of the key actions for 2007/2008 include:

- revision of all position descriptions to ensure they are current and reflective of the changing position requirements;
- gap analysis of all positions to determine all core competencies and alignment of training and development initiatives to ensure that required skill and knowledge bases exist and employees are confident and competent to carry out their duties;
- carry out annual employee feedback surveys to gauge levels of satisfaction and identify workplace and organisational issues, so that strategies that continually improve the work environment for our people can be formulated and implemented; and,
- continued operation under enterprise agreements.

A Workforce Plan will be developed to identify skill and resource requirements to take the Authority into the future. This will enable the Authority to identify and capitalise on existing employee capabilities, tailor recruitment activities to specific requirements and ensure the alignment of human resource strategies with long-term goals.

The Authority's Human Resource Manual will be updated during 2007/2008 in line with changes to relevant employee legislation.



## **08.3 ENVIRONMENTAL PERFORMANCE**

Environmental performance is a key result area for the organisation and the Port as a whole and the Authority is committed to protecting the environment for a sustainable future.

The Authority works closely with Port customers to ensure the continued implementation of a comprehensive environmental management program aimed at understanding and better managing our environment and activities. We continue our commitment to the development of a truly integrated Port community approach to environmental protection and improved environmental performance.

## Noise

The Authority has undertaken noise monitoring since 1998. During 2006/2007, the short-term noise measurements undertaken at 24 sites were supplemented by longer-term monitoring at three sites to provide a better understanding of background noise.

The results indicate that background noise levels at most sites were higher on weekdays than weekends and displayed a downward trend from levels during the day to the evening to night time.

Identified sources of noise include vehicle movements along haul roads, noise from trains and some berth activities. Noise measured in the surrounding South Townsville areas indicates that this area is classified as an R2 area with low density transportation (AS 1055.2-1997). The berth areas are classified as an R5 area with very dense transportation, commercial districts or bordering on industrial districts.

Recommendations were made to help reduce the potential impacts of these noise sources.

## Lighting

A lighting survey was undertaken to assess current illuminance levels and assess any potential impacts on off-site areas. Major luminaries with the potential to impact on off-site areas are high level pole mounted floodlights and floodlighting associated with the gantry crane.

Results indicate that Port of Townsville lighting satisfies the requirements of AS4282:1997 and is not considered to cause unreasonable direct light spill. South Townsville is considered an area of 'dark surrounds' and any new developments need to consider potential lighting impacts.

## Water Quality Monitoring

The Authority's Water Quality Monitoring Program was initiated in 2004, with 32 samples collected bi-annually (pre and post-wet season) from the Ross Creek, Inner Harbour, Outer Harbour and Ross River areas.

Samples are tested for a suite of heavy metals, nitrogen, phosphorus, suspended solids, total oil and grease, and petroleum hydrocarbons.

2006/2007 also saw the inclusion of physiochemical parameters such as pH, dissolved oxygen, conductivity and temperature.

Results from 2006/2007 were all within national and state guidelines with the following exceptions:

- zinc levels in Ross Creek exceeded the Australian and New Zealand Environment and Conservation Council guidelines (ANZECC, 2000) prior to the wet season (Figure 8);
- suspended solids exceeded the Queensland Water Quality Guideline for Estuaries and Harbours (QWQG Estuary/Harbour) at all sites before the wet season and in Ross River following the wet season (Figure 9);
- phosphorus exceeded the QWQG Estuary/Harbour in Ross River post wet season (Figure 10); and,
- nitrogen exceeded the QWQG Estuary/Harbour in Ross Creek pre-wet season (Figure 11).

*Note: The Port of Townsville is located downstream from Ross Creek and the city of Townsville. Results recorded from Ross Creek are a direct result of natural conditions in the area and storm water runoff from the city. Any impact from Port activities in the area is minimal.*

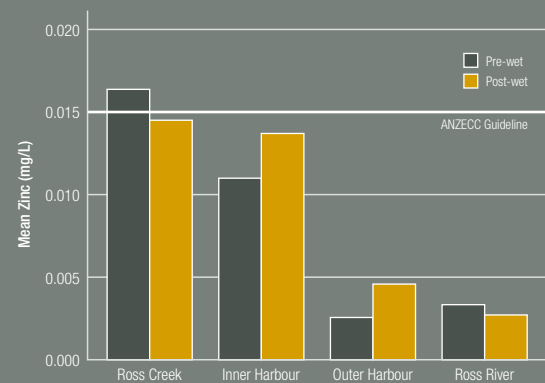


Figure 8. Dissolved zinc concentrations in marine and estuarine waters within and adjacent to the Port of Townsville during 2006/2007.

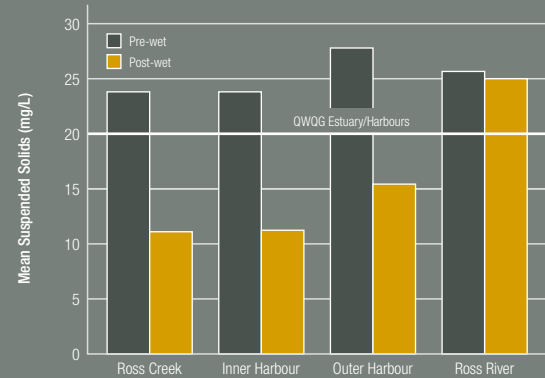


Figure 9. Suspended solid concentrations in marine and estuarine waters within and adjacent to the Port of Townsville during 2006/2007.

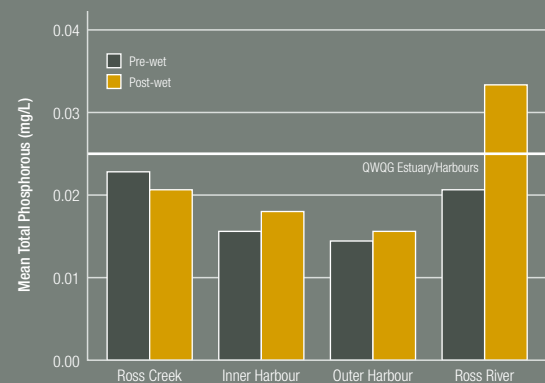


Figure 10. Total phosphorus concentrations in marine and estuarine waters within and adjacent to the Port of Townsville during 2006/2007.

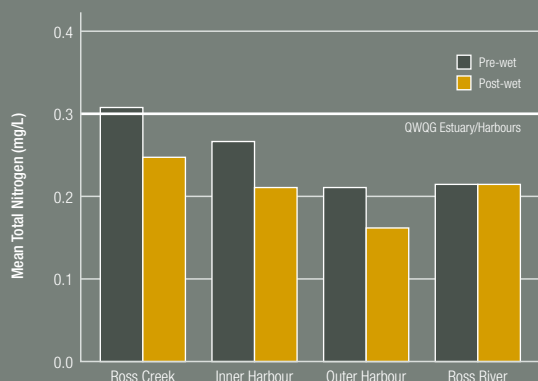


Figure 11. Total nitrogen concentrations in marine and estuarine waters within and adjacent to the Port of Townsville during 2006/2007.

*QWQG Estuary/Harbours: Queensland water quality guidelines for mid-estuarine and tidal canals, constructed estuaries, marinas and boat harbours.*



Surface water sampling

## Dust Monitoring

The Authority's Dust Monitoring Program was established in 1994 in consultation with the Environmental Protection Agency. It monitors both inhalable dust (PM10) and nuisance dust (dust deposition).

Inhalable particulate matter (PM10) is constantly monitored by a tapered element oscillating microbalance (TEOM) located at Berth 10, downwind of the majority of port operations. A replacement TEOM was purchased by the Authority in August 2006 to replace ageing equipment, and to ensure continuous operation.

Results from this program indicate that PM10 levels were within guideline levels (Environmental Protection Air Policy and National Environment Protection Measure). Figure 12 is the annual wind rose which shows that strong winds were experienced at the port from a north-easterly to easterly direction, with the highest dust concentrations recorded from a north north-easterly through to south-easterly direction (Figure 13). These concentrations corresponded to wind speed indicating that PM10 concentration recorded at the Port of Townsville was affected by wind speed.

In addition to the TEOM, 13 dust deposition gauges are strategically placed throughout the Port of Townsville. Three new dust deposition sites were added during 2006/2007.

Five gauges located at the Port of Townsville's boundary can identify offsite impacts from port activities. The nuisance guideline was exceeded on four occasions out of 72 samples, twice at Berth 10, once at Jetty Station Road and once in the Port of Townsville Environmental Park.

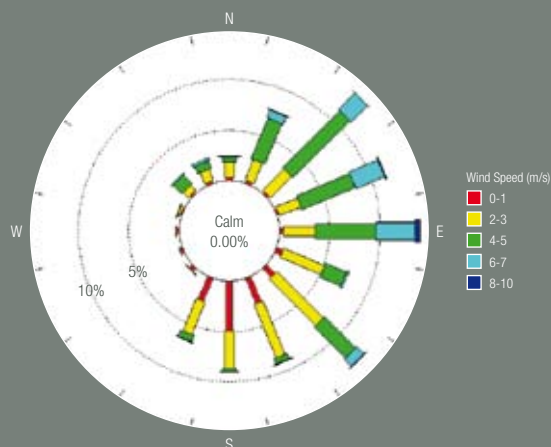


Figure 12. Wind direction and wind speed.

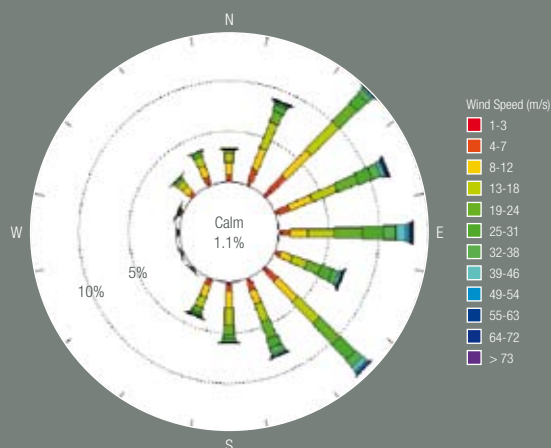


Figure 13. Wind direction and dust concentration.

## Sediment Monitoring

The Sediment Monitoring Program has been in operation since 1995. Samples are collected quarterly from the Inner Harbour, Outer Harbour, Ross Creek, Ross River, Platypus Channel and Sea Channel and are tested for a suite of heavy metals.

Figure 14 shows the general trends of key elements within the Inner Harbour and Ross Creek. Copper, lead, zinc and nickel have decreased considerably since the inception of the sediment monitoring program. Copper, lead and nickel have decreased again from the previous year. However, zinc displayed a slight increase for this period.

Townsville Port Authority and Port users are committed to continually improving operations and are investigating further options to improve performance in this area.

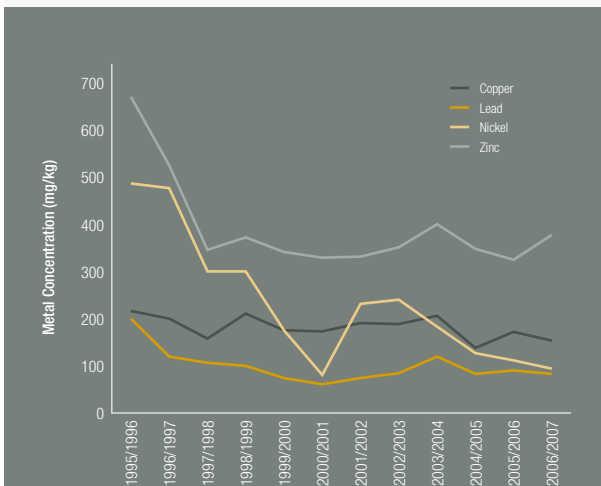


Figure 14. Annual mean zinc, nickel, copper and lead concentrations from the Inner Harbour (including Ross Creek) from 1995 to 2007.



Portside channel marker

## Environmental Incident

An environmental incident is any event or action that impacts or may impact on the environment within the jurisdiction of the Port of Townsville. All reported incidents are recorded and investigated. If required, action is taken to mitigate the impact and ensure methods are in place to prevent reoccurrence. Environmental incidents are reported regularly to the port community and regulatory agencies.

Twenty five environmental incidents were recorded during 2006/2007, which is a slight increase on the previous two years (Figure 15). Reporting ethic continues to improve with minor incidents also being regularly reported. Figure 16 shows the categories of incidents that occurred in this reporting period. The most common environmental incident reported was dust. Four of the reported dust incidents were not on port lands and were received from members of the public. Incidents in all categories have decreased since last year, except for dust which significantly increased. This may reflect current public concerns relating to dust generation around the port area or large scale earth works at the Nexus Business Park, which is in close proximity to residents.

Quarterly summaries of all environmental incidents are presented to the Port community through the Port Advisory Body and the Environmental Working Group.

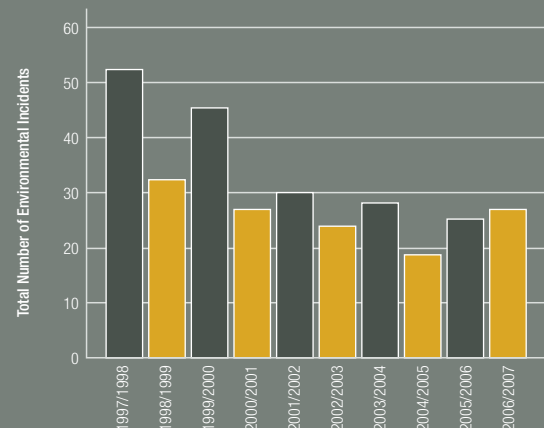


Figure 15. Total environmental incidents.

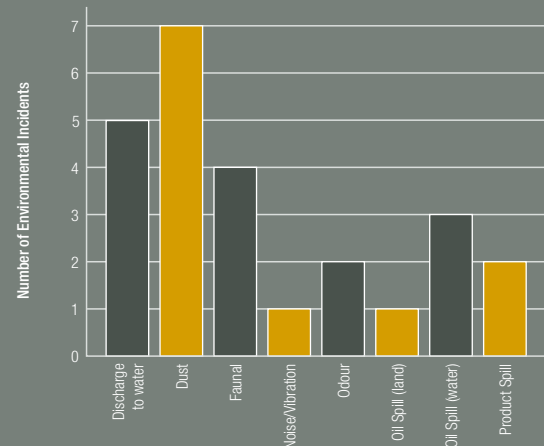


Figure 16. Environmental incidents breakdown for 2006/2007.

## Tree day

During 2006/2007, Townsville Port Authority again hosted Tree Day, focusing on extending the Port of Townsville Environmental Park along a vacant section of port land. Over 250 native trees, shrubs and grasses were planted by Townsville Port Authority employees, customers and members of the public.

## Business Clean Up Day

Ross Creek was the focus of the Authority's efforts for Business Clean Up Australia Day. The Authority's employees removed a range of rubbish from this area including 15 shopping trolleys from the Creek.

## Students/Research

The Authority sponsored Ms. Carla Murciano Virto (supervised by Dr. Raphael Wust) at James Cook University, to undertake a Masters Research project for Oceanography (University of Paris) entitled; 'Reconstructing the Hg- and Cd-depositional history in Cleveland Bay, Townsville, Australia' (Note: Hg = mercury and Cd = cadmium).

## Port-Wide Environmental Management Strategy

A port-wide Environmental Management Strategy was launched in August 2006. It was developed in consultation with the Port of Townsville Environmental Working Group and is structured to provide an overarching, unified environmental direction for the whole Port community, complementing current environmental management practices. For more information on this initiative please see the environmental section of the Authority's website.

## Looking Ahead

- 2007/2008 will see the first report from the port-wide Environmental Management Strategy, an approach intended to provide an annual snapshot of environmental management at a whole-of-port level.
- The Authority will focus on continued development and implementation of monitoring and research programs that improve understanding of the Port and surrounding environments.
- The inaugural winner of the Port of Townsville Environmental Award will be announced.



Authority employees participate in Clean-Up Australia Day during March 2007



## 08.4 FINANCIAL PERFORMANCE

### Financial Outcomes

The Authority's operating profit after income tax expense was \$7.13 million. The comparative result for 2005/2006 was \$2.18 million. The table below provides a breakdown of the key components of net profit before tax.

	Net profit	
	2006/2007	2005/2006
Operating profit (before changes in fair value of investment properties and asset revaluations and writedowns)	3,707,381	2,423,595
Changes in fair values of investment properties	4,790,685	5,032,061
Profit impact of reversal of prior year writedowns on assets net of asset revaluation writedowns	1,086,008	(2,687,475)
Net profit before tax	9,584,073	4,768,181
Income tax expense	(2,419,477)	(2,590,211)
Net profit after tax	7,164,596	2,177,970

The operating profit before income tax, asset revaluations and writedowns, and changes in fair values of investment properties reflects 55 per cent growth in the underlying trading results of the Port, having increased from \$2.4 million in 2005/2006 to \$3.71 million in 2006/2007.

The profit increase is driven largely by a marginal increase in total operating revenue by 1.43 per cent over the previous year and a decrease in operating expenditures of 2.56 per cent, largely as a result of a prior year loss on sale of plant and equipment of \$1.2 million.

Borrowing costs of \$0.85 million were \$0.15 million below the previous year due to the reduced level of debt in the current year.

A recommendation to shareholding Ministers that a nil dividend be payable for 2006/2007 was accepted. Therefore, no provision for dividend has been recorded on the financial statements.

## Financial Position

Total assets have increased by \$17.5 million to \$218.8 million. An increase in property plant and equipment of \$11.1 million (largely arising from the impact of asset revaluations) and an increase in the value of investment properties of \$4.9 million are the major contributors to this increase along with retained profits in the year.

Total liabilities have increased by \$1.7 million, primarily due to an increase in deferred tax liabilities of \$5.1 million offset by a reduction in borrowings of \$2.5 million from \$13.46 million in 2005/2006 to \$11.1 million at 30 June 2007.

## Cash Flows

Net cash inflows from operating activities amounted to \$7.4 million, down from \$10.36 million in the previous year. Net capital expenditure for the year totalled \$2.13 million which was only slightly higher than the previous years' total of \$1.4 million. Repayments of borrowings and associated interest charges accounted for \$3.06 million. This amount is the same as the previous year.

## Trend Analysis

### Revenue

	Revenue	
	2006/2007	2005/2006
<i>Operating activities</i>		
Service revenue and profit	29,950,649	29,878,177
<i>Non-operating activities</i>		
Changes in fair values of investment properties	4,790,685	5,032,061
Reversal of prior year writedowns on assets	1,088,394	533,428
Other revenue	283,552	98,562
Interest	808,309	626,689
Total revenue	36,921,588	36,168,917

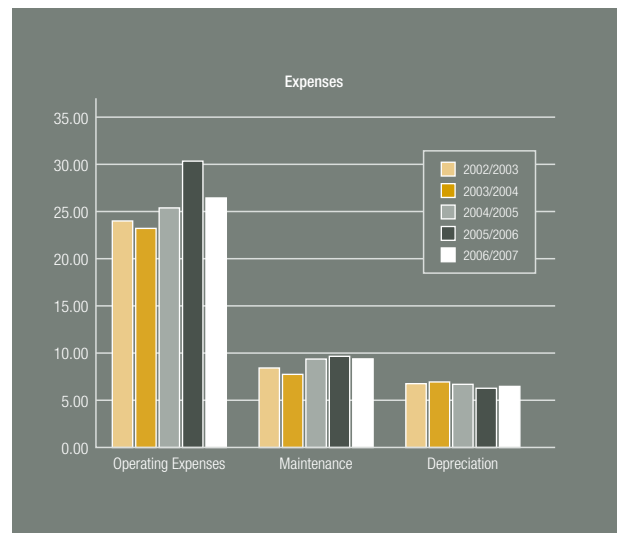
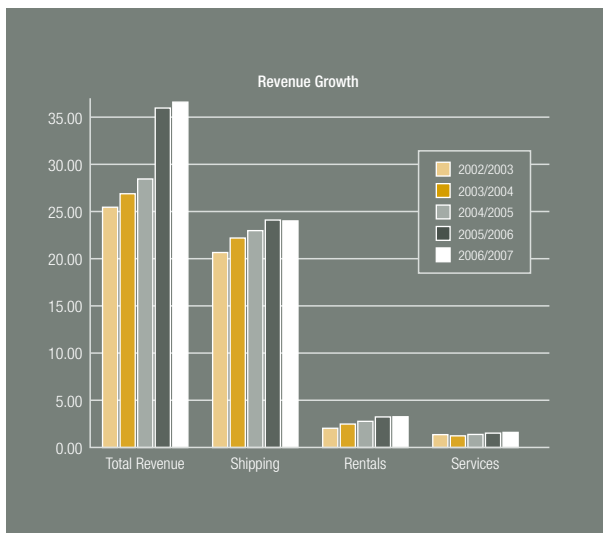
	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007
	\$m	\$m	\$m	\$m	\$m
Total revenue	25.74	27.18	28.76	36.17	36.92
Shipping	20.90	22.45	23.24	24.37	24.28
Rentals	2.12	2.57	2.86	3.33	3.35
Services	1.44	1.31	1.46	1.60	1.68
Investment properties revaluations	-	-	-	5.03	4.79
Prior year writedowns on assets	-	-	-	0.53	1.09

### Expenses

	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007
	\$m	\$m	\$m	\$m	\$m
Total expenses	25.40	24.53	26.58	31.40	27.34
<i>Operating expenses</i>	24.18	23.39	25.57	30.55	26.63
<i>Maintenance</i>	8.53	7.85	9.48	9.77	9.50
<i>Depreciation</i>	6.86	7.04	6.79	6.37	6.57

Depreciation has remained constant over time despite significant increases in assets over the same period. Property, plant and equipment assets have increased from \$150.8 million in 2005/2006 to \$161.9 million at 30 June 2007.

Maintenance expenditure has been significant for the year with essential repairs and maintenance works being undertaken on income generating assets to ensure they last into the future.



## Financial Ratios

	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007
Current ratio	1.04	1.37	1.76	2.37	3.20
Interest cover	0.81	3.33	10.52	6.59	14.56
Debt/equity ratio	0.19	0.15	0.10	0.08	0.06
Return on assets %	0.76%	2.76%	6.26%	2.86%	4.91%
Return on equity %	-0.80%	1.13%	5.62%	1.40%	4.26%

## Performance Ratios Explanatory Notes

Return on Assets is the expression of operating profit as a percentage of average total assets for the financial year. It is a measure of the effectiveness of the Authority's assets in generating profits. Despite the growth in EBIT over the years, return on assets has fluctuated due to the strong growth in asset values driven by large asset revaluation increases. The current return on assets is comparatively low due to the programmed high maintenance expenditure incurred as part of essential works to bring the Authority's assets up to maximum standard. This has resulted in low operating profits being achieved for the past four years.

Quick or Current Ratio expresses total current assets as a proportion of total current liabilities and is a measure of short-term liquidity or the ability to meet current financial obligations when due. The high current ratio at 30 June 2007 is the result of a build-up of cash reserves which is to assist in upcoming Port expansion projects associated with the Port Master Plan.

Interest Cover Ratio is a measure of the number of times that interest expense for the year would be covered by operating profit. It is measured by dividing earnings before interest and tax by interest expense. Again, the high ratio is the result of the build-up of cash reserves for future Port expansion projects.

The Debt to Equity ratio expresses the relationship between capital financed by debt and that contributed by owners and is measured by dividing total debt by total equity. The Authority's debt to equity ratio has decreased in recent years as the level of debt has reduced. However, it will increase in future years as borrowings are utilised to assist in the financing of berth upgrade projects.

Return on Equity is calculated by expressing final operating profit after tax as a percentage of average total ordinary equity. Return on Equity has fluctuated over the years due to the increase in Shareholding Equity as a result of asset revaluations.



Cattle ship loading



# 09 LOOKING AHEAD: OBJECTIVES FOR 2007/2008

Corporate Objectives	Key Actions 2007/2008	Target for 2007/2008
<b>Strong growth and diversification in trade and revenue providing acceptable returns to shareholders, the region and the State.</b>	Develop marketing plans for the key new trades that have been identified.	– Plans developed.
	Undertake preliminary engineering and planning investigations for the port expansion project.	– Investigations completed.
	Develop and implement a plan for increased port charges to achieve acceptable rate of return.	– Plan developed and approved.
	Proactively support government investment for the proposed Eastern Access Corridor.	– Government funding commitment.
	Implement changes to senior management structure approved by Government.	– New General Manager positions implemented.
<b>Efficient, reliable, safe and secure port facilities and services that continually meet customer and operational requirements.</b>	Maintain regular contact with key customer groups to understand and address issues.	– Increase in customer satisfaction.
	Develop business case and commence works to upgrade Berth 4.	– Business case approved. – Upgrade commenced.
	Undertake detailed design work for upgrading Berth 10.	– Design works completed.
	Finalise negotiations and planning for Berth 6/7 solution.	– Agreement reached with lessee.
	Undertake concrete pile repairs to Berths 8/9.	– Pile repairs completed.
	Undertake maintenance dredging of channels and harbour areas.	– Dredging completed.
	Develop system and database for concrete maintenance programs to ensure future availability.	– System and database developed.
	Complete the Internal Transport Network Plan.	– Plan completed and agreed by stakeholders.
	Implementation of on-line safety, security and environmental induction.	– Online induction operational.
	Undertake security audits in accordance with approved Port Security Plan.	– Required number of audits completed with no significant breaches identified.
	Development of OH&S system compliant with AS/NZS4180:2001.	– System externally certified.

Corporate Objectives	Key Actions 2007/2008	Target for 2007/2008
<b>Appropriately planned development of the Port to maximise land and infrastructure usage and accommodate future growth in a timely and sustainable manner.</b>	Finalise the Land Use Plan in consultation with key stakeholders.	– Plan approved and publicised.
	Development of the Port Development Plan.	– Plan developed, approved and publicised.
	Develop business case and undertake Expression of Interest process for Marine Industries Precinct.	– Business case submitted to Ministers. – Expression of Interest process completed.
	Undertake planning works for the relocation of Origin Energy's facility from Berth 4.	– Agreement reached with lessee.
	Develop a stakeholder consultation plan for major port developments and projects.	– Plan completed.
	Finalisation of the Townsville City-Port Strategic Plan.	– Plan approved.
	Secure port protection measures for residential developments in proximity to the Port.	– Port protection measures implemented for Surplus Casino Land (SCL). – Port protection measures achieved for Future Development Area (FDA).
	Update the Environmental Management Plan for the Port of Townsville and incorporate into an Environmental Management System compliant with ISO14001.	– System developed. – Compliance audit/analysis completed.
	Implementation of an Ambient Air Quality Monitoring Program.	– Program operational.
<b>A responsible business partner and corporate citizen consistently meeting the expectations of stakeholders and the community.</b>	Engage stakeholders and the community on future port projects and developments, and continually implement strategies to improve awareness of the Port.	– Increase in awareness of port activities. – Strategies implemented.
	Reinvest in the communities in which the Port operates.	– Community projects undertaken. – Percentage of revenue returned to the community.
	Ensure that community concerns and complaints relating to the Port are investigated and responded to in a timely manner.	– Minimal unresolved complaints.
	Promote the Port's contributions to the community.	– Publications disseminated. – Promotions/educational programs undertaken. – Port Community Partnerships Forum meetings.
<b>A work environment that attracts, develops and retains motivated, capable and high-performing people to meet our objectives.</b>	Ensure that communication at all levels is open and candid, promoting a culture of honesty, transparency and respect.	– Increase in satisfaction with communications.
	Undertake a gap analysis of competencies and ensure training is completed where gaps exist.	– Gap analysis completed. – Training program developed.
	Full adoption of the Reward and Recognition Scheme.	– Scheme operational.
	Implement organisation changes required to align resources to business objectives.	– New structure implemented.
	Undertake workforce planning.	– Workforce plan developed.
	Commence implementation of a Geographical Information System.	– Plan developed. – Tenders called.



# 10 CORPORATE GOVERNANCE

# Good corporate governance assists an organisation to achieve its outcomes and obligations through effective planning, internal control and risk management.

It assists in decision-making and improves accountability. Corporate Governance also provides a framework for establishing and meeting the responsibilities the Authority has to its various stakeholders.

Townsville Port Authority's Directors and Executives take their responsibility to pursue efficient, effective and accountable port management very seriously. Townsville Port Authority is committed to achieving and demonstrating the highest standard of corporate governance.

## Governance Framework

Townsville Port Authority is a statutory Government Owned Corporation (GOC) established in its current form as a body corporate on 1 July 1995 under the *Government Owned Corporations Act 1993 (Qld)*. The core legislative framework in which the Authority operates includes:

- *Government Owned Corporations Act 1993 (Qld)* (the GOC Act) and Regulations;
- *Transport Infrastructure Act 1994 (Qld)* and Regulations; and,
- *Financial Administration and Audit Act 1977 (Qld)* and *Financial Management Standard 1997*.

Townsville Port Authority's shareholding Ministers are the Honourable Anna Bligh MP, Deputy Premier, Treasurer and Minister for Infrastructure, and the Honourable Paul Lucas MP, Minister for Transport and Main Roads.

The Authority's corporate governance framework has been developed based on current best practice, including the *Corporate Governance Guidelines for Government Owned Corporations* (September 2005), the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations* (where applicable and relevant to Townsville Port Authority as a statutory GOC), and the recommendations contained in the Queensland Auditor-General's reports.

The Authority aims to convert to a company Government Owned Corporation effective 1 January 2008. This will ensure compliance with the *Corporations Act 2001 (Cwth)*.

## Structure of the Board and Executives

The Board of Directors comprises eight non-executive directors (including the Chairman and Deputy Chair). Directors are appointed by the Governor in Council. Directors hold their office on terms of appointment determined by the shareholding Ministers. Senior Executives are appointed by the Board with the prior written approval of shareholding Ministers. Some Senior Executive and other management positions continue to operate under existing enterprise agreements or employment contracts.

This table shows our Directors and Senior Executives tenure details.

### Board of Directors and Senior Executives

Name	Position	Initial Appointment	Last Re-appointed	Appointment Expiry	Separation Arrangements*
Mr. Ron McLean	Chairman	1 July 1999	1 July 2005	30 Sept 2007	-
Prof. Stephen Graw	Deputy Chairman	1 July 2001	1 July 2005	30 Sept 2008	-
Cr. Tony Mooney	Director	15 Sept 1990	1 July 2005	30 Sept 2007	-
Mr. John Pennisi	Director	1 July 2001	1 July 2006	30 Sept 2008	-
Mr. Ken McElligott	Director	1 July 2005	1 July 2005	30 Sept 2007	-
Mrs. Melissa Griffith	Director	1 July 2005	1 July 2005	30 Sept 2007	-
Mr. Paul Keehan	Director	1 July 2005	1 July 2005	30 Sept 2007	-
Ms. Debbie Giudes	Director	1 July 2006	1 July 2006	30 Sept 2008	-
Mr. Barry Holden	Chief Executive Officer	4 March 2002	4 March 2005	4 March 2008	3 months
Mr. Larry Hore	Manager Major Projects	2 February 1999	Not applicable	Not applicable	1 month

\*Other than for misconduct/performance.

## Director and Executive Remuneration

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

The Authority's remuneration policy provides for a review of executive salaries during June of each year with any adjustments effective 1 July. Details of executive remuneration are included in the Annual Report and Statement of Corporate Intent in accordance with legislative and policy requirements. Increases in Director and Senior Executive remuneration are made and approved in accordance with the document *Remuneration Guidelines for Directors and Senior Executives in Government Owned Corporations* (issued September 2000) and the draft *Governance Arrangements for Chief and Senior Executives* issued in 2007.

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

### Director Remuneration

Director	Base Fee	Superannuation	Committee Fees	Car Allowance	Total
R. McLean	\$27,150.96	-	\$2,468.25	\$1,445.16	\$31,064.37
S. Graw	\$12,341.04	\$1,288.44	\$1,974.60	-	\$15,604.08
A. Mooney	\$12,341.04	\$1,166.26	\$617.06	-	\$14,124.36
J. Pennisi	\$12,341.04	\$1,210.68	\$1,110.69	-	\$14,662.41
P. Keehan	\$12,341.04	\$1,194.03	\$925.59	-	\$14,460.66
M. Griffith	\$12,341.04	\$1,277.32	\$1,851.15	-	\$15,469.51
D. Giudes	\$12,341.04	\$1,194.02	\$925.59	-	\$14,460.65
K. McElligott	\$12,341.04	\$1,244.00	\$1,480.92	-	\$15,065.96

### Role of Board

The role of the Board includes:

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

### Responsibilities of the Board include:

- oversight of the Authority, including its control and accountability systems;
- making recommendations to Government for the appointment and removal of the Chief Executive Officer;
- input into and final approval of the Corporate Plan and Statement of Corporate Intent;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance;
- monitoring senior management's performance and implementation of strategy, ensuring appropriate resources are available;
- approving and monitoring progress of major capital expenditure, acquisitions and divestures; and,
- approving and monitoring financial and other reporting.



The Port at dusk

## Matters Reserved for the Board

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

## Code of Conduct

The Authority has in place a Code of Conduct which sets out the expectations of employees of their performance, duties and responsibilities in the interests of professionalism, compliance with legislative requirements, and respect and appreciation for others. The conduct and ethics expected specifically of Directors are covered within the Corporate Governance Manual. The Corporate Governance Manual is available on the Authority's website.

## Director Independence and Trading in Securities

The Board has adopted a Disclosure of Interests Policy to ensure that the independence of Directors is appropriately assessed, and that any potential conflicts are identified, disclosed and managed. The Policy also ensures that Directors and Executives do not use inside information to deal in securities or gain a personal benefit. This includes trading through a family member or through a trust or company over which a Director or Executive has influence and control.

All Directors and Executives complete a Statement of Interests on commencement with the Authority, and disclose any interests at relevant Board meetings or as they arise.

It is considered that none of the interests of Directors could materially interfere with the ability of those Directors to act in the Authority's best interests. On this basis, all members of the Board are considered to be independent.

Directors are required to declare the nature of any interest they have in business to be dealt with by the Board. Except as permitted by the *Government Owned Corporations Act 1993*, Directors leave Board meetings and do not vote when business in which they are interested is considered.

The Authority's Disclosure of Interests Policy can be found under the Corporate Governance section of the Authority's website.

## Independent Advice

After consultation with the Chairman, Directors may seek independent professional advice at the Authority's expense in furtherance of their duties and responsibilities.

## Board Committees

### Audit Committee

Chair Prof. Stephen Graw

Members Mr. Paul Keehan, Cr. Tony Mooney and Ms. Debbie Giudes

Acting as an advisory service to the Board, the Audit Committee performs the following core functions:

- ensures compliance with and assists in the discharge of responsibilities prescribed in the *Financial Administration and Audit Act 1977*, the *Financial Management Standard 1997*, and other relevant legislation relating to accounting policy and disclosure;

- assesses and contributes to the audit planning processes relating to the risks and threats to the Authority, taking into account the financial and operational environment in which it operates and its performance management framework;
- assesses and enhances the Authority's corporate governance, including its systems of internal control and the internal audit function;
- evaluates the quality of, and facilitates the practical discharge of, the internal audit function, particularly in respect of planning, monitoring and reporting; and,
- through the internal audit function, oversees and appraises the Authority's financial and operational reporting process.

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

### Significant Achievements

- Port pricing review carried out to enhance return on investment of core assets.
- Occupational Health and Safety gap analysis and response plan for accreditation of safety management system to Australian Standards.
- Development of a Strategic Risk Register, with input to rolling three year internal audit plan.
- Emergency response desktop exercises held in May 2007.
- PricewaterhouseCoopers appointed as internal auditors to 30 June 2009 and three year audit plan for 2007-2009 confirmed.
- The Auditor-General appointed Moore Stephens Queensland as the Authority's external auditors.
- Introduction of post-capital expenditure audit process.
- IT Action Plan developed to ensure compliance with all Government Information Standards.
- Audit Committee is overseeing the Authority's transition from Statutory GOC to Company GOC.

### Human Resources Committee

Chair Mr. Ron McLean

Members Mr. Ken McElligott, Mrs. Melissa Griffith and Mr. John Pennisi

The Human Resources Committee assists the Board in fulfilling its corporate governance responsibilities by:

- reviewing recommendations on human resources issues;
- ensuring compliance with statutory responsibilities and applicable policies relating to human resources, employment and industrial relations matters; and,
- establishing and reviewing proposed plans and policies relating to employment conditions and industrial relations matters and monitoring their implementation.

### Significant Achievements

- Review of organisational structure in conjunction with Hay Group, leading to the creation of three new General Manager positions.
- Review of Code of Conduct, Disciplinary Policy and Grievance Procedures in conjunction with Workplace Consulting Queensland.
- Introduction of Reward and Recognition Scheme for employees.
- New Enterprise Bargaining Agreements for Port Services, Administrative, Clerical, Technical and Supervisory employees.
- Employment and Industrial Relations Plan for 2007/2008.
- Revised Travel Policy.
- Completed review and update of employee induction process.
- Organisation-wide review of competencies and training requirements commenced.

Board Committee Charters can be viewed at the Authority's website.



Vessel at Berth 11

## Attendances

Member	Board Meetings		Audit Committee		Human Resources Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Mr. Ron McLean	13	13	4	3	4	4
Prof. Stephen Graw	13	10	4	4	-	-
Cr. Tony Mooney	13	12	4	2	-	-
Mr. John Pennisi	13	12	-	-	4	2
Mr. Ken McElligott	13	12	-	-	4	3
Mr. Paul Keehan	13	10	4	3	-	-
Mrs. Melissa Griffith	13	10	-	-	4	4
Ms. Debbie Giudes	13	11	4	2	-	-

Two flying minutes were also recorded in 2006/2007.

## Board Evaluation

The Authority undertakes evaluations to check that the Board is fully on track, and to see if there are opportunities for change that could produce better results.

Directors complete an assessment every 12 months which involves a self assessment of performance, and a whole-of-Board assessment. The evaluation focuses on the following key areas:

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

Assessments for the 2006/2007 period were completed by Directors in July 2007. The results of the evaluations are analysed for any trends and areas for improvement. Strategies are then formulated and implemented.

## Planning

Planning is a critical element of good corporate governance. The Authority is required to develop a five-year Corporate Plan and a 12-month Statement of Corporate Intent under the *Government Owned Corporations Act 1993*, which are submitted to shareholding Ministers annually for approval.

One of the Board's key functions is to monitor the performance of the Authority against identified corporate objectives, strategic business plans, and the legislative and governance framework in which the Authority operates. Quarterly business performance reports are provided to the Board which track performance against targets, and an annual business performance report is developed showing actual results for the year against targets.

A summary of the Authority's Statement of Corporate Intent is provided earlier in this Annual Report.

## Dividend Policy

The *Government Owned Corporations Act 1993* requires the Board to recommend the payment of a dividend. This recommendation is made following consultation with shareholding Ministers. Under the Act, the dividend must be paid within six months after the end of the financial year or any further period that the shareholding Ministers allow. Shareholding Ministers agreed to a nil dividend payment for 2006/2007.

## Risk Management and Compliance

The Authority continued its implementation of its Risk Management Plan and compliance framework during 2006/2007. Risk workshops were conducted with employees, management and members of the Board to ensure that both operational and strategic risks were identified and recorded. Where necessary, actions have been put into place to manage the risks and the status of risks will continue to be monitored by the Authority.

The risk and compliance frameworks are overseen by the Authority's Audit Committee. Strategic risks are reported to the Board on a quarterly basis, with monthly reports on all high strategic risks and commentary on changes in the risk environment.

The initial focus of the compliance framework has been on compliance with relevant legislation. Identification of legislation has taken place and relevant actions have commenced to verify compliance with legislative obligations. The compliance framework, once implemented, will be audited on a regular basis to verify its effectiveness and ensure that any non-conformances are identified and addressed.

Risk management and compliance will continue to be a focus for the Authority during 2007/2008.

## Information and Communications Technology

A number of improvements in information and communication technology (ICT) operating practices have been made during 2006/2007.

The Authority has developed and implemented electronic systems to facilitate the efficient and secure management of a number of our business processes.

With the steady increase in the use of electronic communications, the Authority was also required to automate and improve its record-keeping practices. The Authority finalised the implementation of its new Electronic Document Records Management System in October 2006. This is a knowledge management tool that will manage and deliver timely and accurate corporate information to each employee's desktop. In managing its corporate knowledge base, the Authority will be well placed to secure future corporate records in whatever format they are created or received.

E-commerce remained the focus under the implementation plan for the Authority's ICT Strategy. This strategy sets the direction for investment in ICT capability and provides the context for the governance, sourcing and delivery of ICT for the Authority.

A range of projects supporting better management of information resources were completed throughout 2006/2007. Key achievements included:

- further development of the Authority's website providing access for Directors to updated, accurate and secure information;
- the development and implementation of web-based electronic forms and databases to streamline business processes, improve reporting capabilities and further improve records management requirements;
- further infrastructure security upgrades including the development and implementation of a hardware firewall and email content scanning system;
- the development and implementation of a Disaster Recovery Server aligned with the current Business Continuity and Disaster Recovery Plans;
- the development and implementation of a data backup and redundancy system to allow unattended backup schedules to run daily, weekly, monthly and annually;
- upgrade of the financial systems hardware infrastructure resulting in better performance on the network and improved reliability;

- the implementation of a communications pricing infrastructure that delivers value for money; and,
- further review, refinement and implementation of ICT-related policies in accordance with Queensland Government information standards and ISO 27001:2006.

## Audits

PricewaterhouseCoopers are contracted to carry out the Authority's internal audit services until 30 June 2009. The external audit function is carried out by Moore Stephens Queensland under contract to the Queensland Audit Office.

## ISO9001:2000 – Business Management System

The Authority's Business Management System is externally certified against ISO9001:2000. This international standard promotes the adoption of a process approach when developing, implementing and improving the effectiveness of a quality system, to enhance customer satisfaction by meeting customer requirements.

Internal audits of the system undertaken during the 2006/2007 period focused on environmental management, compliance, risk management, security, training and competencies, privacy, key processes and quality control.

External reviews of the system were undertaken in September 2006 and March 2007, with certification of the system being maintained. A triennial recertification audit of the Quality Management System will be undertaken in August 2007.

During 2007/2008, the Authority will commence the development of an Integrated Business Management System incorporating quality, operational health and safety, environment, information security and risk management systems. It is anticipated that this project will be completed by mid-2009.

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

No directions or notifications were received from the Queensland Government during the 2006/2007 financial year.

## Freedom of Information

The *Freedom of Information Act 1992* provides a general right of access to documents held by Ministers, State Government departments, local authorities, and most semi-Government agencies and statutory authorities. It places an obligation on the agency to provide information requested, unless the information requested is deemed exempt under specific provisions of the Act. No Freedom of Information applications were received in the 2006/2007 financial year.

## Overseas Travel for the Period 1 July 2006 to 30 June 2007

No overseas travel occurred during 2006/2007.



# 11 ANNUAL FINANCIAL REPORT

## PURPOSE AND SCOPE

Townsville Port Authority is a Statutory Government Owned Corporation, constituted on 1 July 1995 and under the provisions of the *Government Owned Corporations Act 1993* (GOC Act). Under the terms of Section 127 of the GOC Act, the *Financial Administration and Audit Act 1977* applies to the Authority as if it were a Statutory Body.

These Statements have been prepared:-

(i) to satisfy the provisions of the *Financial Administration and Audit Act 1977* and other prescribed requirements; and

(ii) to communicate information concerning the Authority's financial performance for the year and its financial position at year end to a variety of information users including:-

- its shareholding Ministers, the Honourable Minister for Transport and Main Roads of Queensland and the Honourable Deputy Premier, Treasurer and Minister for Infrastructure;
- users and potential users of the Port of Townsville;
- the community in general; and
- other interested parties.

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

**TOWNSVILLE PORT AUTHORITY**

# **INCOME STATEMENT**

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>			
Revenue from Operating Activities			
Service Revenue	4	29,950,649	29,878,177
Revenue from Non-Operating Activities			
Interest received		808,309	626,689
Other Revenue	4	283,552	98,562
Reversal of Prior Year Writedowns on Assets		1,088,394	533,428
Changes in Fair Values of Investment Properties		4,790,685	5,032,061
<b>Total Revenue from Ordinary Activities</b>		<b>36,921,588</b>	<b>36,168,917</b>
<b>EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS</b>			
Employee Benefits Expense		5,203,347	4,903,072
Depreciation Expense		6,571,635	6,367,683
Other Expenses	4	14,853,469	16,056,014
Asset Revaluation Writedowns		2,386	3,220,903
<b>Total Expenses from Ordinary Activities Excluding Borrowing Costs</b>		<b>26,630,838</b>	<b>30,547,672</b>
<b>Borrowing Costs Expense</b>		<b>706,677</b>	<b>853,064</b>
<b>PROFIT / (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE / (INCOME TAX REVENUE)</b>		<b>9,584,073</b>	<b>4,768,181</b>
Income Tax Revenue (Income Tax Expense) relating to Ordinary Activities	6	(2,419,477)	(2,590,211)
<b>PROFIT / (LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE / (INCOME TAX REVENUE)</b>	<b>5</b>	<b>7,164,596</b>	<b>2,177,970</b>
<b>NET PROFIT / (LOSS)</b>		<b>7,164,596</b>	<b>2,177,970</b>
Increase / (Decrease) in Asset Revaluation Reserve	7	8,671,264	6,185,669
Increase / (Decrease) in Picnic Bay Jetty Reserve	6	-	-
Total Revenues, Expenses and Valuation Adjustments Recognised Directly in Equity		8,671,264	6,185,669
<b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS</b>	<b>8</b>	<b>15,835,860</b>	<b>8,363,639</b>

*The accompanying notes form part of these financial statements*

# TOWNSVILLE PORT AUTHORITY

## BALANCE SHEET

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$
<b>CURRENT ASSETS</b>			
Cash Assets	9	12,976,212	12,698,782
Receivables	10	3,558,727	3,866,060
Other	11	291,577	157,587
<b>TOTAL CURRENT ASSETS</b>		<b>16,826,516</b>	<b>16,722,429</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	12	161,935,576	150,835,403
Investment Properties	12	23,584,612	18,721,654
Deferred Tax Assets	6(e)	15,852,870	15,059,125
Other	11	1,440	1,440
<b>TOTAL NON-CURRENT ASSETS</b>		<b>201,374,498</b>	<b>184,617,622</b>
<b>TOTAL ASSETS</b>		<b>218,201,014</b>	<b>201,340,051</b>
<b>CURRENT LIABILITIES</b>			
Payables	13	2,126,066	3,633,372
Interest-bearing Liabilities	14	2,506,912	2,356,390
Current Tax Liabilities		566,417	818,495
Provisions	15	53,852	55,554
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,253,247</b>	<b>6,863,811</b>
<b>NON-CURRENT LIABILITIES</b>			
Payables	16	615,353	602,426
Interest-bearing Liabilities	14	8,602,250	11,109,191
Deferred Tax Liabilities	6(e)	28,321,155	23,145,260
Provisions	15	137,270	183,484
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>37,676,028</b>	<b>35,040,361</b>
<b>TOTAL LIABILITIES</b>		<b>42,929,275</b>	<b>41,904,172</b>
<b>NET ASSETS</b>		<b>175,271,739</b>	<b>159,435,879</b>
<b>EQUITY</b>			
Contributed Equity	17	98,935,028	98,935,028
Retained Earnings	5	21,262,027	14,097,432
Reserves	7	55,074,684	46,403,419
<b>TOTAL EQUITY</b>		<b>175,271,739</b>	<b>159,435,879</b>

*The accompanying notes form part of these financial statements*

# TOWNSVILLE PORT AUTHORITY

## STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$
Total equity at the beginning of the financial year		159,435,879	151,072,240
Gain on revaluation of land and buildings, net of tax		8,671,264	6,185,669
Net income recognised directly in equity		8,671,264	6,185,669
Profit for the year		7,164,596	2,177,970
Total recognised income and expense for the year		15,835,860	8,363,639
Transactions with equity holders in their capacity as equity holders: Dividends provided for or paid		-	-
<b>Total equity at the end of the financial year</b>		<b>175,271,739</b>	<b>159,435,879</b>

*The accompanying notes form part of these financial statements*

# TOWNSVILLE PORT AUTHORITY

## CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		30,527,511	30,945,048
Payments to suppliers and employees		(22,324,504)	(18,695,340)
GST collected from sales and services provided		2,888,276	2,889,528
GST paid in respect of acquisitions		(1,290,200)	(1,417,294)
GST paid to Australian Taxation Office		(1,209,030)	(1,669,208)
Interest received		808,309	626,689
Dividend paid		-	(577,090)
Income Tax Equivalents Paid		(2,005,661)	(1,735,067)
<b>Net cash inflow from operating activities</b>	<b>B</b>	<b>7,394,702</b>	<b>10,367,266</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		(4,070,436)	(2,153,753)
Proceeds from sale of property, plant and equipment		16,260	25,900
<b>Net cash outflow from investing activities</b>		<b>(4,054,176)</b>	<b>(2,127,853)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(2,356,419)	(2,210,033)
Interest paid		(706,677)	(853,064)
<b>Net cash inflow (outflow) from financing activities</b>		<b>(3,063,096)</b>	<b>(3,063,097)</b>
Net (Decrease) / Increase in cash held		277,430	5,176,316
Cash at beginning of the financial year		12,698,782	7,522,466
<b>Cash at end of financial year</b>	<b>A</b>	<b>12,976,212</b>	<b>12,698,782</b>

# TOWNSVILLE PORT AUTHORITY

## NOTES TO THE CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$
<b>A. Reconciliation of Cash</b>			
For the purposes of this cash flow statement, cash includes cash on hand and at bank and investments, in money market instruments, readily convertible to cash at the investor's option. Cash at the end of the year is shown in the Balance Sheet as:-			
Cash on Hand		1,450	1,450
Cash at Bank		897,758	798,392
Term Deposits		12,077,005	11,898,940
		12,976,212	12,698,782
<b>B. Reconciliation of Profit (Loss) from Ordinary Activities After Income Tax Equivalents Expense to Net Cash Inflow from Operating Activities</b>			
Operating (Loss) / Profit after Income Tax Equivalents Expense and Abnormal Items		7,164,595	2,177,970
Depreciation		6,571,635	6,367,683
Interest Expense		706,677	853,064
Profit on Disposal of Non-Current Assets		(14,022)	-
Loss on Disposal of Non-Current Assets		-	1,209,228
Net Revaluation Increments - Non-Current Assets		(5,876,692)	(2,344,586)
Income Tax Equivalents Expense		2,419,477	2,590,211
Changes in Assets and Liabilities			
(Increase) Decrease in Trade Debtors		307,333	968,309
(Increase) Decrease in Utility Deposits		-	9,807
(Increase) Decrease in Prepayments		(133,990)	(13,029)
Increase (Decrease) in Operating Trade Creditors		(1,111,154)	868,562
Increase (Decrease) in Operating Retention		(11,971)	(50,126)
Increase (Decrease) in Other Operating Creditors		(551,269)	28,524
Increase (Decrease) in Provision for Dividend - (Dividend Paid in Year)		-	(577,090)
Increase (Decrease) in Provisions		(70,256)	13,806
Increase (Decrease) in Provision for Taxation - (Tax Paid in Year)		(2,005,661)	(1,735,067)
<b>Net Cash Inflow from Operating Activities</b>		<b>7,394,702</b>	<b>10,367,266</b>

### C. Financing Facilities

The Authority has available a bank overdraft limit of \$100,000. At 30 June 2007 no amount was drawn on this overdraft. Loan facilities as shown in note 14 to the accounts are provided by the Queensland Treasury Corporation. New borrowings are subject to the approved Loan Programme with the sanction of the Treasurer of Queensland.

## TOWNSVILLE PORT AUTHORITY

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

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

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

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

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, and the *Financial Administration and Audit Act 1977*.

##### *Compliance with IFRSs*

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

##### *Historical cost convention*

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

##### *Critical accounting estimates*

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

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

#### **(b) Corporate Status**

Townsville Port Authority is a Statutory Government Owned Corporation, constituted on 1 July 1995 under the provisions of the *Government Owned Corporations Act 1993* (GOC Act).

##### *(i) Transition of Townsville Port Authority to Company GOC Status*

On 7 March 2007 Parliament passed the *Government Owned Corporations Amendment Act 2007 (Amendment Act)*, which was assented to on 20 March 2007 resulting in key changes to the *Government Owned Corporations Act 1993* (GOC Act).

Under amendments to section 24(b) of the GOC Act, all statutory GOCs existing at the date the Amendment Act was assented to are required to transition to company GOC status. While no specific timeframe was established within the legislation, it is anticipated that Townsville Port Authority will convert to a company GOC on 1 January 2008.

While this change will not impact on the continuing existence of Townsville Port Authority it will result in a change of status that will require the corporation to register as a Company under the *Corporations Act 2001*. From the date of conversion, Townsville Port Authority will be required to comply with the requirements of the accountability and financial reporting framework set out in the *Corporations Act*.

This proposed change in status has not impacted on the balances and other disclosures included in this financial report.

#### **(c) Taxation**

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

## TOWNSVILLE PORT AUTHORITY

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

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

**(c) Taxation (continued)**

Deferred tax 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 those 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 transactions, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and liabilities are offset where the entity 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.

**(d) 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. Revenue is recognised for the major business activities as follows:-

*(i) Harbour Dues/Tonnage Rates*

Harbour Dues and tonnage revenue rates 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.

**(e) 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.

**(f) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition for the Authority's debtors, and no more than 30 days for other debtors. Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

A provision for doubtful receivables is established when there is objective evidence that the Authority 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 provision is recognised in the income statement.

**(g) Inventories**

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

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

**(h) Impairment of assets**

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

**(i) Property Plant and Equipment**

*(i) Acquisition*

The purchase method 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 Authority. 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 Authority 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, including architects' fees and engineering design fees.

Where assets are constructed by the Authority, the cost at which they are recorded includes an appropriate share of fixed and variable overheads. No borrowing costs are included.

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

*(ii) Assets carried at fair value*

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

It is the policy of the Authority to have assets carried at fair value independently valued and useful lives reassessed every five years, with annual appraisals being made by directors. An independent valuation and reassessment of the useful lives of land, buildings and infrastructure assets was performed as at 1 January 2005 by Edward Rushton Australia Pty Ltd. For the reporting period ended 30 June 2007 the carrying amounts of non-current assets were increased by indices provided by Rushtons (Qld) Pty Ltd.

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

*(iii) Assets carried at cost*

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

*(iv) Depreciation*

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

## TOWNSVILLE PORT AUTHORITY

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

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

*(iv) Depreciation (continued)*

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

Depreciation Rates used for each class of depreciable assets are:

Channels, Swing Basins, and Wharves	2.5%
Plant, Equipment	5.0% - 33.3%
Land Improvements & Small Boat Harbour	2.5% - 10.0%
Buildings	5.0% - 10.0%
Breakwaters	2.0%
Motor Vehicles	25.0%
Access Roads	5.0%
Beacons	10.0%

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

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

**(j) Investment property**

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

**(k) Trade and Other Payables**

Expenditure is recognised when goods are received or services are performed. Usual payment is within 30 days. The carrying amount approximates fair value.

**(l) Employees' Provisions**

*(i) Wages and salaries, annual leave and sick 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 in other payables 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) 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.

*(iii) Superannuation*

Employees of the Authority are members of QSuper. Employer contributions to QSuper made by the Authority are charged as expenses as the contributions are paid or become payable. For employees in QSuper, the Treasurer of Queensland, based on advice received from the State Actuary, determines employer contributions for superannuation expenses. No liability is recognised for accruing superannuation benefits in these financial statements, the liability being held on a whole-of-Government basis and reported in the whole of Government financial report prepared pursuant to AAS 31 - Financial Reporting by Governments.

## TOWNSVILLE PORT AUTHORITY

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

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

**(m) 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 Authority has an unconditional right to defer settlement for the liability for at least 12 months after the balance sheet date.

**(n) Borrowing Costs**

All borrowing costs are recognised as an expense in the period in which they are incurred. No borrowing costs are capitalised. Borrowing costs include interest on borrowings.

**(o) Provisions**

Provisions are recognised when, the Authority 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 the balance sheet 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.

**(p) 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.

**(q) Dividends**

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

**(r) Computer Software and Hardware**

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

**(s) Goods and Services Tax (GST)**

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

**(t) New accounting standards and UIG interpretations**

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2007 reporting period. The Authority's assessment of the impact of these new standards and interpretations is set out below.

*(i) AASB 7 Financial Instruments: Disclosures and AASB 2005 10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038].*

AASB 7 and AASB 2005 10 are applicable to annual reporting periods beginning on or after 1 January 2007. This interpretation will not affect the Authority's financial statements.

## TOWNSVILLE PORT AUTHORITY

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

### **Note 2. FINANCIAL RISK MANAGEMENT**

The Authority's activities expose it to a variety of financial risks; market risk (including fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Authority's overall risk management program focuses to minimise potential adverse effects on the financial performance of the Authority.

Risk management is carried out covering specific areas, such as mitigating, interest rate and credit risks and investing excess liquidity.

#### **(a) Market risk**

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

#### **(b) Credit risk**

The Authority has a concentration of credit risk whereby a small group of reputable customers comprise the majority of the trade receivables. The Authority has policies in place to ensure that services are provided to customers with an appropriate credit history.

#### **(c) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through access to credit facilities. A dividend is payable to shareholders, being the shareholding Ministers. The dividend is proposed to the Ministers, for approval, by the Directors. The Directors take into consideration available cash resources to ensure sufficient funding remains available after payment of the dividend.

#### **(d) Cash flow and fair value interest rate risk**

As the Authority has interest bearing assets in the form of bank deposits, the Authority's income and operating cash flows are not materially exposed to changes in market interest rates.

The Authority has material interest bearing liabilities. The Authority's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Authority to cash flow interest rate risk. Borrowings issued at fixed rates expose the Authority to fair value interest rate risk. The Authority's income and operating cash flows are not materially exposed to changes in market interest rates.

### **Note 3. CRITICAL ACCOUNTING ADJUSTMENT ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Authority has made no material critical accounting estimates and judgments causing a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year.

# TOWNSVILLE PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$	2007 \$	2006 \$
<b>Note 4. PROFIT (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE</b> (INCOME TAX REVENUE) INCLUDES THE FOLLOWING SPECIFIC REVENUES AND EXPENSES.				
<b>Service Revenue</b>				
Harbour Dues			19,449,688	19,687,705
Tonnage Rates			4,830,449	4,686,920
Rentals			3,354,130	3,332,879
Pilotage Transfer Service Revenue			639,123	568,221
Charges for Services:				
Water Sales	257,925	225,366		
Services to Shipping	327,999	306,309		
Boat Harbour Ross River	191,444	197,225		
Boat Harbour Ross Creek	201,587	180,640		
Electricity Sales	113,551	106,365		
Picnic Bay Jetty	-	-		
Breakwater Marina - Mooring Fees	11,100	67,779		
Miscellaneous Plant	7,467	28,525		
Breakwater Marina - Fuel Licence	24,969	23,200		
Road Contribution Charge	82,338	112,279		
Port Security	61,510	33,965		
Main Harbour Fuel Licence Fee	-	-		
Port Services	32,618	17,259		
Waste Disposal	8,650	6,900		
Port Security Upgrade Charge	356,100	296,640	1,677,259	1,602,452
			<b>29,950,649</b>	<b>29,878,177</b>
<b>Other Revenue</b>				
Revenue from sale of Plant & Equipment	16,260	-		
Carrying Value of Plant & Equipment Disposed of	2,238	-		
Gain on Sale of Plant & Equipment			14,022	-
Miscellaneous Revenue			269,529	98,562
			<b>283,552</b>	<b>98,562</b>
<b>Other Expenses</b>				
Supplies & Services			14,494,530	14,539,868
Competitive Neutrality Fee			57,734	105,286
Land Tax			178,503	120,873
Audit Fees			101,950	77,225
Bad Debt Written Off			20,751	3,534
Lease Surrender Payment			-	-
Carrying Value of Plant & Equipment Disposed of	-	1,235,129		
Revenue from sale of Plant & Equipment	-	25,901		
Loss on Sale of Plant & Equipment			-	1,209,228
			<b>14,853,469</b>	<b>16,056,014</b>
<b>Note 5. RETAINED PROFITS (ACCUMULATED LOSSES)</b>				
Retained profits (accumulated losses) at the beginning of the year			14,097,432	11,919,462
Net Profit (Loss) for the period			7,164,596	2,177,970
Dividend provided for			-	-
Retained profits (accumulated losses) at the reporting date			<b>21,262,027</b>	<b>14,097,432</b>

# TOWNSVILLE PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
<b>Note 6. INCOME TAX EQUIVALENTS</b>		
<i>(a) Income tax equivalents expense</i>		
Current tax/(revenue)	1,753,583	1,977,505
Deferred tax/(revenue)	665,894	612,706
	2,419,477	2,590,211
Income tax equivalents expense is attributable to: Profit from operations	2,419,477	2,590,211
Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease/(Increase) in deferred tax assets	(793,745)	(721,143)
(Decrease)/Increase in deferred tax liabilities	1,459,639	1,333,848
	665,894	612,705
<i>(b) Numerical reconciliation of income tax expense to prima facie tax payable</i>		
Profit from operations before income tax expense	9,584,073	4,768,181
Tax at the rate of 30% (2005 - 30%)	2,875,222	1,430,454
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible entertainment	10,073	6,372
Non assessable reversal of prior year writedown of assets	(326,518)	(160,028)
Non assessable increase in fair values of investment properties	(1,437,206)	(1,509,618)
Non deductible asset revaluation writedowns	716	966,271
Non deductible depreciation expense	1,327,220	1,860,331
Sundry temporary differences	-	-
	2,449,507	2,593,782
Under/(over) provision in prior years	(30,030)	(3,571)
Income Tax Equivalents Expense	2,419,477	2,590,211
<i>(c) Amounts recognised directly in equity</i>		
Aggregate current and deferred tax arising in the reporting period and not recognised in the net profit or loss but directly debited or credited to equity,		
Current tax - credited directly to equity	-	-
Net deferred tax - debited/(credited) direct to equity as a result of net increment in ARR	3,716,254	2,651,001
	3,716,254	2,651,001
<i>(d) Tax losses</i>		
Unused tax losses for which a deferred tax asset has been recognised	1,218,750	1,218,750
Tax benefit @ 30%	365,625	365,625

# TOWNSVILLE PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
<b>Note 6. INCOME TAX EQUIVALENTS (continued)</b>		
<i>(e) Additional disclosure notes</i>		
<b>Deferred tax assets</b>		
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in profit or loss</i>		
Provision for doubtful debts	725	291
Accrued audit fees	21,195	17,862
Accrued superannuation	2,118	2,136
Provision for annual leave	80,513	88,695
Provision for long service leave - current	15,898	18,295
Provision for long service leave - non current	184,606	180,728
Provision for maintenance Picnic Bay Jetty - current	12,300	10,800
Provision for maintenance Picnic Bay Jetty - non current	41,181	55,046
Accrued revenue	42,552	208,822
Tax losses	365,625	365,625
Differences between book value and tax bases of property, plant and equipment	15,086,157	14,110,825
	15,852,870	15,059,125
<b>Movements:</b>		
Opening balance at 1 July	15,059,125	14,337,982
Credited/(charged) to the income statement	793,745	721,143
Credited/(charged) to equity	-	-
<b>Closing balance at 30 June</b>	<b>15,852,870</b>	<b>15,059,125</b>
<b>Deferred tax liabilities</b>		
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in profit or loss</i>		
Prepayments	2,568	1,817
Investment properties	4,715,152	3,256,263
Property, plant and equipment	-	-
	4,717,720	3,258,080
<i>Amounts recognised directly in equity</i>		
Revaluation of property, plant and equipment	23,603,435	19,887,180
	28,321,155	23,145,260
<b>Movements:</b>		
Opening balance at 1 July	23,145,260	19,160,410
Credited/(charged) to the income statement	1,459,639	1,333,849
Credited/(charged) to equity	3,716,256	2,651,001
<b>Closing balance at 30 June</b>	<b>28,321,155</b>	<b>23,145,260</b>

# TOWNSVILLE PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
<b>Note 7. RESERVES</b>		
Asset Revaluation Reserve	55,074,684	46,403,419
Movements During The Year:		
Asset Revaluation Reserve -		
Amount at beginning of the financial year	46,403,419	40,217,750
Net Asset Revaluation Increment (Decrement)	12,387,519	8,836,670
Tax Effect of Revaluation Increments	(3,716,254)	(2,651,001)
Amount at the reporting date	55,074,684	46,403,419
<b>Note 8. EQUITY</b>		
Total equity at the beginning of the financial year	159,435,879	151,072,240
Total changes in equity recognised in the Income Statement	15,835,860	8,363,639
Dividends provided for	-	-
Total equity at the reporting date	175,271,739	159,435,879
<b>Note 9. CASH ASSETS</b>		
Cash on Hand	1,450	1,450
Cash at Bank	897,758	798,392
Term Deposits	12,077,005	11,898,940
	12,976,212	12,698,782
<b>Note 10. RECEIVABLES (CURRENT)</b>		
Trade Debtors	3,561,142	3,867,030
Less Provision for Doubtful Debts**	(2,415)	(970)
	3,558,727	3,866,060
**There were no bad debts written off against the provision.		
<b>Note 11. OTHER ASSETS</b>		
Current		
Prepayments	291,577	157,587
	291,577	157,587
Non-Current		
Utility Deposits	1,440	1,440

# TOWNSVILLE PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

			2007 \$	2006 \$
<b>Note</b>	<b>12. PROPERTY, PLANT &amp; EQUIPMENT</b>			
	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Carrying Amount</b>	<b>Carrying Amount</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
	<b>Channels and Swing Basins</b>			
	At Directors' Valuation - January 2007	75,533,393	41,355,793	34,177,600
	<b>Land</b>			
	At Directors' Valuation - January 2007	41,157,513	-	41,157,513
	<b>Wharves</b>			
	At Directors' Valuation - January 2007	164,273,955	138,082,509	
	Additions at Cost	15,927	71	
	Total Wharves	164,289,882	138,082,580	26,207,302
	<b>Breakwaters</b>			
	At Directors' Valuation - January 2007	24,989,703	6,159,068	18,830,635
	<b>Improvements (Land)</b>			
	At Directors' Valuation - January 2007	19,921,635	7,430,336	
	Additions at Cost	42,267	902	
	Total Improvements (Land)	19,963,902	7,431,238	12,532,664
	<b>Buildings</b>			
	At Directors' Valuation - January 2007	23,680,297	13,781,772	
	Additions at Cost	59,904	2,069	
	Total Buildings	23,740,201	13,783,841	9,956,360
	<b>Plant and Equipment</b>			
	At Cost	31,902,037	23,857,072	8,044,965
	<b>Access Roads</b>			
	At Directors' Valuation - January 2007	10,017,801	7,278,028	
	Additions at Cost	10,533	147	
	Total Access Roads	10,028,334	7,278,175	2,750,159
	<b>Small Boat Harbours</b>			
	At Directors' Valuation - January 2007	7,626,008	4,943,124	2,682,884
	<b>Motor Vehicles</b>			
	At Cost	346,881	136,495	210,386
	<b>Beacons</b>			
	At Directors' Valuation - January 2007	534,864	480,847	54,017
	<i>*Capital Works in Progress at cost</i>	5,331,091	-	5,331,091
		405,443,809	243,508,233	161,935,576
	<b>Investment Properties</b>			
	At Directors' Valuation - June 2007	23,512,339	-	
	Additions at Cost	72,273	-	
	Total Investment Properties	23,584,612	-	23,584,612

# TOWNSVILLE PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
<b>Note 12. PROPERTY, PLANT &amp; EQUIPMENT (continued)</b>		
*Capital Works in Progress		
Harbour Works	4,095,074	802,748
Eastern Port Development	1,183,425	1,183,425
Equipment	52,592	286,143
	5,331,091	2,272,316
	<b>2007 Cost \$</b>	<b>2007 Fair Value \$</b>
<b>Reconciliation of the Carrying Amounts by Class</b>		
<b>Channels and Swing Basins</b>		34,565,135
Carrying amount at the beginning of the financial year at Fair Value		-
additions		-
disposals		-
net revaluation increment / (decrement)		1,023,664
recoverable amounts write-downs		(517,916)
depreciation expense		(893,283)
Carrying amount at the end of the financial year at Fair Value		34,177,600
<b>Land</b>		
Carrying amount at the beginning of the financial year at Fair Value		31,659,625
additions		-
disposals		-
net revaluation increment / (decrement)		9,497,888
recoverable amounts write-downs		-
depreciation expense		-
Carrying amount at the end of the financial year at Fair Value		41,157,513
<b>Wharves</b>		
Carrying amount at the beginning of the financial year at Fair Value		26,375,094
additions		15,927
disposals		-
net revaluation increment / (decrement)		1,539,839
recoverable amounts write-downs		(263,692)
depreciation expense		(1,459,866)
Carrying amount at the end of the financial year at Fair Value		26,207,302
<b>Breakwaters</b>		
Carrying amount at the beginning of the financial year at Fair Value		18,982,654
additions		-
disposals		-
net revaluation increment / (decrement)		563,246
recoverable amounts write-downs		(296,299)
depreciation expense		(418,966)
Carrying amount at the end of the financial year at Fair Value		18,830,635
<b>Improvements (Land)</b>		
Carrying amount at the beginning of the financial year at Fair Value		12,268,584
additions		42,267
disposals		-
net revaluation increment / (decrement)		938,281
recoverable amounts write-downs		-
depreciation expense		(716,468)
Carrying amount at the end of the financial year at Fair Value		12,532,664

# TOWNSVILLE PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	2007 Cost \$	2007 Fair Value \$
<b>Note 12. PROPERTY, PLANT &amp; EQUIPMENT (continued)</b>		
<b>Reconciliation of the Carrying Amounts by Class (Continued)</b>		
<b>Buildings</b>		
Carrying amount at the beginning of the financial year at Fair Value		9,867,890
additions		59,904
disposals		-
net revaluation increment / (decrement)		622,769
recoverable amounts write-downs		-
depreciation expense		(594,203)
Carrying amount at the end of the financial year at Fair Value		9,956,360
<b>Plant &amp; Equipment</b>		
Carrying amount at the beginning of the financial year at Cost	8,892,343	
additions	864,532	
disposals	(2,238)	
recoverable amounts write-downs	-	
depreciation expense	(1,709,672)	
Carrying amount at the end of the financial year at Cost	8,044,965	
<b>Access Roads</b>		
Carrying amount at the beginning of the financial year at Fair Value		2,996,709
additions		10,533
disposals		-
net revaluation increment / (decrement)		221,340
recoverable amounts write-downs		-
depreciation expense		(478,423)
Carrying amount at the end of the financial year at Fair Value		2,750,159
<b>Small Boat Harbours and Facilities</b>		
Carrying amount at the beginning of the financial year at Fair Value		2,748,946
additions		-
disposals		-
net revaluation increment / (decrement)		144,406
recoverable amounts write-downs		-
depreciation expense		(210,468)
Carrying amount at the end of the financial year at Fair Value		2,682,884
<b>Motor Vehicles</b>		
Carrying amount at the beginning of the financial year at Cost	123,830	
additions	134,918	
disposals	-	
net revaluation increment / (decrement)	-	
recoverable amounts write-downs	-	
depreciation expense	(48,362)	
Carrying amount at the end of the financial year at Cost	210,386	
<b>Beacons</b>		
Carrying amount at the beginning of the financial year at Cost		82,277
additions		13,664
disposals		-
net revaluation increment / (decrement)		-
recoverable amounts write-downs		-
depreciation expense		(41,924)
Carrying amount at the end of the financial year at Fair Value		54,017

# TOWNSVILLE PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	2007 Cost \$	2007 Fair Value \$
<b>Note 12. PROPERTY, PLANT &amp; EQUIPMENT (continued)</b>		
<b>Reconciliation of the Carrying Amounts by Class (Continued)</b>		
<b>*Capital Works in Progress</b>		
Carrying amount at the beginning of the financial year at Cost	2,272,315	
additions	4,272,794	
disposals	(1,214,018)	
net revaluation increment / (decrement)	-	
recoverable amounts write-downs	-	
depreciation expense	-	
Carrying amount at the end of the financial year at Cost	5,331,091	
<b>Investment Properties</b>		
Carrying amount at the beginning of the financial year at Fair Value		18,721,654
additions		72,273
disposals		-
net revaluation increment / (decrement)		4,790,685
recoverable amounts write-downs		-
depreciation expense		-
Carrying amount at the end of the financial year at Fair Value		23,584,612
	<b>2007 \$</b>	<b>2006 \$</b>
<b>Note 13. PAYABLES (CURRENT)</b>		
Trade Creditors	1,474,085	2,489,732
Revenue in Advance	141,841	696,074
Retention	113,938	19,061
Accrued Wages	68,540	65,839
Pilotage Clearing Account	-	-
Trust Fund Deposits	6,295	6,032
Employees' Long Service Leave	52,992	60,984
Employees' Annual Leave	268,375	295,650
	2,126,066	3,633,372
<b>Note 14. INTEREST BEARING LIABILITIES</b>		
Current	2,506,912	2,356,390
Non-Current	8,602,250	11,109,191
	11,109,162	13,465,581

All borrowings are with Queensland Treasury Corporation. The Queensland Treasury Corporation recorded a market value adjustment of (\$254,771), (2006 was \$156,816) principally as a result of past movements in the market value of liabilities in the Debt Pools giving a market debt outstanding of \$10,854,391 (2006 was \$13,308,765).

# TOWNSVILLE PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
<b>Note 15. PROVISIONS</b>		
<b>Current</b>		
Dividend	-	-
Fringe Benefits Tax	12,852	19,554
Picnic Bay Jetty Maintenance	41,000	36,000
	53,852	55,554
<b>Non-Current</b>		
Picnic Bay Jetty Maintenance	137,270	183,484
<i>Movements During The Year:</i>		
Dividend -		
Amount at beginning of the financial year	-	577,090
Additional Provision Recognised	-	-
Utilised Provision	-	(577,090)
Unused Amount Reversed	-	-
Amount at the reporting date	-	-
Fringe Benefits Tax -		
Amount at beginning of the financial year	19,554	24,156
Additional Provision Recognised	12,852	19,554
Utilised Provision	(19,554)	(24,156)
Unused Amount Reversed	-	-
Amount at the reporting date	12,852	19,554
Picnic Bay Jetty Maintenance -		
Amount at beginning of the financial year	219,484	263,416
Additional Provision Recognised	178,270	-
Utilised Provision	(219,484)	(43,932)
Unused Amount Reversed	-	-
Amount at the reporting date	178,270	219,484
<b>Note 16. PAYABLES (NON-CURRENT)</b>		
Employees' Long Service Leave	615,353	602,426
<b>Note 17. CONTRIBUTED EQUITY</b>		
Authorised capital - 500,000,000 ordinary shares of \$1 each	500,000,000	500,000,000
Issued capital		
Amount at beginning of the financial year - 98,935,028 ordinary shares of \$1 each fully paid	98,935,028	98,935,028
Amount at the reporting date - 98,935,028 ordinary shares of \$1 each fully paid	98,935,028	98,935,028
<b>Note 18. DIVIDENDS</b>		
(a) Ordinary Shares		
Final Dividend for the year ended.	-	-
(b) Dividends not recognised at year end		
Shareholding Ministers have approved that no dividend is payable in respect of the 30 June 2007 financial year. A dividend has not been recognised as a provision at financial year end or approved subsequent to financial year.		

# TOWNSVILLE PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
<b>Note 19. DEVELOPMENT BUREAU &amp; COMMUNITY PROJECTS</b>		
Townsville Port Authority supported Development Bureau and community projects by providing cash and in-kind contributions to the following:-		
Townsville Enterprise Incorporated	130,000	127,273
Townsville Maritime Museum	47,410	88,688
Dragon's Abreast - Sponsorship of new boat for local Breast Cancer organisation	4,545	-
The Missions to Seaman (Townsville)	2,708	19,295
Townsville Sailing Club	2,500	-
Townsville Cultural Centre	1,800	-
Rotary Club of Townsville	1,500	-
Townsville Magnetic Island Swim Association	-	5,455
The Salvation Army Red Shield Appeal	-	5,000
Australia on the Map Inc. - Sponsorship of the Dyfken Voyage	-	5,000
Queensland Cancer Fund - 2006 Relay for Life Sponsorship	-	2,500
James Cook University of North Queensland Academic Prizes	1,700	1,800
	192,163	255,011
<b>Note 20. CONSULTANCY EXPENDITURE</b>		
Professional/Technical	634,374	450,467
Management	21,200	9,829
Human Resource Management	141,323	149,129
Finance/Accounting	129,327	110,847
Information Technology	-	31,530
Communication	41,021	46,409
	967,245	798,211
<b>Note 21. COMMITMENTS</b>		
<i>(a) Capital Expenditure Commitments (GST inclusive)</i>		
Plant & Equipment	259,600	137,280
Depending on works performance these commitments are payable not later than one year.	259,600	137,280
<i>(b) Operating Commitments (GST inclusive)</i>		
Operating Expenses	102,300	41,063
Depending on works performance the above commitments are payable within one year.		
<i>(c) Operating leases</i>		
Operating leases in place as at 30 June 2007		
Due within one year	58,854	105,870
Due not earlier than one year and not later than five years	-	58,849
	58,854	164,719
<b>Note 22. CONTINGENT ASSETS/LIABILITIES</b>		
There were no known contingent assets/liabilities of a significant nature at 30 June 2007.		

# TOWNSVILLE PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

### Note 23. SEGMENT REPORTING

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

### Note 24. AUDITORS' REMUNERATION

Amounts received or due and receivable by the auditors for auditing the accounts.

2007 \$	2006 \$
35,700	41,250

### Note 25. DISCLOSURE OF FINANCIAL INSTRUMENTS

#### (i) Interest Rate Risk

The Authority'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.

#### Financial Instrument

	Fixed Rate Measuring In						Non Interest Banking		Carrying Amount as per Balance Sheet		Weighted Average Book Rate	
	0-1 Years		1-5 Years		Over 5 Years							
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Financial Assets												
Cash on Hand							1,450	1,450	1,450	1,450		
Cash at Bank	897,758	798,392								798,392	5.39%	4.79%
Term Deposits	12,077,044	11,898,940								11,898,940	6.59%	5.93%
Receivables - See note 1 (j)							3,558,726	3,866,080	3,558,726	3,866,080		
Utility deposits							1,440	1,440	1,440	1,440		
Financial Liabilities												
Payables - See note 1 (k)							1,804,699	3,187,279	1,804,699	3,187,279		
QTC Borrowings	2,506,912	2,356,390	8,602,205	10,870,312		238,879			11,109,162	13,465,581	5.42%	5.57%

In the above Financial Instruments, book value equates to net fair value, with the exception of QTC Borrowings. The market rate of QTC Borrowings as at 30th June 2007 was \$10,854,391 (at 30th June 2006 was \$13,308,765).

#### (ii) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements.

#### (iii) Net Fair Values

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

# TOWNSVILLE PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

### Note 26. SPECIFIED DIRECTORS AND EXECUTIVES REMUNERATION

remuneration of specified directors	year	director fees	committee fees	employer superannuation	total remuneration
R.G. McLean (Chairman)	2006/07	27,151	2,468	-	29,619
	2005/06	26,360	1,917	1,865	30,142
S.B. Graw (Deputy Chair)	2006/07	12,341	1,975	1,288	15,604
	2005/06	11,982	1,678	1,229	14,889
A.J. Mooney	2006/07	12,341	617	1,166	14,124
	2005/06	11,982	599	1,132	13,713
G. Pennisi	2006/07	12,341	1,111	1,211	14,662
	2005/06	11,982	1,078	1,176	14,236
M.J. Griffiths	2006/07	12,341	1,851	1,277	15,470
	2005/06	11,982	1,078	1,176	14,236
P.F. Keehan	2006/07	12,341	926	1,194	14,461
	2005/06	11,982	1,198	1,186	14,366
K.V. McElligott	2006/07	12,341	1,481	1,244	15,066
	2005/06	11,982	1,438	1,028	14,448
D.L. Guides	2006/07	12,341	926	1,194	14,461
- appointed 1 July 2006	2005/06	-	-	-	-
insurance premiums to indemnify liabilities while acting as a director	2006/07	-	-	-	30,986
	2005/06	-	-	-	29,514
Total Remuneration: Specified Directors	2006/07	113,538	11,354	8,575	133,467
	2005/06	98,252	8,987	8,793	116,032

remuneration of specified executives	year	base salary	employer superannuation	other benefits (incl vehicle)	total remuneration
B. Holden - Chief Executive Officer	2006/07	173,193	21,873	20,974	216,040
	2005/06	165,753	21,133	23,341	210,227
L. Hore - Acting Manager - Major Projects	2006/07	109,007	13,765	16,480	139,252
*formerly Manager - Engineering	2005/06	106,204	13,300	19,377	138,881
K. Jorgensen - Manager - Finance	2006/07	62,638	6,165	9,403	78,206
* acting from 16 October 2006 to current	2005/06	-	-	-	-
R. Crosby - Manager - Corporate Governance	2006/07	86,607	11,090	10,802	108,499
* acting Manager Environment from 1 July 2006 to 16 May 2007	2005/06	84,637	10,520	16,288	111,445
B. O'Connor - Manager - Marine Services	2006/07	61,889	5,470	9,578	76,937
* acting from 16 October 2006 to current	2005/06	-	-	-	-
D.Young - Manager - Corporate Governance	2006/07	76,943	6,925	14,892	98,760
* acting from 1 July 2006 to 16 May 2007	2005/06	-	-	-	-
Former Executives					-
L. McDougall - Manager - Finance	2006/07	31,354	5,157	7,317	43,828
* resigned 2 November 2006	2005/06	84,666	10,795	16,722	112,183
D. King - Manager - Marine Services	2006/07	30,108	4,735	7,204	42,047
* resigned 31 October 2006	2005/06	83,790	10,520	16,094	110,404
Total Remuneration: Specified Executives	2006/07	631,739	75,180	96,650	803,569
	2005/06	525,050	66,268	91,822	683,140

## TOWNSVILLE PORT AUTHORITY

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

aggregate at-risk performance incentive remuneration	Aggregate at-risk performance incentive remuneration paid	Number of employees to whom a performance payment is paid or payable
2006/07	nil	nil
2005/06	nil	nil

**Note 27. RELATED PARTY INFORMATION**

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

**Note 28. EVENTS OCCURRING AFTER BALANCE DATE**

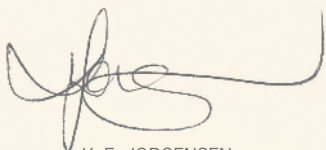
No events were noted in the previous year's Annual Financial Report as occurring after balance date.

# CERTIFICATE OF TOWNSVILLE PORT AUTHORITY

We have prepared the foregoing annual financial statements pursuant to the provisions of the *Financial Administration and Audit Act 1977* and certify that -

- (a) the foregoing financial statements and notes to and forming part thereof are in agreement with the accounts and records of Townsville Port Authority; and
- (b) in our opinion -
  - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the foregoing annual financial statements have been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards, the transactions of the Authority for the period 1 July 2006 to 30 June 2007 and of the financial position as at the close of that year.
  - (iii) the Authority has in place a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
  - (iv) the Authority's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

24th September 2007



K. E. JORGENSEN  
Acting Manager - Finance



B. W. HOLDEN  
Chief Executive Officer



R. G. McLEAN  
Chairman

# DIRECTORS' STATEMENT

At the date of this statement, in the opinion of the Directors, there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Directors.

24th September 2007



R. G. McLean  
Chairman



S. B. Graw  
Deputy Chairman

# INDEPENDENT AUDITOR'S REPORT

## To the Board of Townsville Port Authority

### Report on the Financial Report

I have audited the accompanying financial report of Townsville Port Authority which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Board and officer responsible for the financial administration of Townsville Port Authority.

#### *The Board's Responsibility for the Financial Report*

The Board is responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the *Financial Administration and Audit Act 1977* and the *Financial Management Standard 1997*, including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the Board also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

#### *Auditor's Responsibility*

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

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

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

### *Independence*

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor General and QAO authorised auditors. The Auditor-General is the auditor of all Queensland public sector 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 s.46G of the *Financial Administration and Audit Act 1977* –

- (a) I have received all the information and explanations 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 material respects; and
  - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Townsville Port Authority for the financial year 1 July 2006 to 30 June 2007 and of the financial position as at the end of that year.
  - (iii) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



**John Zabala**

(as Delegate of the Auditor-General of Queensland)

Townsville

# TOWNSVILLE PORT AUTHORITY ANNUAL REPORT 2006/2007 FEEDBACK FORM



**PORT of TOWNSVILLE**  
Nexus North Queensland

We try to ensure our annual report is accurate, clear and professional – the vital ingredients we feel make a successful annual report.

We strive to achieve these benchmarks and welcome your comments and suggestions.

## Your Comments

- What was the overall impression of our report?  
(Please circle)

Poor			Average				Excellent		
1	2	3	4	5	6	7	8	9	10

- How would you rate the graphic design and presentation?

☐ Excellent ☐ Average ☐ Poor

- How would you rate the photographic quality?

☐ Excellent ☐ Average ☐ Poor

- Was the report easy to read?

☐ Yes ☐ Mostly ☐ No

- Do you think the report was informative?

☐ Yes ☐ Mostly ☐ No

- What aspect(s) of the report do you think was the best?

- ☐ Writing style/content
- ☐ Financial information
- ☐ Photography
- ☐ Graphs/charts
- ☐ Overall design and presentation
- ☐ Other: Please specify

- How do you think the report could be improved?

- Which format would you prefer to view/access?

☐ Hardcopy ☐ CD-Rom ☐ Web-based

- Which version of the report did you view?

☐ Hardcopy ☐ CD-Rom ☐ Web-based

- I am interested in the port as a:

- ☐ Shareholder
- ☐ Port customer
- ☐ Service provider/contractor
- ☐ Media representative
- ☐ Community or environmental group
- ☐ Financial analyst
- ☐ Local resident/community
- ☐ Student
- ☐ Employee
- ☐ Other: Please specify

- Is your mailing address current? If not, please complete the section below:

Current Address

Correction

- I no longer require this publication

☐ Please remove me from your mailing list.

- I would like to receive future annual reports

☐ Please add me to your mailing list.

**Thank you for taking the time to complete this form, which can be returned by reply-paid post or faxed to 61 7 4781 1525.**

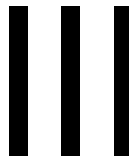
**An online, interactive version of this form is available at our website [www.townsville-port.com.au](http://www.townsville-port.com.au)**



**PORT of TOWNSVILLE**  
Nexus North Queensland

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TOWNSVILLE QLD AUSTRALIA 4810

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Townsville Port Authority  
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TOWNSVILLE QLD AUSTRALIA 4810

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## CORPORATE INFORMATION

### Chairman

Mr. Ron McLean

### Deputy Chairman

Prof. Stephen Graw

### Board Directors

Cr. Tony Mooney

Mr. John Pennisi

Mr. Ken McElligott

Mr. Paul Keehan (Resigned 30 June 2007)

Mrs. Melissa Griffith

Ms. Debbie Giudes

### Chief Executive Officer

Mr. Barry Holden

### General Manager Support Services

Ms. Ranee Crosby

### General Manager Business Development

Ms. Elle Glashoff

### General Manager Operations

Mr. Matthew O'Halloran

### Bankers

Commonwealth Bank of Australia

### Solicitors

Roberts Nehmer McKee

MacDonnells Law

Clayton Utz

### Auditor

Auditor-General of Queensland

### Internal Auditors

PricewaterhouseCoopers

### External Auditors

Moore Stephens Queensland

### ABN

44 411 774 236



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