

Port of Townsville

annual report 2005



PORT of TOWNSVILLE
Nexus North Queensland

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Report Information



ABOUT OUR REPORT

Our financial and business-related activities for the fiscal year from 1 July 2004 to 30 June 2005 form the basis of this Report. This Report also 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, and Government and industry sectors.

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

PUBLICATION AVAILABILITY

To minimise production costs 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.

Compact disc versions of this report are free on request. If you wish to receive a copy please contact us on (07) 4781 1500.

For the first time we have also published a 12 page summary document highlighting the main features of our 2004/2005 Annual Report. This is also available from our website and hard copies are available on request.

To be listed on our database and receive future publications, please complete the appropriate section of the feedback form located at the back of this Report and return to us.

YOUR COMMENTS ARE IMPORTANT TO US

Our 2003/2004 Annual Report received an Award of Excellence at the Institute of Internal Auditors Queensland Public Sector Annual Report Awards. It also received a bronze 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.



Our Philosophy



OUR VISION:

To be recognised as a dynamic world-class Port that is reliable, dependable, and customer-focused, serving as a catalyst for regional economic development.

OUR MISSION:

To manage and develop the Port of Townsville in a manner that facilitates our existing customers to maximise their business opportunities and encourage new customers to utilise the Port whilst earning a commercial rate of return for our shareholders.

We will achieve this mission by:

- ensuring that our facilities and services are efficient, reliable, and adequately meet the needs of existing and future customers;
- being committed to strategic planning and Port promotion to attract trade and industry to Townsville;
- acting commercially and competitively to promote the economic outlook for the Port, shareholders, and the region;
- vigilantly promoting safety in all operations, and providing our customers with a secure Port to ensure the integrity of current and future operations and trade links;
- adhering to our corporate values in all our internal and external dealings and operations.

OUR CORPORATE VALUES:

Customers

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

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.

About Us



The Port of Townsville provides all of North Queensland with a world-class gateway for commerce and trade. It continues to be one of the state's fastest growing ports.

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 manages the Port of Townsville - a breakwater harbour with a land and sea jurisdiction in excess of 400 square kilometres.

The Authority has over 70 employees across a broad spectrum of fields including engineering design and supervision, corporate governance, planning and environment, finance, Port services, business development, marketing, and maintenance.

Townsville Port Authority is responsible for facilitating trade through the Port by effectively and efficiently managing and operating Port facilities and services, and ensuring appropriate levels of safety, security, and availability.

Customers play a vital role in the Port's development, operations, and continued success. Their needs are met by the provision of safe navigation within the harbour, by ensuing ongoing development opportunities with dredging and reclamation works, and the timely and reliable provision of Port services.

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

Since the Port's first wharf was constructed in 1863, the Port has been central to the economic development of North Queensland. We dedicate our efforts to furthering our strong economic and social relationship with the city and the wider region to ensure its continued growth and prosperity.

For more information about our history, operations, and current events, visit us online at www.townsville-port.com.au.

Year Achievements in Brief



RECORDS ARE MADE TO BE BROKEN

- **Import Records** - There were three import records set in 2004/2005 including: motor vehicles (17,887 tonnes, 11,150 vehicles, an increase of 14.4 per cent); general purpose oil (770,399 tonnes, an increase of 6.9 per cent); and cement (395,294 tonnes, an increase of 23 per cent).
- **Export Records** - Lead ingots (160,728 tonnes, an increase of 39 per cent); molasses (276,104, 16.2 per cent increase); and lead concentrates (405,265 tonnes, 12 per cent increase) also set trade records for the Port of Townsville in 2004/2005.
- **Largest** - Townsville is the largest exporter of molasses and sugar in Queensland. WMC Fertilizer exports the largest volume of chemicals from Queensland, through the Port of Townsville.

CAPITAL WORKS

- Upgrade of security at the three Port entrances and wharves was completed at a cost of \$1.24 million.
- Berth 7 fenders upgrade at a cost of \$1.17 million.
- Continuation of fender upgrades to berths 2, 3, and 9 at a cost of \$205,000.

MAINTENANCE

- Dredging of the inner harbour swing basin and silt trench was undertaken at a cost of \$2.2 million.
- The repairs to piles at berth 1, the oil tanker berth, were completed at a cost of \$3 million.

COMMERCIAL PORT OPERATIONS

- 676 cargo ships docked at the Port in 2004/2005. The majority (249) were bulk carriers, followed by general cargo vessels (185), and tankers (113).
- The Port welcomed 38 naval ships and seven passenger ships during 2004/2005.

FINANCIAL OUTCOMES

Total Revenue:	\$28.75 million
Operating Profit before Interest and Tax:	\$3.18 million
Net Profit:	\$0.72 million
Total Assets:	\$177.5 million
Net Assets:	\$154.9 million
Accounting Return on Assets:	2.05%
Current Ratio:	1.82
Interest Cover:	3.16
Debt to Equity:	0.101





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

Report from the Chairman & Chief Executive Officer



In another outstanding year, the Port of Townsville has increased trade in many key areas, continuing its strong contribution to the regional economy. Increased tonnage from cement, motor vehicles, general purpose oil, lead ingots, molasses, and lead concentrates contributed greatly to our results. We expect this pattern to continue in the coming financial year.

During 2004/2005, 9,989,298 tonnes of cargo passed over the wharves. This is a slight decrease on last year's figure (10,171,101 tonnes). However, we believe the Port of Townsville will move forward significantly over the coming years.

Townsville Port Authority is actively pursuing a number of opportunities to increase trade through the Port, diversify our revenue base, and increase profitability. This is an exciting time for the Port, with several new trades seeking to take advantage of the Port of Townsville as a major national and international gateway. We are confident that trade through the Port will grow in line with new opportunities and the region's strong economic growth.

PORT CHARGES

Port charges on cargo increased by 2.4 per cent from 1 July 2004, and charges on vessels increased by 6 per cent from 1 March 2005. In future, charges on vessels will be increased by reference to the consumer price index, effective from 1 July each year.

REVENUE

Total revenue increased by 5.7 per cent from \$27.2 million in 2003/2004 to \$28.7 million in 2004/2005. This includes services income from shipping-related activities, lease rentals, small boat harbour fees, etc., which increased by 4.5 per cent from \$26.9 million in 2003/2004 to \$28.1 million in 2004/2005.

TRADE RECORDS

Three new import records were set for tonnage through the Port. This included motor vehicles, general purpose oil, and cement. Lead ingots, molasses, and lead concentrate exports also set trade records.

MAJOR PROJECTS

Townsville Port Authority has continued to work closely with relevant stakeholders including the Department of State Development and Innovation, Townsville City Council, Townsville Enterprise, the Department of Main Roads, and Queensland Rail to progress projects such as the Townsville State Development Area, proposed Eastern Access Corridor, and the Townsville Ocean Terminal.

During 2004/2005 the Port hosted 38 naval vessels and seven passenger ships, again demonstrating that Townsville is the Port of choice for these types of vessels and their personnel.

NEW CUSTOMERS

The Port of Townsville welcomed three new customers to the Port during the year. Powerplay Catamarans has commenced the production of fibreglass catamarans in a recently-built facility within the Port. The company began exporting in 2003 and has now established a dealer network in 12 countries around the world. Aditya Birla Group exported 92,786 tonnes of copper concentrate to India in 2004/2005. Pentarch Forest Products exported just over 50,000 tonnes of plantation timber from Queensland's state plantation forests to Japan, China, and Korea.

STRATEGIC TRANSPORT PLAN

Townsville Port Authority has developed a strategic transport plan to accommodate the proposed Eastern Access Corridor. The plan has been developed in response to an increase in heavy vehicle and rail traffic through residential areas adjacent to the Port. The development of a suitable solution

is vital to the long-term viability of the Port.

The Authority continues to work co-operatively with the Department of Main Roads, Department of State Development and Innovation, and other key stakeholders to progress the development and implementation of the proposed Eastern Access Corridor at a state and federal level.

The corridor will link the Port to a road and rail node at Stuart, and will facilitate new industry development in the region. Stage one of the project is progressing, and stage two to the Port is still in its early planning stages.

*"The Authority has
assisted in developing
North Queensland
industries"*

MAJOR MAINTENANCE

This year Townsville Port Authority undertook capital infrastructure works of about \$2 million and just under \$9 million of maintenance works. This included a comprehensive dredging campaign at a cost of \$2.2 million. Dredging of the inner harbour swing basin and silt trench was undertaken for the first time in over ten years and successfully removed about 185,000m³ to the sea dump.

The repairs to piles at berth 1, the oil tanker berth, were completed at a cost of \$3 million. Fender systems on berths 2, 3, 7, and 9 were upgraded at a cost of approximately \$1.4 million to improve the navigational safety and operational efficiency.

TRADE MISSIONS

During the 2004/2005 year Townsville Port Authority was represented by the Business Development Officer on an agribusiness trade mission to South Asia to identify new opportunities for North Queensland's agrifood industries.

The Authority was also represented on a trade mission to Hong Kong, South Korea, and Japan. This mission aimed to ensure investment and export trade opportunities with China, enhance business ties in Korea, and build on links established with Townsville's Japanese sister cities.

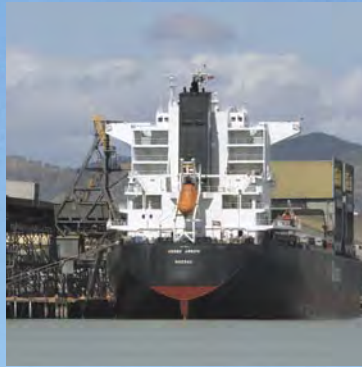
SECURITY

During the year Townsville Port Authority has focused on the implementation of the Port Security Plan.

The process has involved comprehensive consultation with the Port community and other industry working groups. All Port users are participating with the introduction of the new security measures. Security measures now functioning as part of everyday business include; waterside patrols,

identification and management of issues, implementation of procedures to protect critical infrastructure from external threats, increased security awareness, and annual audits.

Work on the Port security upgrade completed in October 2004 included the construction of new roads, installation of new gates, cameras, access control systems, and wharf fencing.



Townsville Port Authority is committed to meeting its obligations in accordance with the requirements of the *Maritime Transport and Offshore Facilities Security Act 2003*.

ENVIRONMENT

The 2004/2005 year saw the development of a long-term water quality monitoring program within and adjacent to the Port of Townsville. Water samples are collected biannually from over 30 locations within the Port area, Ross Creek, and Ross River. The

samples are analysed for hydrocarbons, heavy metals, suspended solids, phosphorous, and nitrogen. This data is assessed against relevant state and national guidelines. The results to date indicate that all samples were within the Australian and New Zealand Environment and Conservation Council guidelines.

The Authority has continued with the development and implementation of a range of comprehensive research and monitoring programs. This reinforces our sound environmental approach to management. Our environmental initiatives are applied co-operatively with the wider Port community thereby adopting a truly integrated approach to environmental performance. This ensures a sustainable approach to Port operations and consistent regulatory compliance.



US Navy ships dock in port

INTERACTIVE INFORMATION CD/DVD

The Authority launched an interactive information CD/DVD on the Port of Townsville in April 2005. It contains useful facts and graphics, information on the history of the Port, the environment, links with the community, Port people, imports and exports, the future, and even a children's section with exercises and games.

The CD/DVD was sent to high schools from Townsville to Mount Isa, Ingham, and Ayr. It aims to educate the general public and students on the impact the Port has on their lives.

EMPLOYEE, CUSTOMER, AND COMMUNITY FEEDBACK SURVEYS

In April 2005, the Authority carried out the first of our annual employee, customer, and community feedback surveys. The results will be used to identify issues and develop strategies to address these issues. The employee and stakeholder surveys aimed to measure the level of satisfaction of employees and stakeholders and the community survey aimed to build our understanding of the community's assessment of us as a corporate citizen.

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 mining industry. Townsville Port Authority is also a major sponsor of the Townsville Maritime Museum where the Port's rich maritime history can be enjoyed.

Townsville Port Authority actively promotes Port tours and educational programs for local and regional schools, community groups, and business partners.

LOOKING AHEAD

Townsville Port Authority aims to ensure the Port continues to move forward by working closely with our Port users and customers, looking to expand and tap into overseas markets, and continuing and nurturing relationships in neighbouring nations.

We are working with our bulk customers and service providers to expand trade through the Port of Townsville. Their continued existence, together with the output of other operations coming on stream, is vital to our Port operations.

The Port of Townsville - the gateway to Townsville and North West Queensland aims to serve the community as efficiently as it has done in past years.

*"We believe the
Port of Townsville
will move forward
significantly over the
coming years"*

APPRECIATION

We would like to thank our Board of Directors for their strong commitment and support over the past year, especially those whose term expired on 30 June 2005. We would also like to welcome our three new Directors and look forward to a productive year ahead.

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

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



Corporate Governance

Good corporate governance assists an organisation to achieve its outcomes and obligations through sound planning and risk management. It assists in decision making and improves accountability. It also provides a framework for establishing responsibilities the Authority has to its various stakeholders.

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

GOVERNANCE FRAMEWORK

The Townsville Port Authority is a statutory Government Owned Corporation established in its current form as a body corporate on 1 July 1995 under the *Government Owned Corporations Act 1993*. There are a number of statutes with which the Authority is required to comply, however, the following set the core legislative framework in which the Authority operates:

- *Government Owned Corporations Act 1993* (Qld) and Regulations;
- *Transport Infrastructure Act 1994* (Qld) and Regulations;
- *Financial Administration and Audit Act 1977* (Qld) and Regulations.

For 2004/2005, the Townsville Port Authority's shareholding Ministers were the Honourable T. Mackenroth MP, Deputy Premier, Treasurer, and Minister for Sport, and the Honourable P. Lucas MP, Minister for Transport and Main Roads. Following the resignation of the Honourable T. Mackenroth MP, on 25 July 2005, the Honourable A. Bligh MP, Deputy Premier, Minister for Finance, Minister for State Development, Trade and Innovation assumed responsibility as shareholding Minister.

In August 2004 the Board adopted a *Corporate Governance Statement and Corporate Governance Manual* to effectively

guide the Board in its corporate governance responsibilities. These documents were developed incorporating the recommendations contained in the *ASX Corporate Governance Council - Principles of Good Corporate Governance and Best Practice Recommendations* and recommendations contained in a number of Queensland Auditor-General Reports.

The Corporate Governance Statement and Manual are available on the Authority's website.

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 on the recommendation of the shareholding Ministers. Directors hold their office on terms of appointment determined by the shareholding Ministers. This table shows our Directors' tenure details.

Senior Executives are appointed by the Governor in Council on the recommendation of the Board. Some Senior Executive and other management positions continue to operate under existing Enterprise Agreements or employment contracts. The Authority will ensure compliance with the Remuneration Guidelines for Chief and Senior Executives in Government Owned Corporations for the recruitment, appointment, and remuneration of Senior Executives.

BOARD OF DIRECTORS AND SENIOR EXECUTIVES

Name	Position	Initial Appointment	Last Re-Appointed	Appointment Expiry
Mr. Ron McLean	Chairman	1 July 1999	1 July 2003	30 Sept 2007
Ms. Beth Keating	Deputy Chairperson	1 July 1999	1 July 2003	30 June 2006
Mr. Terrence Baxter	Director	1 July 1999	1 July 2003	30 June 2005
Ms. Jennifer Gleeson	Director	1 July 1999	1 July 2003	30 June 2005
Prof. Stephen Graw	Director	1 July 2001	1 July 2001	30 Sept 2008
Cr. Tony Mooney	Director	15 Sept 1990	1 July 2001	30 Sept 2007
Cr. Dale Parker	Director	1 July 2001	1 July 2001	30 June 2005
Mr. John Pennisi	Director	1 July 2001	1 July 2003	30 June 2006
Mr. Barry Holden	Chief Executive Officer	4 March 2002	4 March 2005	4 March 2008
Mr. Larry Hore	Manager Engineering	2 February 1999	Not applicable	Not applicable

Introducing Our Directors



Cr. Dale Parker, Cr. Tony Mooney, Ms. Beth Keating, Mr. Terrence Baxter, Mr. Ron McLean, Prof. Stephen Graw, Mr. John Pennisi, and Ms. Jennifer Gleeson.

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. Age 69 years.

Ms. Beth Keating, Deputy Chair

Beth has extensive knowledge of the Townsville business and community sector. She has a Bachelor of Arts (Hons), Masters of Arts (Hons), and is a Graduate of the Australian Institute of Company Directors. She also has wide public and private sector experience in human resources management including employee relations, rehabilitation, workers compensation, personnel management, and health and safety. She is currently working in the public sector and also as a consultant to the business and community sectors.

Beth is a member of the Australian Institute of Company Directors and the Equal Opportunity Practitioners' Association and enjoys substantial volunteer roles including five years as committee member fundraiser and office bearer of the Aitkenvale State School P&C Association. Age 48 years.

Prof. Stephen Graw, Director

Stephen is Professor of Law and Head of the Schools of both Law and Business 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.

Stephen is currently a member of JCU's Academic Board, a member of the UniSuper Consultative Committee and Deputy Chairperson of St Paul's College Council. He also holds the rank of a Brigadier in the Army Reserve. Age 52 years.

Cr. Tony Mooney, Director

Tony has 22 years experience in local Government, and also serves in senior positions on local authority boards within Australia. He has been Mayor of the City 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. Age 51 years.

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. Age 59 years.

Cr. Dale Parker, Director (Term expired 30 June 2005)

Dale was appointed as a Director of the Townsville Port Authority on 1 July 2001. He previously served on the Board from 1990 to 1996. Dale retired from the Australian waterfront in 1991 after a career of long distance truck driving, plant operating, and running his own truck repair business. Before retiring, Dale spent eighteen years working as a stevedore in eight Ports on the east coast of Australia.

He is the Chairman of the Townsville City Council Corporate Governance Committee, the Disability Advisory Committee, the NQ Paralympic Games Committee, and is the Secretary of the Mt. Isa to Townsville Economic Development Zone (MITEZ). He is a Board member of CBD Promotions and is a Management Committee member of the North Queensland Military Museum.

Dale was elected as a Councillor to the Townsville City Council in August 1998 and re-elected in March 2000 and March 2004. Dale was awarded the Townsville Citizen of the Year in 1995 and was awarded a Centenary of Federation Medal for Service to the Community and the National Service Medal in 2003. Age 65 years.

Mr. Terrence Baxter, Director (Term expired 30 June 2005)

As a partner of the firm Ruddy, Tomlins, and Baxter, Terry practices commercial law and litigation. He is a member of the North Queensland Law Association and Ayr Chamber of Commerce, and is also President of the Lower Burdekin Home for the Aged Society. Age 57 years.

Ms. Jennifer Gleeson, Director (Term expired 30 June 2005)

Jenny is an Associate of Lee Turnbull and Co., a law firm with a general practice. She is a Graduate Member of the Australian Institute of Company Directors. Age 35 years.

NEW BOARD MEMBERS FROM 1 JULY 2005**Mr. Paul Keehan, Director**

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 that group's Brisbane investment banking activities, providing a full range of corporate services including acquisitions, valuations, capital raising, and general corporate advice. Age 52 years.

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 & Root Pty. Ltd. This year she will complete her Masters in Engineering in Coastal Engineering through

Griffith University on the Gold Coast. Melissa is the 2005 Queensland President of Engineers Australia. She is also involved with the Engineers Australia national 'Women in Engineering' committee. Melissa is an active member of Brisbane City Church and co-ordinates their professional women's network. Age 27 years.

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 Inc. Age 65 years.

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;
- ➔ 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;
- ➔ approving and monitoring financial and other reporting.

BOARD COMMITTEES**Audit Committee**

Chair – Mr. Terry Baxter.

Members – Prof. Stephen Graw, Ms. Beth Keating, and Ms. Jenny Gleeson.

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;
- ➔ assess and contribute 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;

- assess and enhance the Authority's corporate governance, including its systems of internal control and the internal audit function;
- evaluate the quality of, and facilitate the practical discharge of, the internal audit function, particularly in respect of planning, monitoring, and reporting; and
- through the internal audit function, oversee and appraise 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

- Establishment of a Steering Committee and a combined project management/accounting team for the implementation of International Financial Reporting Standards.
- Adoption of a Fraud and Corruption Control Policy and completion of a comprehensive Fraud Risk Assessment.
- Risk Management System Project Plan developed and implementation commenced.
- Ongoing certification of the Business Management System to ISO9001 standard.
- Revision of a number of policies and procedures, in particular the Financial Policy, Disclosure of Interest Policy, and Debt Management Procedures.

Human Resources Committee

Chair – Mr. Ron McLean.

Members – Ms. Beth Keating, Mr. John Pennisi, and Cr. Dale Parker.

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;
- establishing and reviewing proposed plans and policies relating to employment conditions and industrial relations matters, and monitoring their implementation.

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

INDEPENDENCE OF DIRECTORS

The Board has adopted a *Disclosure of Interests Policy* to ensure that the independence of Directors is appropriately assessed. 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.

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 in is considered.

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.

CODE OF CONDUCT

A formal Code of Conduct was approved by the Board on 19 August 2003. The code demonstrates to employees expectations 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*.

DIRECTOR & EXECUTIVE REMUNERATION

Remuneration for Directors is determined by 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).

ATTENDANCES

	Board Meetings		Audit Committee		Human Resources Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Mr. Ron McLean	11	11	-	-	5	5
Ms. Beth Keating	11	9	2	2	5	5
Mr. Terrence Baxter	11	11	2	2	1	1
Ms. Jennifer Gleeson	11	8	2	1	-	-
Prof. Stephen Graw	11	11	2	2	-	-
Cr. Tony Mooney	11	9	-	-	-	-
Cr. Dale Parker	11	11	-	-	5	5
Mr. John Pennisi	11	10	-	-	5	5

* Four flying minutes were also recorded in 2004/2005.

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

DIRECTOR REMUNERATION

Director	Base Fee	Superannuation	Committee Fees	Total
R. McLean	\$25,520	\$2,613	\$3,712	\$31,863
B. Keating	\$11,600	\$1,347	\$3,364	\$16,311
J. Pennisi	\$11,600	\$1,295	\$2,436	\$15,331
D. Parker	\$11,600	\$1,263	\$2,436	\$15,299
T. Baxter	\$11,600	\$1,117	\$812	\$13,529
S. Graw	\$11,600	\$1,096	\$580	\$13,276
J. Gleeson	\$11,600	\$1,070	\$290	\$12,960
T. Mooney	\$11,600	\$1,044	-	\$12,644

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

DIVIDEND POLICY

The *Government Owned Corporations Act 1993* requires the Board to recommend the payment of a dividend 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.



RISK MANAGEMENT AND COMPLIANCE

Strategy	Outcome	Achieved
Establish a robust approach to risk management that is fully supported by the Board and Senior Management to improve our capacity to identify and minimise risk.	Assign responsibility for the co-ordination of the Risk Management System by 2004.	Yes
	Increased awareness of identified risks and treatment of risks through reporting to the Senior Management Group, Audit Committee, and the Board of Directors.	Yes

During 2004/2005 the Authority commenced planning for the implementation of a comprehensive Risk Management System compliant with AS4360:2004 - Risk Management. Risk identification and treatment is incorporated into new business planning processes and other policies and procedures, and risk reporting to the Board and Management has commenced.

The Authority developed a Fraud and Corruption Control framework to appropriately manage any risks to the organisation. This framework was approved by the Board in October 2004. As part of this framework, a Fraud Risk Assessment was carried out by Jessup & Partners which resulted in the development of a Fraud Risk Register. Development of a Fraud Control Plan commenced incorporating strategies to address risks identified in the risk assessment.



AUDITS

PricewaterhouseCoopers (PwC) are contracted to carry out the Authority's internal audit services until 30 June 2006. The external audit function is carried out by WHK-TCM Smith Audit Partnership under contract to the Queensland Audit Office.

ISO9001:2000 - BUSINESS MANAGEMENT SYSTEM

The Authority's Business Management System is externally certified against ISO 9001:2000. 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.

The Authority is committed to the continuous improvement of our Business Management System. An external review of the system was undertaken in September 2004, with certification of the system being maintained.

SUMMARY OF DIRECTIONS AND NOTIFICATIONS GIVEN UNDER THE GOC ACT

No directions or notifications were received from the Queensland Government during the 2004/2005 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 2004/2005 financial year.

LOOKING AHEAD**Corporate Governance Framework**

We will review the corporate governance framework in light of the newly-issued *Corporate Governance Guidelines for Government Owned Corporations* to ensure a sound system of governance that meets the expectations of shareholders.

Risk Management

During 2005/2006 we will implement a comprehensive Risk Management System and finalise the Fraud Control Plan.

Compliance Management

We will review compliance requirements through a comprehensive Compliance Program under AS8306:1998 to ensure a co-ordinated approach to the proper management of legal risks imposed on the Authority by legislation, standards, policies, directives, and other areas of the law.

Records Management

During 2005/2006 we will implement an electronic records management system as part of an information management initiative to meet the requirements of Information Standards 40 and 41 issued under the *Financial Administration and Audit Act 1977*.

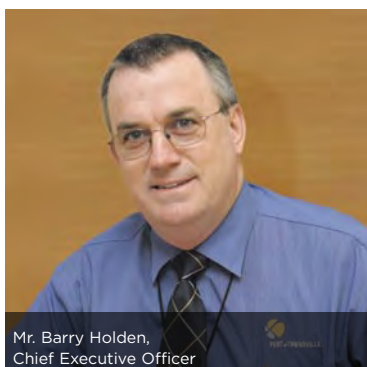
"The Authority is committed to the continuous improvement of our Business Management System"

OVERSEAS TRAVEL FOR THE PERIOD 1 JULY 2004 TO 30 JUNE 2005

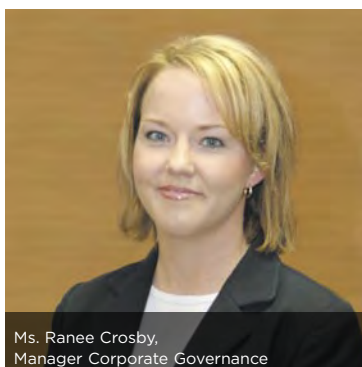
Name of Officer	Title/Position	Countries Visited	Date Depart	Date Return	Purpose of Visit	Costs/Funding
						\$AUS (rounded) Actual Agency \$
Mr. Ron McLean	Chairman	China	12/10/04	24/10/04	Trade Delegation	\$13,600.42
Mr. Frank Gedling	Business Development Officer	China, Phillipines, Vietnam, Malaysia, Brunei	25/02/05	14/03/05	Trade Delegation	\$4,550.83



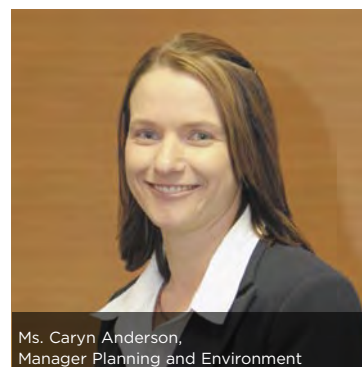
Our Management Team



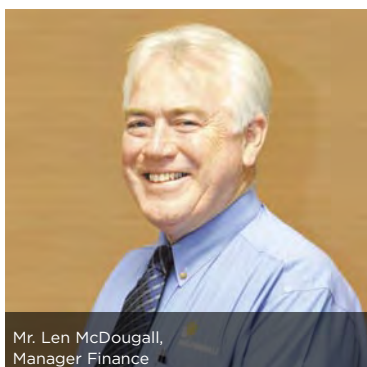
Mr. Barry Holden,
Chief Executive Officer



Ms. Raneë Crosby,
Manager Corporate Governance



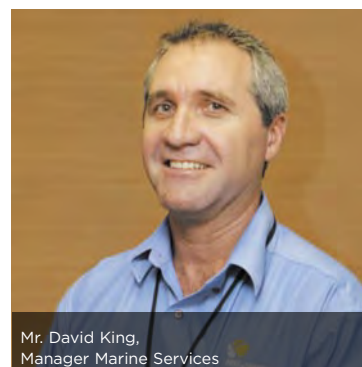
Ms. Caryn Anderson,
Manager Planning and Environment



Mr. Len McDougall,
Manager Finance



Mr. Larry Hore,
Manager Engineering



Mr. David King,
Manager Marine Services

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 the Chartered Institute of Logistics and Transport, and has professional qualifications in Commerce and specialist shipping/transport fields.

Manager Corporate Governance Ms. Raneë Crosby

Raneë heads the corporate governance team, overseeing the Authority's corporate governance framework, business management system, property holdings and tenancy arrangements, public relations, corporate communications, information technology, and information management functions. Raneë is also responsible for the development and review of the Corporate Plan and Statement of Corporate Intent.

Raneë was appointed Manager Corporate Governance in October 2003. Raneë has over nine years experience with

the Port of Townsville. Raneë holds a Bachelor of Laws degree and is a Member of the Australian Institute of Company Directors.

Manager Planning & Environment Ms. Caryn Anderson

Caryn rejoined the Authority in October 2003 after almost three years working with the International Tanker Owners Pollution Federation (ITOPF) based in London, UK. During her time with ITOPF, Caryn gained a wealth of international maritime experience through the provision of technical advice in relation to major shipping accidents, the development and delivery of training programs, and participation at the International Maritime Organisation.

Upon her return, Caryn was appointed to the position of Manager Planning and Environment and has embraced the challenges and opportunities of her expanded role within the organisation. Caryn is responsible for strategic Port land use and development planning and approvals, trade and business development, major commercial projects, and environmental management and protection.

Caryn has a Bachelor of Applied Science (Honours) degree specialising in Environmental Management and Marine Biology, a Masters in Local Government and Environmental Law specialising in international maritime pollution law,



and has recently commenced a Master of Business Administration. Caryn's formal qualifications are supported by over eleven years' practical experience in the Port and shipping industry.

Manager Finance Mr. Len McDougall

As head of the finance team Len is responsible for all financial, accounting, taxation, and human resources functions of the Authority. His extensive experience in these fields in both the manufacturing and Port industries, coupled with his diligent approach to work, sees Len well-placed to oversee and manage this vitally important area.

Len joined the Authority in 1996 and held two other administrative and accounting positions before being promoted to his current role of Manager Finance.

He has a Bachelor of Business degree and is also a Certified Practising Accountant.

Manager Engineering Mr. Larry Hore

Larry has 15 years of professional engineer experience having worked in Canberra, Port Moresby, and the Port of Townsville since 1996. Larry's focus on outcomes, coupled with broad experience has seen him deliver a diverse range of infrastructure projects including wharf systems, dredging

and reclamation works, major plant and equipment, services, buildings, roads, and parklands.

He has a Bachelor of Electrical Engineering and a Master of Business Administration.

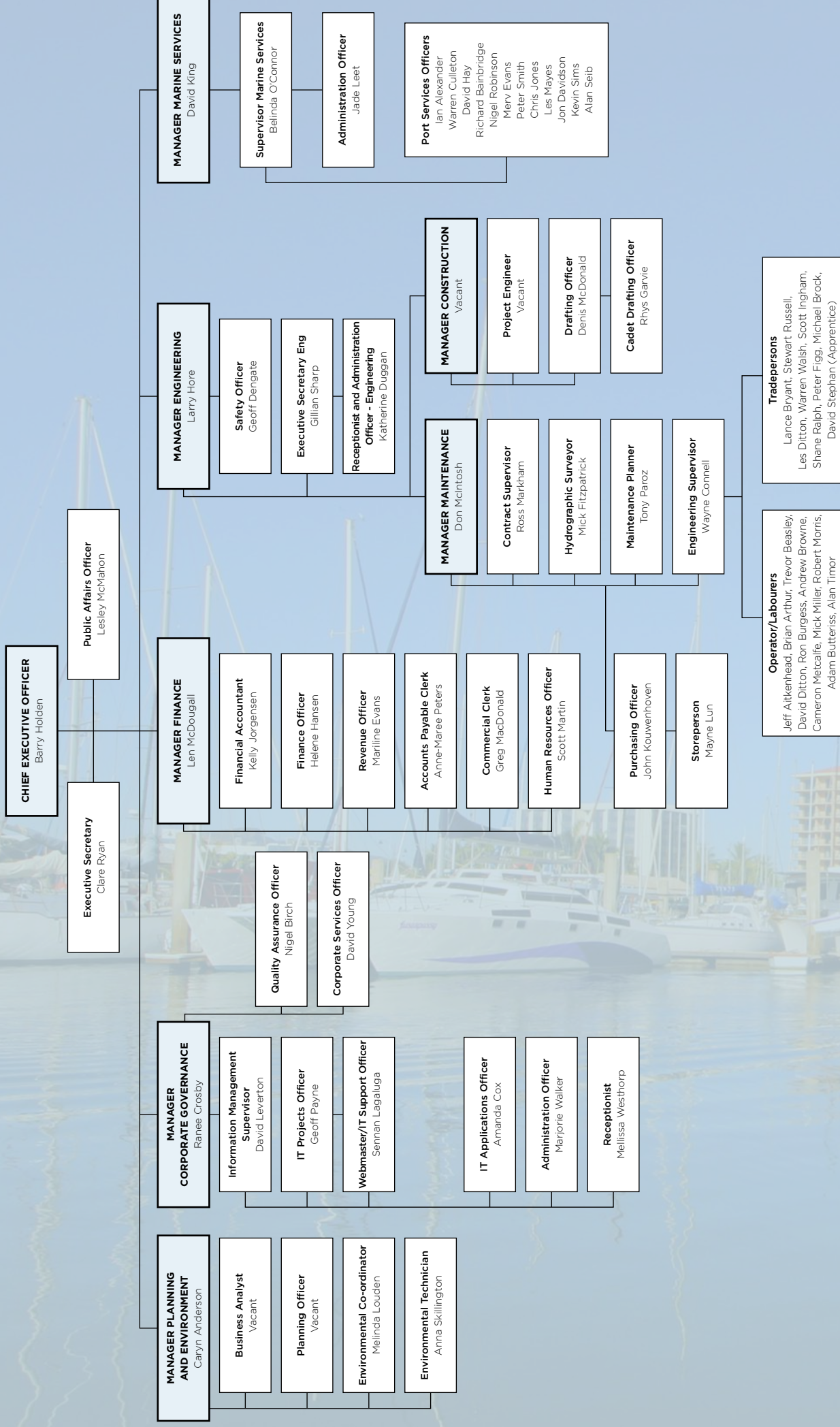
Manager Marine Services Mr. David King

With 21 years experience working within the Port of Townsville, David has extensive experience and knowledge of Port operations.

In his present role, he oversees the marine services team which is responsible for the delivery of services associated with Port control, Port security, pilot transfer, small boat harbours, and the safe movement of dangerous goods through the Port area.

David also represents the Authority on the Local Counter Disaster committee and is the nominated Security Officer for the Port of Townsville.

TOWNSVILLE PORT AUTHORITY - ORGANISATIONAL CHART



Our Performance & Objectives

SUMMARY STATEMENT OF CORPORATE INTENT 2004/2005

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 2004/2005.

Objectives for 2004/2005	Achieved	Comments
Annual accounting rate of return on total assets 1.73%	Yes	Actual result 2.05%
EBIT \$2.31m	Yes	Actual achieved \$4.38m
Quick ratio > 1.00 (average over 12 months)	Yes	Actual achieved 1.93
Interest cover ratio > 2.00	Yes	Actual was 3.16
Payback period < 7.0	Yes	<7 (no change)
Debt/equity ratio < 1.0	Yes	0.10
To achieve tonne throughput of 10.2 million tonnes	No	9.99 million tonnes
Increase container throughput to greater than 20,000 TEU's	No	19,131 TEU's
Gross loading rate (based on hours at berth) > 400 tonnes per hour	Yes	445 tonnes per hour

STRATEGIES TO IMPROVE CORE PROFITABILITY

- Containment of administrative costs and discretionary expenses by focusing on core activities.
- Critical review of asset valuations, particularly with respect to infrastructure asset values and useful life assumptions.
- Ensure new asset acquisitions will meet hurdle rates for profitability.
- Progressive increases in commercial shipping prices (tonnage rates and harbour dues) to restore profitability to commercial shipping activities.
- Increased leasing of available Port lands to broaden the Authority's revenue base.
- Vertical integration of activities where opportunities arise.
- Examination of alternative dredging strategies.

CORE ACTIVITIES

- Operational management of the Port to ensure efficient, effective, and safe operations.
- Strategic planning for the optimum development and management of the Port.
- Promotion and marketing of the Port to new and potential users and developers.
- Trade and industry facilitation in association with other parties, e.g., Department of State Development and Innovation and Department of Primary Industries.
- Management of Port lands.
- Protection of the environment within the Port.
- Compliance with marine pollution and safety laws.

Trade & Industry



IN REVIEW: OUR PERFORMANCE

Goal: To increase and diversify trade through the Port to maximise financial and economic return.

Strategy	Outcome	Achieved
Identify and pursue trade growth opportunities and diversification through improved market intelligence and Port promotion efforts, and by maintaining close liaisons with relevant Government and industry groups.	10 per cent increase in trade throughput from existing and new trades by 2009.	On Target
	Increase in new cargoes (other than containerised cargo) handled through the Port.	Yes
	Awareness of issues and developments affecting the region.	Yes
Proactively support the construction of the proposed Eastern Access Corridor, and develop and implement an internal transport network strategy that adequately caters for future transport needs.	Internal Transport Network Strategy completed.	Yes

Goal: To maximise financial and economic return.

Strategy	Outcome	Achieved
Ensure that targeted business cases addressing Government requirements are undertaken for projects outside traditional core activities.	Business case 100 per cent complete for the Townsville Port Marine Precinct and Ross Creek West Bank.	Yes
Actively pursue opportunities to maximise potential of Port-owned land and infrastructure.	Increase diversification of our revenue base through increased Port tenancies and new trade customers.	Yes
Ensure capital projects and major expenditure provides a realistic economic return and/or future saving by reviewing submissions based on NPV model or financial breakdown and total project cost.	Only capital projects and major expenditure that are proven to have an acceptable level of return are approved.	Ongoing
	Stage 1 Townsville Waterways Redevelopment Project Business Case.	Yes
Adoption of a sound business development assessment regime.	Development of system to consider and adopt new development/industry opportunities.	Yes
Undertake major maintenance works whilst there is an income stream to ensure resilience.	Ability to sustain the loss of a major trade and continue operating.	Yes
Optimise maintenance effort.	Optimisation of dredging processes.	Ongoing
	Introduction of work planning and control principles in the maintenance section.	Yes
Keeping Shareholding Ministers informed of future projects and associated cash funding requirements.		Ongoing
Practise effective cost control to ensure expenditures remain within budgeted levels.	To meet financial KPI targets set out in the SCl.	Yes
Further develop a competitive pricing structure where legally permitted and commercially feasible to attract new or increased trade.	Additional revenue as a result of new/increased trades attracted through incentive pricing.	Ongoing

PROPERTIES AND DEVELOPMENTS

The Authority finalised tenancy arrangements with a number of Port customers and other bodies, including; Incitec Fertilizers Limited, P&O Nedlloyd Limited, Construct Pty. Ltd., NQ Water, Australian Marshalling Services, Magnetic Mix Concrete, Adsteam Harbour (North Queensland), Argus Marine Services, Alfred H Knight, and the Australian Maritime Safety Authority.

NEW BUSINESS

Powerplay Catamarans

Powerplay Catamarans produce fiberglass catamarans ranging in size from 12.5m to 18m. The vessels are constructed to order in a recently-built facility within the Port. The company began exporting in 2003 and has now established a dealer network in 12 countries. During 2004/2005

Powerplay Catamarans launched their first catamaran constructed in the new Port facility, was the winner of the 2004 Townsville 'Emerging Exporter' Award, and finalist for the Queensland Export Awards.

Aditya Birla Group

Following the acquisition of the Mount Gordon Copper Mine in 2003, Birla Minerals Pty. Ltd. commenced exports

through the Port of Townsville and in 2004/2005 exported 92,786 tonnes of copper concentrate.

Pentarch Forest Products

One of the Port's newest customers, Pentarch Forest Products, won a tender to purchase timber from Queensland's state plantation forests. The industry is expected to generate 80 new long-term jobs. It will create additional employment in harvesting, haulage, log export, value-adding, and plantation establishment activities.

The company will initially export 80 per cent of the timber it harvests, using the remainder to meet the needs of Townsville Pallet and Crate Manufacturers and Ravenshoe Timbers. From 2007, the company intends to have their own sawmill operating

which will see around 50 per cent of the timber exported as logs and 50 per cent processed in North Queensland.

During 2004/2005 Pentarch exported 50,613 tones of logs to Japan, China, and Korea.

*"The Authority
finalised tenancy
arrangements with
a number of Port
customers"*



Powerplay Catamarans launched their first catamaran constructed in the new Port facility in 2004/2005.

OPPORTUNITIES

Seventeen new trade and development opportunities were presented to the Port during the 2004/2005 financial year. These development opportunities represent significant growth potential for the Port of Townsville and, if secured, will act to enhance the long-term sustainability of the Port through cargo diversification and capital investment. The Authority is working closely with the relevant proponents to facilitate these development opportunities.

MAJOR PROJECTS

The Authority has continued to work closely with relevant stakeholders to progress regionally significant projects such as the Townsville State Development Area, the proposed Eastern Access Corridor, and the Townsville Ocean Terminal.

TRADE MISSIONS

During 2004/2005 the Port was represented by the Business Development Officer on an agribusiness trade mission to South Asia. This trade mission targeted China, Malaysia, Brunei, Philippines, and Vietnam to identify new agribusiness opportunities for North Queensland's agrifood industries.

The Authority was also represented by the Chairman on a trade mission to Hong Kong, South Korea, and Japan. The aim was to ensure investment and export trade opportunities with China, enhance business ties in Korea through the existing Sun Metals investment in Townsville, and build on links established with Townsville's Japanese sister cities.

LOOKING AHEAD

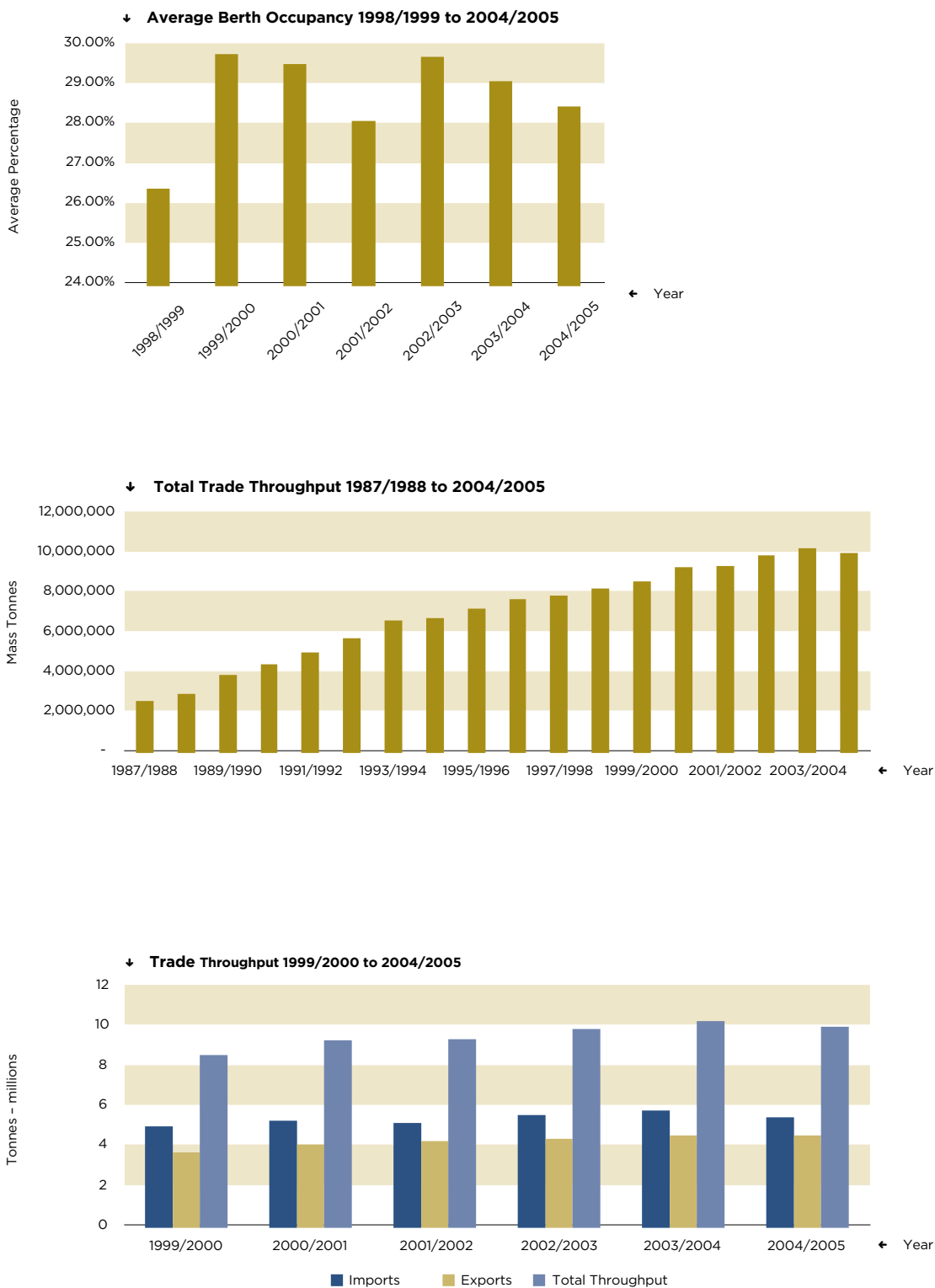
Townsville Port Authority continuously monitors trade and business growth potential to ensure infrastructure capacity is capable of meeting demand. In response to the regional growth potential, strategic infrastructure planning and business initiatives are being implemented to meet the Authority's core role in ensuring that the facilities and services at the Port of Townsville are efficient, reliable, and adequately meet the needs and expectations of existing and future customers and maximise returns to shareholders.

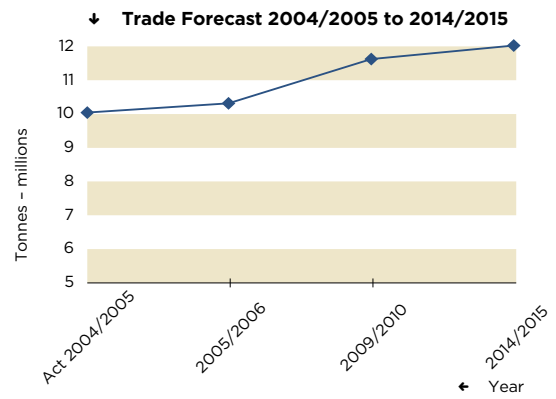
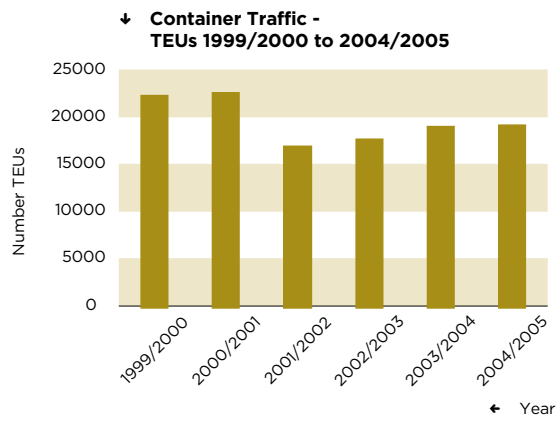
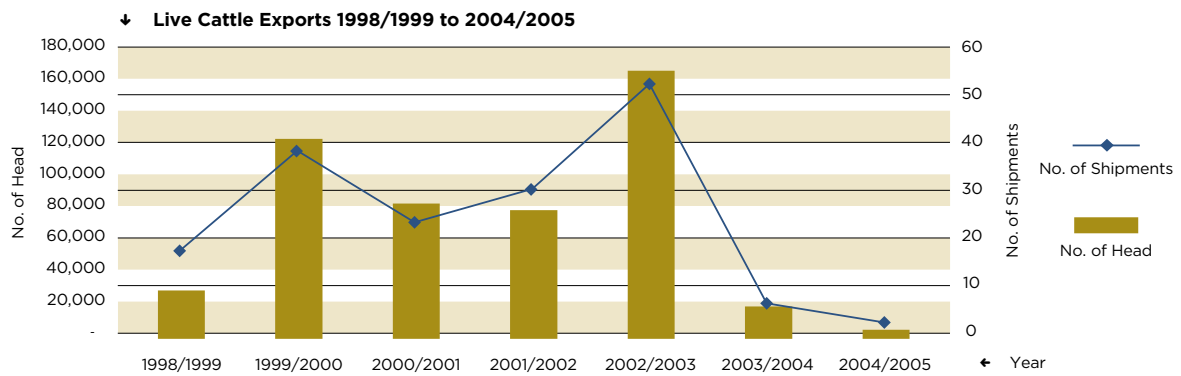
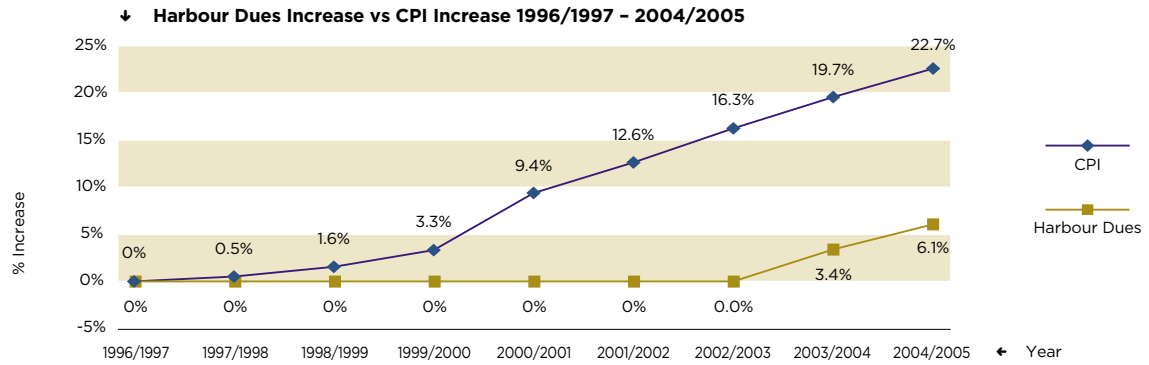
The future year will be focused on:

- ➔ continued support and active participation in the development of the proposed Eastern Access Corridor and the Townsville State Development Area;
- ➔ further refinement of the Trade Potential and Infrastructure Demand Analysis and development of a Strategic Infrastructure Investment Plan to ensure Port infrastructure capacity is capable of meeting demand;
- ➔ identifying and pursuing trade growth opportunities and diversification through improved market intelligence and Port promotion efforts, and by maintaining close liaisons with customers and relevant Government and industry groups;
- ➔ actively pursuing opportunities to maximise the potential of Port-owned land and infrastructure to diversify the Authority's revenue base and increase its' revenue streams to maximise financial and economic return;
- ➔ reviewing the Authority's Port pricing structure, and further developing competitive pricing where commercially feasible to attract new or increased trade.

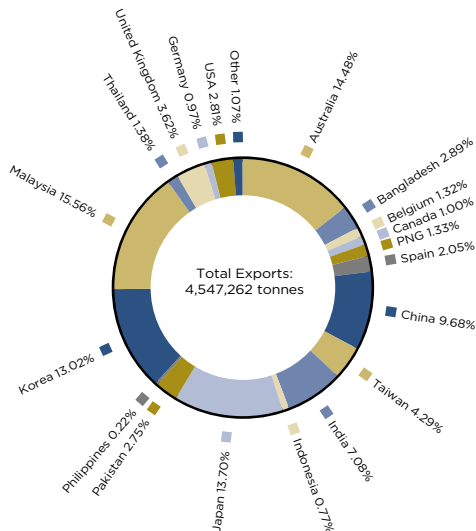


Trade Statistics

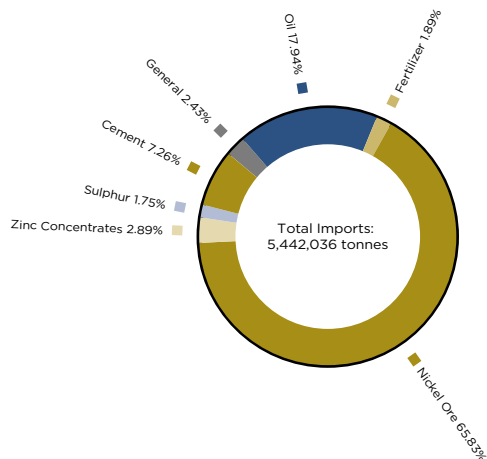




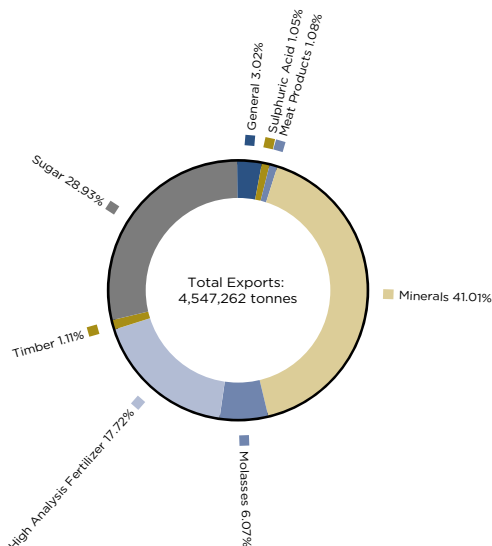
↓ Exports by Country 2004/2005



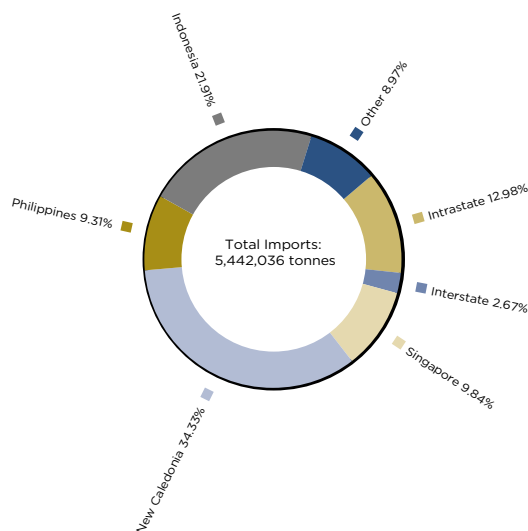
↓ Imports Through the Port of Townsville 2004/2005



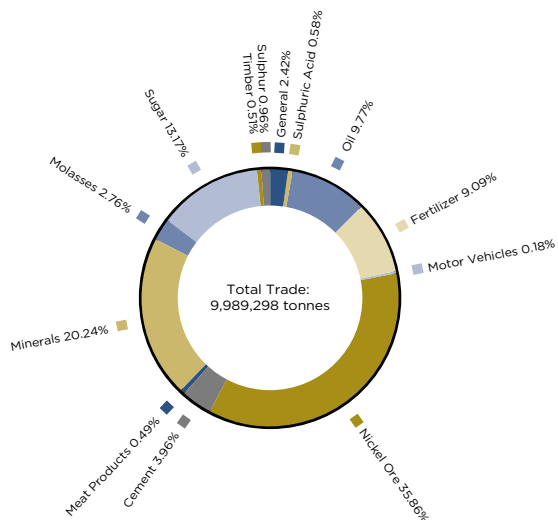
↓ Exports Through the Port of Townsville 2004/2005



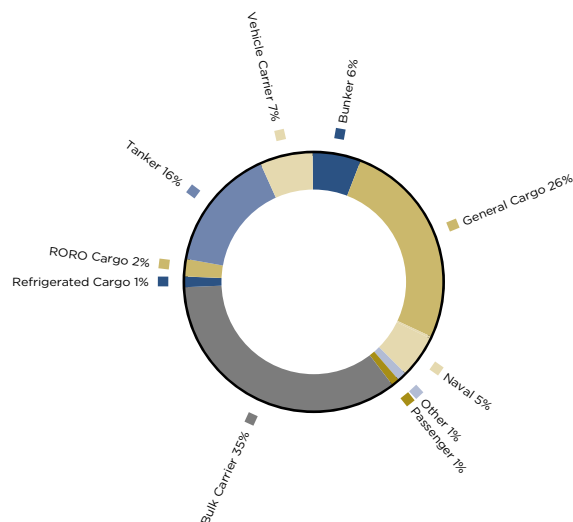
↓ Imports by Country - 2004/2005



↓ Total Trade by Commodity - 2004/2005



↓ Vessel Calls 2004/2005



Port Infrastructure, Services & Management

IN REVIEW: OUR PERFORMANCE

Goal: To increase and diversify trade through the Port to maximise financial and economic return.

Strategy	Outcomes	Achieved
To manage the issues associated with security requirements to ensure minimal disruption to trade and operations.	Zero per cent decrease in trade as a result of security requirements.	Yes
	No increase in ship queuing as a result of security issues.	Yes

Goal: To provide reliable, appropriate, timely, and competitive infrastructure and services to meet current and future trade and industry requirements.

Strategy	Outcomes	Achieved
Ensure existing critical items of infrastructure are maintained in an optimal manner and secure from external threats.	Security measures for critical infrastructure are developed and are effectively implemented.	Yes
	Establish performance criteria for each critical item by end of 2005/2006.	On Target
	Review and/or develop short and long term maintenance plans.	Due for completion in 2005/2006.
Ensure that delivery of services is both flexible and adequately controlled.	Improved unit costs for Port maintenance and capital works.	Yes
	Reduce response times.	Yes
Development and implementation of a long-term dredge material disposal strategy to improve efficiencies in dredging and dredge material handling.	Maintain target depths in the channel, swing basin, and berth pockets.	Yes



Pile encapsulation work was carried out at berth 1, the bulk liquids berth.

Port Security

PORT SECURITY PLAN

Over the past 12 months the Authority has implemented the Port Security Plan developed in accordance with the requirements of the *Maritime Transport and Offshore Facilities Security Act 2003*. The first audit of the plan was successfully completed in November 2004. Comprehensive consultation was carried out with the Port community through the Port Security Committee and other industry working groups. All Port users participated with the exchange of information and introduction of the new security measures.

Increased security measures now functioning as part of the everyday business include:

- installation of new gates, cameras, access control systems, and wharf fencing;
- water-side security patrols;
- increased security awareness and culture within the Port;
- identification and management of issues arising as a result of the introduction of the new security measures, ensuring minimal disruption to trade and its associated operations;
- implementation of security procedures to protect critical infrastructure from external threats;
- annual audits to determine the adequacy of security measures to protect critical infrastructure.

All Port users
participated with the
introduction of the new
security measures

Engineering Infrastructure Works

This year the Authority undertook infrastructure works consisting of approximately \$2 million of capital improvements and just under \$9 million of maintenance works. We also assisted third parties by managing some \$1.5 million of civil works on their behalf.

CHANNEL AND HARBOUR DREDGING

In a co-operative arrangement with the Ports Corporation of Queensland, the dredging campaign in Townsville for 2004/2005 was completed in two stages, allowing *The Brisbane* to undertake urgent works at Hay Point midway though the Authority's maintenance contract with Port of Brisbane Corporation at a cost of \$2.2 million.

Dredging of the inner harbour swing basin and silt trench was undertaken for the first time in more than ten years by the dredge, *The Brisbane* with about 185,000m³ of dredge material relocated to a sea disposal site. A further 155,000m³ from the outer harbour and 160,000m³ from the Platypus Channel was disposed of at the approved location.

BERTH 1 PILE ENCAPSULATION

Berth 1 is the bulk liquids berth which was constructed approximately forty years ago. The structure consists of 190 concrete piles of three different sizes, which required urgent repairs to contain the bursting forces generated due to Alkali Aggregate Reaction.



New security gates at Benwell Road.

The tender for encapsulation of piles was awarded in April 2004. The challenge to the contractor and the Authority was to work around shipping operations and complete the job on time and within budget. This was managed successfully. The project was completed on time at a cost of approximately \$3 million. This pile encapsulation work will extend the useful life of the berth by at least another twenty years.

FENDER UPGRADE OF BERTHS 2, 3, 7, AND 9

Fender systems on berths 2, 3, 7, and 9 were upgraded at a total cost of approximately \$1.4 million to improve the navigational safety and operational efficiency.

A new discrete cone fender system replaced deteriorated timber and steel fender piles and insufficient fender rubbers on berths 7 and 9. These new fenders are highly effective in energy absorption and load transfer.

Additional new fender rubbers were bought to fill in the gaps between the existing fenders on berth 3. These new fenders will support the unsupported fender piles, reducing the misalignment and damage to piles and spill plates.

PUMP ASHORE SYSTEM AND ROSS CREEK DREDGING

This project consisted of modification to the Authority's split hopper barge *Eric Netterfield* to pump dredge material into a pond located in the eastern reclamation area. The project was started in 2003 but a number of modifications to improve the safety and the efficiency of the system were completed this financial year at an approximate cost of \$200,000.

The modified *Eric Netterfield*, was used to perform maintenance dredging in Ross Creek using the Authority's own plant and labour. After obtaining the necessary approvals from the Environmental Protection Agency, the Authority removed approximately 6,500m³ of dredge material between the Dean Street Bridge and the Townsville Motor Boat and Yacht Club during May and June 2005 at a cost of \$170,000. All the dredge material was pumped to the reclamation area using the modified pumping system.

ELECTRICAL UPGRADE WORK

The Authority planned to carry out major upgrade work in the High Voltage (HV) and Low Voltage (LV) electricity distribution networks in the Port to improve the service reliability to our customers. Most of this work was postponed due to the proposed HV feeder system upgrade to the Port by Ergon Energy. The Authority expects to complete this electrical upgrade once the Ergon Energy upgrades are finalised.

Other minor electrical work not affected by the future Ergon upgrade work was completed. These included lighting upgrades on berths 2, 8, 9, and 10 and the replacement of the old generator with a new emergency power generator. The new generator is capable of supplying power to the engineering building and emergency response centre in case of a power failure.

STABILISATION AND CONTAINMENT OF CONTAMINATED DREDGE SPOIL

Levels of metal contamination and toxicity in some areas of the inner harbour were elevated to a point that dredge material could not be relocated to the sea dump. This contaminated material was pumped ashore and treated so the metals stabilised and the probability of leaching and ground water contamination was minimised.

In 2002/2003 approximately 60,000m³ of contaminated material was dredged from the inner harbour. It was stabilised and relocated this financial year in a joint effort with some Port community members. The material was treated with lime and cement to provide chemical and geotechnical stability and was deposited in a purpose made pond, which was lined with a clay layer at the top and bottom to stop leaching of metals. The total cost of this project was approximately \$1.5 million and was managed on behalf of our customers.



LOOKING AHEAD

PORT SECURITY

Maritime Security Identification Card

Preparations for the introduction of the Maritime Security Identification Card (MSIC) are well advanced. Potential MSIC holders have been identified and captured within a security access database to ensure a smooth transition over to the new system.

In addition to the development of the database, the Port Security Committee has identified potential operational issues as a result of the introduction of the MSIC and are working to identify and implement solutions. Landside restricted zones are now well established with the construction of security fencing which clearly defines the areas where the MSIC will be required.

Pilot Transfer Operation

The current Pilot Transfer contract with Maritime Safety Queensland is due to expire in October 2005. The Authority expects this contract to be extended to a second term.

ENGINEERING INFRASTRUCTURE WORKS

Channel and Harbour Dredging

Townsville Port Authority must anticipate the sedimentation effects of natural process and their impact on our access channels and harbours. An allowance has been made to remove 200,000m³ of material from the outer harbour and 160,000m³ from the Platypus Channel under contract provisions with the Port of Brisbane. Given the success of dredging the inner harbour last year we are confident that we will be able to maintain the required depths this coming year with small amounts of bed-levelling and grab dredging. The total funds required for dredging in 2005/2006 are approximately \$2.2 million.

Berth 4 Upgrade

Berth 4 consists of three berthing dolphins, a RO-RO ramp, and a driveway connecting those structures. The existing permanent fendering covers only the dolphin areas, but the Authority must provide fendering in other areas to improve the safety of the wharf and the ships berthing on this wharf.

Approximately \$5.5 million will be allocated for the upgrade of Berth 4. This upgrade work will not only improve the navigational safety of this wharf but also provide additional wharf and storage space.

At the moment this project is under review pending the outcome of the Berth 6/7 Business Case investigation.

Berth 6/7 Demolitions and Maintenance

The structural integrity and effectiveness of Berth 6/7, a structure that is now about one hundred years old, is under review and subject to development of a business case.

Berth 1 - Safety Improvements

The bulk liquids berth is classified as a Class 1 Zone 1 flammable zone. The Authority has budgeted to upgrade the berth's lighting, fire fighting capability, and communications systems at a cost of \$200,000.

Miscellaneous

- ➔ Channel marker beacon upgrade in the Ross River at a cost of \$120,000 to improve navigational safety.
- ➔ Further improvements to corner fendering on the wharfs at a cost of approximately \$200,000.
- ➔ It is planned to spend approximately \$500,000 on HV and LV network upgrade work which was postponed due to supplier upgrade work.
- ➔ Environmental monitoring system upgrade at a cost of \$40,000 so the ocean's current, wave, tide, and wind information can be collected for operational and reference purposes.

Planning & Environment



Planning

IN REVIEW: OUR PERFORMANCE

Goal: To adopt whole of Port planning and management for the sustainable growth of the Port, Townsville, and the region.

Strategy	Outcome	Achieved
To review and develop a co-ordinated approach to strategic planning for the future development of the Port.	Develop a Trade Potential Study by 2005 and review internally every 12 months.	Yes
Maintain liaison with relevant state and local Government agencies.	Develop a future power strategy.	On target
	Contribute to planning initiatives within the Townsville Economic Gateway.	Yes
Review and improve internal processes to facilitate and enhance efficiency of development assessment under IDAS.	Review and refine internal development codes by 2005/2006.	On target
	Develop an IDAS reference manual for developers.	On target
	Facilitate pre-lodgement meetings with developers.	Yes
Develop and promote sustainable Port management.	Exploration of renewable energy opportunities.	Yes

With such exciting growth potential within the Port and the wider region, 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.

During 2004/2005, 13 Integrated Development Assessment System (IDAS) applications were received. All of these applications were for modifications and/or extensions to existing infrastructure. All applications were approved in full.

To assist our existing Port customers and new customers we commenced the development of formalised guidance documents relevant to land use planning and development. This includes a review of landscaping and environmental management guidelines. This project will be further developed in 2005/2006 with the introduction of a development guidance manual.

The Authority has been working with key stakeholders to address strategic transport networks within and adjacent to the Port. The first stage of this work has been completed which identifies the receiving alignment for the road and rail corridor associated with the Port Access Project. Further works will be undertaken during 2005/2006 to finalise the connectivity with existing transport networks and determination of capacity and alignment for future expansion.

LOOKING AHEAD

Recent amendments to the *Transport Infrastructure Act 1994* through the *Transport Infrastructure and Other Legislation Amendment Act 2005* have introduced statutory provisions regarding land use plans for Ports. In light of these amendments, the Authority will undertake a review

of the Port of Townsville Land Use Plan which will include the co-ordination and integration of core matters relevant to the land use plan and will identify desired environmental outcomes for the land along with measures that will be adopted to help achieve these outcomes.

The Port of Townsville is located within the central business district of the City of Townsville. The Authority and Port customers have made large-scale investments in assets that cannot be moved – assets that provide significant economic benefit to the region. As the region and the city have prospered and grown, land values have increased and land uses surrounding the Port's assets have been changing. These land use changes are imposing greater challenges with respect to land use planning to ensure the long-term viability and growth of commercial core Port operations whilst minimising conflicts with adjacent land uses. The Authority embraces these challenges and is seeking to further establish effective land use planning controls to ensure an appropriate balance between the economic advantages of development with its social and environmental implications, and the promotion of consistent, predictable decision-making. These include:

- ➔ implementation of the Strategic Transport Plan through the review of the Port Development Plan;
- ➔ a review of the Port of Townsville Land Use Plan and development of associated land use planning and development guidance material;
- ➔ continue with the development and application of a co-ordinated approach to strategic land use planning for the future development of the Port of Townsville;
- ➔ implementation of Stage 3 of the Authority's Environmental Park.

Environment

IN REVIEW: OUR PERFORMANCE

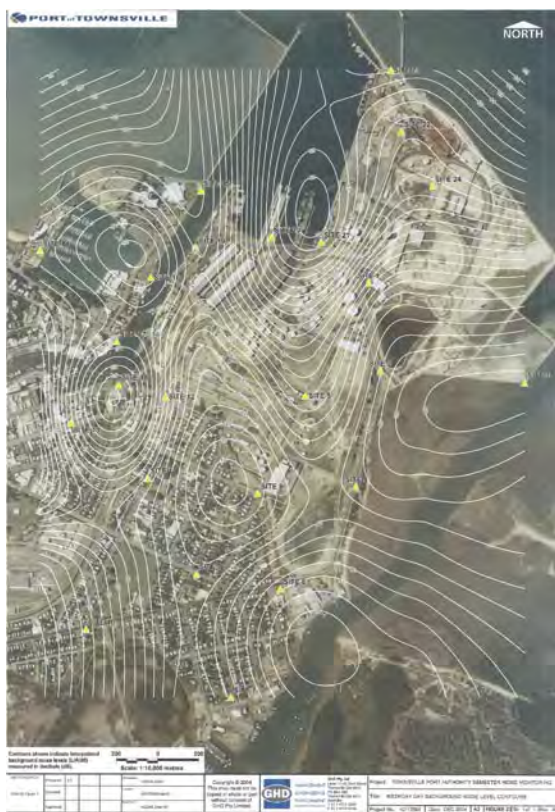
Goal: To value the environment and amenity of the Port and its surrounds.

Strategy	Outcomes	Achieved
Develop a proactive and pragmatic system of integrated and co-operative environmental management.	Develop the Environmental Management Plan and review internally every 12 months.	Yes
	Positive feedback on performance from Port users and the wider community through feedback surveys.	Yes
Promote Port environment.	Port school education program.	Yes
	Public environmental reporting.	On target
	Public dissemination of environmental monitoring results.	Yes
	Maintain and review environmental research and monitoring initiatives.	Yes

The 2004/2005 financial year has seen the development and continued implementation of a comprehensive environmental management program aimed at understanding and better managing our environment and activities for improved management performance. We are proud of our statutory compliance record, the further development and enhancement of our understanding of the natural environment, and by the continued development of a truly integrated Port community approach to environmental protection.

NOISE MONITORING 2005

The Authority has continued the Port of Townsville Long Term Noise Monitoring Program, undertaken regularly since 1998. During the 2004/2005 financial year, monitoring was undertaken in July and December 2004 representing dry and wet season assessments. This noise monitoring program was developed to assess the impact of Port activities on sensitive adjacent land uses and to assist with future land use planning.



Weekday background noise contours at the Port of Townsville during December 2004.

Noise data is collected from 24 locations within the Port and surrounding residential and commercial areas over various time periods. The results from the monitoring are used to highlight areas of concern, provide a comparison to noise guidelines, assist with the planning of Port developments to ensure that potential noisy activities are not situated adjacent to sensitive areas, and to assess the adequacy of noise mitigation measures implemented.

Results indicate that the levels recorded were within noise level guidelines of the Environmental Protection Policy, which is upheld by the Environmental Protection Agency.

WATER QUALITY MONITORING PROGRAM

The 2004/2005 financial year saw the development and implementation of a Long Term Water Quality Monitoring Program within and adjacent to the Port of Townsville. This program was designed to complement and expand on existing long-term research and monitoring initiatives and aims to assess the quality of receiving marine and estuarine waters within and immediately adjacent to the Port of Townsville. This program provides essential baseline data against which we can use to monitor and assess Port activities and consider the efficiency of management techniques applied to Port activities.

Water samples are collected biannually to consider dry and wet season influences from over thirty locations within the Port area, Ross Creek, and Ross River. The samples are analysed for hydrocarbons, heavy metals, suspended solids, phosphorous, and nitrogen. This data is assessed against state and national guidelines.

The results indicate that all samples were within the Australian and New Zealand Environment and Conservation Council guidelines values for the wet and dry sampling periods for all listed parameters. The results for suspended sediments indicated that Cleveland Bay had higher levels of suspended sediment, most likely due to wind mixing and natural turbulence as the results in the deeper more sheltered inner harbour showed low levels of suspended sediment. The wet season sampling showed an increase in levels of suspended sediment recorded within the estuaries - though the inner harbour continued to display low levels of suspended sediments. Whilst all recordings were within guideline limits, variations between sample locations were apparent, for example, the surface water samples from Ross River and Ross Creek displayed higher levels of total nitrogen, total phosphorus, barium, manganese, zinc, and suspended solid

concentrations upstream than were recorded within the Port. Seasonal variation was also observed with wet season samples showing elevated levels of some parameters with less variation between samples, illustrating how rain events can increase and homogenise the sample results through the mixing of fresh and sea water.

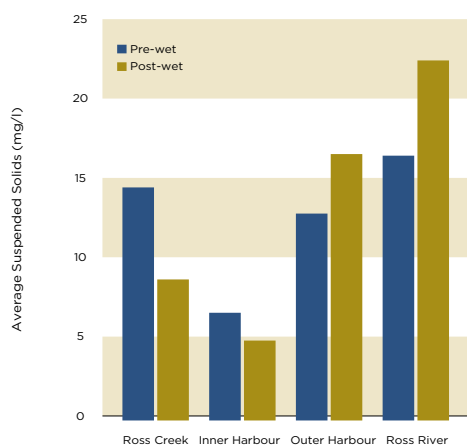


Figure 1. Suspended solid concentrations in marine and estuarine waters within and adjacent to the Port of Townsville.

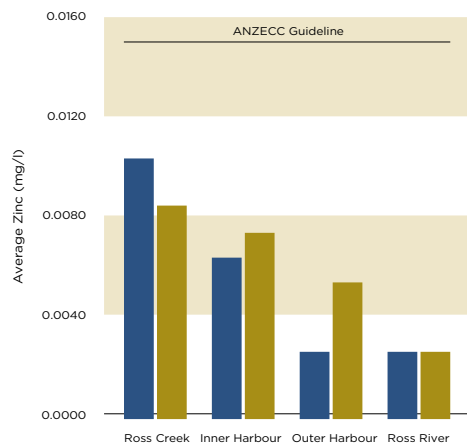


Figure 2. Dissolved zinc concentrations in marine and estuarine waters within and adjacent to the Port of Townsville.

ENVIRONMENTAL INCIDENTS

The Authority defines a reportable environmental incident as any confirmed event or action occurring within the jurisdiction of the Port, which has an impact or a potential impact, on the land, water, atmosphere, flora, or fauna.

Environmental incidents are reported by the Authority's employees, Port customers, members of the public, and regulatory agencies. All reported environmental incidents are recorded in a database, investigated and, if required, action is taken to mitigate the impact and ensure methods are in place to prevent reoccurrence. Quarterly summaries of environmental incidents are presented to the Port community through the Port Advisory Body and the Environmental Working Group.

Figure three illustrates the total number of environmental incidents recorded each year. A decrease in recorded incidents is shown for 2004/2005 compared to the previous years' and is the lowest recorded year to date. This reduction is very positive and suggests that management and awareness programs throughout the Port have been effective.

Additionally, 66 per cent of environmental incidents were reported by the Port community or employees of the Authority, demonstrating that the Port is committed to environmental reporting and incident management. This also suggests that incidents are being reported sooner and appropriate management is being taken before impacts occur off-site.

From the 18 recorded incidents, eight groupings were identified; discharge to water which is any non oil-based discharge to water, dust, faunal incident, odour, oil spill (land), oil spill (water), product spill which is any spill involving products transported through the Port, and other. Figure four illustrates the breakdown of environmental incidents recorded in 2004/2005.

The most common incidents reported were dust and land-based oil spills with four incidents recorded for both. The number of reported oil spills was less than the 2003/2004 financial year and a prompt response from the Port community ensured these land-sourced oil spills were prevented from entering the water. There was an increase in reported dust incidents and additional monitoring was initiated to expand the long-term dust monitoring program and investigate this matter.

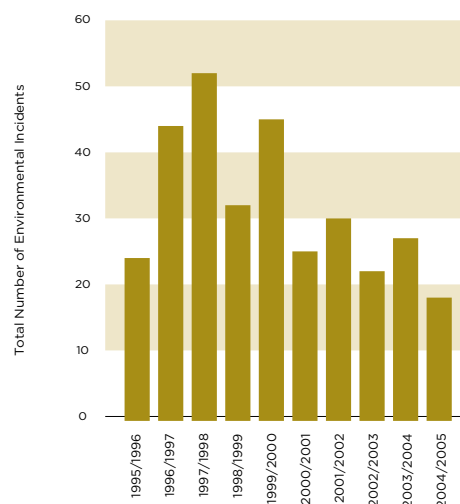


Figure 3. Total environmental incidents.

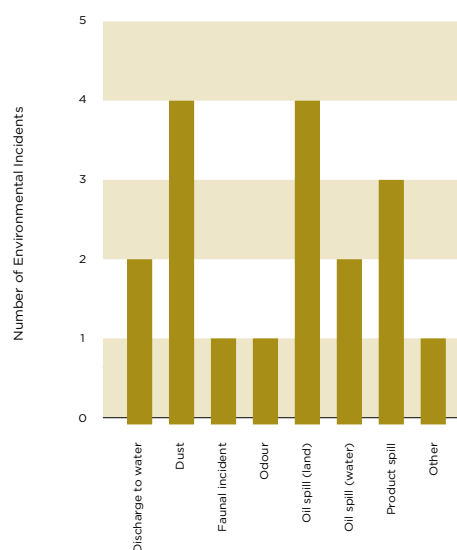


Figure 4. Environmental incidents breakdown for 2004/2005.



LONG TERM SEDIMENT MONITORING PROGRAM

Townsville Port Authority has been conducting a long-term sediment monitoring program since May 1995. This program was implemented primarily to manage dredging operations at the Port of Townsville. However, the program also assists the Port community by acting as a management tool for product handling activities. It provides an effective means through which to monitor and assess the effects of Port operations on the marine environment and acts as a guide for determining the suitability of dredged material management alternatives.

The sampling program includes the quarterly collection of 242 samples, from the inner harbour, outer harbour, Ross Creek, Ross River, the Platypus Channel, and Sea Channel which are analysed for a suite of heavy metals.

A detailed review of the sediment monitoring results over the past decade has revealed that despite increases in the tonnages of metal-related products handled through the Port, there has been a noticeable decline in heavy metal concentrations within the marine sediments of the Port. These results demonstrate that significant improvements have been made in product handling practices and management strategies associated with Port operations that have resulted in improved environmental quality.

LONG TERM DUST MONITORING PROGRAM

The Port of Townsville dust monitoring program was developed in consultation with the Environmental Protection Agency (EPA) in 1994. The program is run as a co-operative initiative between the Townsville Port Authority, the Environmental Protection Agency, Queensland Nickel Ltd, BHP Billiton, Xstrata Copper Australia, Northern Shipping & Stevedoring, and WMC Fertilizers. Whilst many members of the Port community undertake site-specific dust monitoring and are involved in dust investigation programs, the Port dust monitoring program allows for a whole-of-Port assessment, incorporating an assessment of Port management practices in relation to air quality. The Port of Townsville Dust Monitoring Program is part of the Queensland Air Quality Monitoring Network. The data is downloaded directly by the EPA and is available on their website <http://www.epa.qld.gov.au>.

This program was developed to ensure that dust emissions from activities within the Port remain within acceptable limits and have a minimal effect on the environment and surrounding areas. The program monitors inhalable particulate matter (PM_{10}) which is harmful to human health and aims to detect sources of elevated dust emissions assisting in the development of appropriate management techniques to prevent any potential problems stemming from identified source activities. The results are compared

to state and national standards and examined for any trends that may pertain to Port operations. The results are also considered against comparable dust monitoring stations located within the Townsville region.

Also, ten dust deposition gauges are placed in strategic locations around the Port to supplement the long-term dust monitoring program. Dust deposition gauges are very simple yet effective dust monitors, relying on the passive deposition and capture of dust. They provide basic data on dust deposition rates and the relative 'dustiness' of sampling locations. However, they are unable to provide information on dust concentrations or dust relating to wind direction or particular events.

Results show that the predominant winds were recorded from a north-easterly through to a south-westerly direction with the majority of particulate matter recorded below $39Qg/m^3$ (Figure 6). The highest dust concentrations (PM_{10}) were recorded from the north-east to the south-east where the majority of Port activities are located. The highest winds recorded at 4-5m/s came from the north-east to the south-east (Figure 7).

The two wind roses suggest that PM_{10} concentration was affected by wind speed, the higher the wind speed, the higher the recorded dust concentration. Dust concentration is much higher from a north-easterly through to a south-westerly direction which is the direction of Port activities and the city centre of Townsville, both of which have the potential to generate dust.

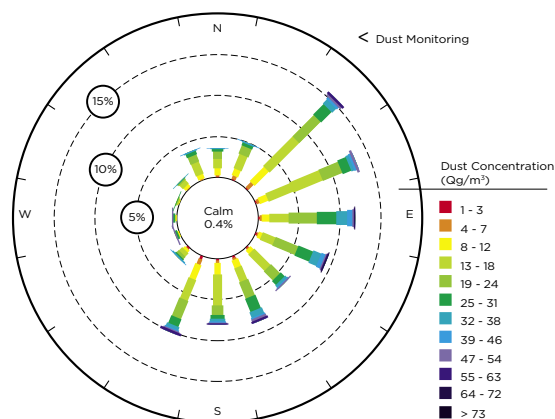


Figure 6. Wind direction and dust concentration.

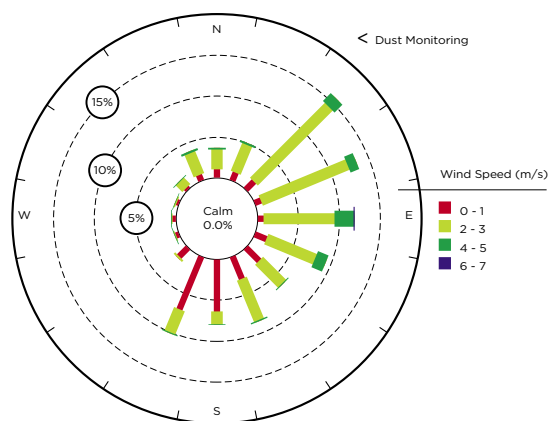


Figure 7. Wind direction and wind speed.



Sediment sampling provides an effective means to monitor and assess the effects of Port operations on the marine environment.

ENVIRONMENTAL MANAGEMENT INITIATIVES

Townsville Port Authority recognises both the environmental and management complexities associated with Port operations and has adopted a proactive approach to environmental protection. The Authority's goal in this area is to ensure that all Port operations and development activities are undertaken in an environmentally sustainable manner. Some of the initiatives adopted over the past financial year are outlined below.

Environmental Working Group

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

This year the EWG has focused on integrated Port initiatives including; the finalisation of a review of the Port of Townsville Environmental Management Strategy, finalisation of the scope of works for a repeat of the regional background dust assessment works initially undertaken in 1998, possible expansion of the Port of Townsville dust monitoring program, and regular review of legislative compliance and management initiatives.

Management Systems

We have reviewed the Environmental Management Plan relevant to the Authority's activities and commenced preparations for the integration of the Authority's Environmental Management System with the wider Business Management System to develop a fully-integrated approach to Port management.

Training & Professional Development

As the business of the Authority develops, the responsibilities and functions of positions also develop. The key to ensuring that our environmental program remains effective, and the Authority is able to continue to offer a high level of environmental service, is in ensuring that our people and contractors have an appropriate level of environmental training and are aware of the potential sensitivities of the receiving environment. The Authority remains supportive of training programs that enable our employees and Port customers to maintain awareness of emerging issues and technologies and changing legislation and responsibilities.

Over the past year our employees attended a variety of internal and external environmental awareness programs and are actively participating in post-graduate training to ensure effective environmental outcomes. These include:

- ➔ site-based inductions and generic Port environmental awareness training;
- ➔ Government and industry training related to legislative amendments and changing expectations;
- ➔ professional development training including; ecotoxicology training, dangerous goods management, environmental and business management post-graduate studies, environmental management systems, and auditing, etc.

Environmental Compliance

During the year the Authority achieved total compliance with the reporting conditions attached to relevant environmental licences and permits.

Some minor non-compliance events were recorded in relation to the Authority's sewage treatment plant and recycled water program. However, this was a significant improvement on previous years and appears to be a direct result of the Trade Waste Management Policy introduced during 2003/2004.



Ten dust deposition gauges are placed in strategic locations around the Port to supplement the dust monitoring program.

Feral Cat Management

Due to increasing concerns regarding feral cat numbers within the Port, the Authority has initiated a feral cat eradication program utilising independent contractors. The effectiveness of this program will be assessed during the next financial year.

Introduced Species

In 2004/2005, the Authority focused on raising the profile of introduced species within the Port and actively encouraged reporting of unusual flora and fauna. In response, the Authority's maintenance team reported three unusual sightings within the Port over the past year. Samples were collected and transferred to the Australian Quarantine Inspection Service for identification. Whilst we were fortunate that the species identified did not represent a risk of environmental harm, the ongoing identification of unusual flora and fauna will assist with the rapid identification of introduced species should an outbreak occur.

CLIPPINGS

- The Port's environment team participated in a variety of school programs focused on integrated catchment management in the Townsville region. An overview of the Authority's environmental program and Port tours were a core component of these studies.
- The Authority's post-graduate program has continued to develop. This year Andrew Rumsby from James Cook University developed a fine scale hydrodynamic model for the inner harbour. Andrew's work was recognised by the Environmental Engineering Society/Waste Management Association and the Institute of Engineers. The model creates residence time maps that show how long it takes water to leave the harbour and Ross Creek as well as identifying the natural factors (e.g., location the water starts in, tide, and wind) that affect those residence times. This information can be applied to Port management issues including pollution control and siltation management.

- The Authority has participated in the development of the Townsville Centre for Excellence in Tropical Design, Sustainability & Innovation and has contributed financially to the Centre through the sponsorship of the Hunter Lovins Sustainability tour in May 2005. Participation in local initiatives such as this recognises the Authority's commitment to sustainable development and confirms our commitment to a sustainable future.

LOOKING AHEAD

During 2005/2006, the Authority will be focused on improving our understanding and assessment of the Port environment and providing for the sustainable growth and utilisation of the Port of Townsville.

Some of the areas we will be focusing on in relation to the environment include:

- develop and promote sustainable Port management including the exploration of renewable energy opportunities;
- recognition of individual efforts through the introduction of the Port of Townsville Environmental Awards;
- development of a system of integrated and co-operative environmental performance assessment and reporting using the EWG Environmental Management Strategy as a basis for assessment;
- public dissemination of environmental research and monitoring initiatives and improved community understanding of Port management practices;
- continued development and implementation of research and monitoring initiatives that improve our understanding of the Port environment;
- formalisation of the Authority's commitment to local post-graduate research through the development and implementation of the James Cook University Port Partnerships program.

Community & People

Reaching Our Audience

IN REVIEW: OUR PERFORMANCE

Goal: To be a responsible corporate citizen that is responsive to the needs and expectations of the community.

Strategy	Outcome	Achieved
Promote connection and exchange between the Port and local communities.	Develop a Port Community Group represented by a cross-section of the community to meet quarterly.	Yes
Ensure the community is kept aware of Port activities and developments.	Bi-monthly distribution of rapPORT to customers and neighbouring residents. Increase the distribution range by 15 per cent.	Yes
	Monitor community awareness of Port operations and developments.	Yes
Broaden public understanding of the Port's history, and the significance of the Port to the local and regional economy.	Marketing the Port and its achievements through local media and mail-outs.	Yes
	Develop an educational/interactive CD/DVD.	Yes
Promote the Port as a good corporate citizen through contributions to relevant charities, events, and community projects.	Improved status as a good corporate citizen.	Yes
	Donations and sponsorships made in accordance with the <i>Sponsorship and Donation Policy</i> .	Yes

Goal: To promote and maintain an integrated and co-ordinated Port community.

Strategy	Outcome	Achieved
Maintain customer satisfaction by establishing consultation processes to ascertain customer needs, and address customer complaints and concerns.	Customer Service Policy to be developed and implemented.	Yes
	Conduct annual customer feedback surveys.	Yes
	Establish a process for regular provision of customer feedback and comments.	Yes
	Develop Complaints Handling Policy and Guidelines.	Yes
To identify and promote synergies amongst our Port communities.	Hold Port Advisory Body meetings bi-monthly.	Yes
	Hold Environmental Working Group meetings quarterly.	Yes
	Hold Port Safety Committee meetings quarterly.	Yes
	Hold Port Security Committee meetings quarterly.	Yes
Promote growth, development, and improved understanding throughout the Port and shipping community.	Develop and implement a continuing education program addressing various aspects of Port operations and maritime transport.	Yes





A constant emphasis on safety in the workplace resulted in employees of the Townsville Port Authority going 12 months without a lost time injury (LTI).

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

Our monthly employee newsletter 'High Tidings' aims to build cohesion and idea-sharing amongst our employees who, often because of the nature or location of their job, do not interact face-to-face.

Our external website and quarterly external newsletter, 'rapPORT', form the basis of our interaction with our outside audiences, including everyone from Port users to the general public.

EMPLOYEE, CUSTOMER, AND COMMUNITY FEEDBACK SURVEYS

In April 2005 the Authority appointed a consultancy firm to conduct employee, customer, and community feedback surveys. The results will be used by the Authority to identify issues and develop strategies to address these issues.

Employees

The Authority commenced the first in an ongoing program of employee feedback surveys to gauge the level of satisfaction of all employees in various areas, including job satisfaction; remuneration arrangements; work/life balance; communication efficiencies; management and board leadership and direction; organisational effectiveness; and opportunities for training and career development.

Out of the 73 employees at the Authority, 41 (56 per cent) completed the survey. The majority of employees are proud to work for the Authority (65 per cent), consider the Authority a good organisation to work for (66 per cent), and are motivated to see the Port succeed (95 per cent). Most also believe the Authority is a secure place of employment and that it is flexible with managing family and personal responsibilities (64 per cent).

Overall, employees are satisfied with their positions at the Authority (73 per cent). However, the survey highlighted areas where improvements can be made, in particular:

- communications (particularly regarding where the organisation is heading);
- structured training for employees and career development;
- improved leadership and teamwork between units;
- respecting and valuing employees.

Customers and Stakeholders

The Authority conducted a survey of 52 key stakeholders including Government agencies and customers. Generally, stakeholders believe there is a healthy day-to-day working relationship between themselves and Townsville Port Authority employees.

Thirty seven respondents (71 per cent) felt the relationship with Townsville Port Authority was good, 12 (23 per cent) had issues. One respondent was neutral.

The research results flagged two areas where Townsville Port Authority had the greatest opportunity for improvement. Firstly, its communication with stakeholders and secondly in the area of strategic planning. With the latter, the criticism was directed at specific projects, and the length of time in decision making to get projects implemented.

Community

Townsville Port Authority carried out a survey of the wider Townsville/Thuringowa community to build our understanding of the community's assessment of us as a corporate citizen. The Authority had the highest 'satisfactory' rating of prominent Townsville organisations listed in the survey. The majority of the community who had direct contact with the Port Authority rated it as excellent.

When specifically asked to rate the Authority's importance in underpinning Townsville's progress, on balance, it is seen as 'very important'.

Overall the Townsville Port Authority is seen as environmentally responsible.

PORT COMMUNITY PARTNERSHIPS FORUM

The Townsville Port Authority established a Port Community Partnerships Forum in February 2005.

The Forum 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 – thereby ensuring operations at the Port of Townsville remain sensitive to the interests and expectations of the community.

COMPLAINTS

In February 2005, the Authority implemented revised Complaints Handling Guidelines to ensure any complaints received are correctly logged and investigated.

54 formal complaints were registered this year comprising:

Dust	9
Noise and vehicles	9
Pricing and charges	9
Boat ramps	8
Other	19

51 of these complaints were addressed and resolved during 2004/2005.

INTERACTIVE INFORMATION CD AND DVD

Townsville Port Authority launched an interactive information CD and DVD on the Port of Townsville. Students and the community can learn all about the significant role the Port has on the economy and life of North Queensland, since its inception in the late 1800's.

The CD and DVD was sent to high schools from Townsville to Mount Isa, Ingham, and Ayr. It educates the general public and students on the impact the Port has on their lives, providing students with up-to-date information on the Port of Townsville from their desktop.

The CD and DVD contains useful facts and graphics, information on the history of the Port, the environment, links with the community, Port people, videos, shipping, imports and exports, security, the future, etc. It also contains a children's section with exercises and games so even the youngest user can enjoy the CD and DVD.

DONATIONS AND SPONSORSHIPS

The worth of an organisation is reflected in a number of ways, one of which can be measured by its impact on the community. At the Port of Townsville, our 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 involvement 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)*.

The Authority actively promotes Port tours and educational programs for local and regional schools, community groups, and business partners.

In 2004/2005 the Authority spent over \$40,000 on donations and sponsorships to local charities, local business activities, cultural events, trade events, tourism, and mining activities. Some of these are detailed in the table below.

Maritime Museum

The Authority is a major benefactor/sponsor of the Townsville Maritime Museum. In 2004/2005, the Authority contributed \$47,082 to the Museum.

Townsville Enterprise

Townsville Port Authority is a major sponsor of Townsville Enterprise Ltd., an organisation which promotes economic growth in Townsville. In 2004/2005 the Authority contributed \$62,000 to Townsville Enterprise Ltd.

VP60 Commemorations

In August 2005 Townsville commemorates the end of the conflict of war and remembers the sacrifices of those who fought, died, and defended the freedom we enjoy today – 60 years later.

The Authority contributed \$100,000 which is being used to umbrella all events. However it will be the 'living heroes' sky show – to be held on the foreshores of the Townsville Strand, that will highlight the involvement of the Authority.

The sky show is the highlight to the program of events, and will attract over 5,000 veterans and family with approximately 60,000 persons in attendance.

SUMMARY OF 2004/2005 COMMUNITY DONATIONS AND SPONSORSHIPS

Australian Red Cross Donation (final payment of 3 year sponsorship)	\$7,000
Townsville Art Society Award for 2004 and 2005 Sponsorship	\$3,000
James Cook University Academic Prizes	\$1,750
Australian Red Cross Tsunami Appeal Donation	\$5,000
Townsville Region Export Awards Sponsorship	\$5,000
Cancer Society 'Relay for Life' Donation	\$2,500
Hunter Lovins Sustainable Business Tour Sponsorship	\$1,000
North Queensland Tourism Awards Sponsorship	\$1,500
The Leukaemia Foundation 'Shave for a Cure' Donation	\$1,080
The 2005 Mount Isa Mining Expo Sponsorship	\$13,000



Townsville Port Authority employees raised funds for the Leukaemia Foundation by shaving or colouring their hair in March 2005.

North Queensland Paralympics

In August 2004, the Port community joined together in a fundraising effort that provided the North Queensland Paralympics Committee with almost \$9,000. The funds were raised through hole sponsorships and team nomination fees at the Port's annual Corporate Golf day.

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.

World's Greatest Shave

Townsville Port Authority employees raised almost \$3,000 for the Leukaemia Foundation by shaving or colouring their hair on Friday, 11 March, 2005.

Most of the Port community and Authority employees donated funds and the Authority sponsored employees by donating \$20 per employee who has their hair coloured, \$100 per male employee to shave their head, \$200 for male employees with long hair, and \$200 for all female employees.

Port Community Supports Aid Vessel

The Townsville Port community joined together to help an aid vessel, *The Normandie Express*, on its way to Indonesia with cargo for the relief supplies following the Boxing Day tsunami. The efforts of the Townsville Port Authority and the Port community showed what real teamwork can accomplish.

Townsville Port Authority waived all Port charges for the vessel and the cargo to be loaded. Patrick Stevedores, Adsteam Marine (who provide tugs), Australian Reef Pilots, Maritime Safety Queensland, and Toll Seacargo also provided their services free of charge.

The Townsville Port Authority also donated \$5000 to the Australian Red Cross and encouraged its employees to support the relief efforts through personal donations to the tsunami appeal.

LOOKING AHEAD

- ➔ In 2005/2006, the Port will commence an educational alliance with a local school called the 'Port of Townsville School Education Program'. 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.
- ➔ The Authority will expand external communications through additional targeted publications, and a Port Information Series aimed at educating the wider community, including Port customers and local industries, on the Port's functions, roles, powers, and operations.
- ➔ The Authority will identify and promote synergies amongst our Port communities through regular Port group meetings including the Port Advisory Body, the Environmental Working Group, the Port Safety Committee, Port Community Partnerships Forum, and the Port Security Committee.
- ➔ The Authority will redevelop the external website to improve its appearance, functionality, and usability. The external website is an important communication tool which plays a major role in promoting and informing stakeholders, and also facilitates doing business with ease for our customers.

Managing Occupational Health and Safety

IN REVIEW: OUR PERFORMANCE

Townsville Port Authority's safety vision is 'zero injuries'. The Authority is committed to the provision of safe and healthy working conditions for its employees, port users, and contractors, and to the safe custody of visitors to its operations and premises.

To achieve, sustain, and maintain the safest practicable workplace requires a balanced approach. At the Port of Townsville we focus equally on 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 any endeavour to prevent injury and harm at work. The Authority provides ongoing education and training to:

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

Safety is a shared responsibility between the Authority and its employees. Every employee has a level of individual accountability for their own safety by adhering to safety systems and procedures, wearing appropriate clothing at all times, being aware, and reporting workplace hazards and risks.

ACHIEVEMENTS

- A Wellness and Healthy Lifestyle program was established to help improve the health and wellbeing of employees - our most valuable asset. An external professional was engaged to provide medical and health information.
- The Port operated for 433 days without a lost time injury recorded. A safety award was given to all employers and our maintenance contractors, John Holland.
- Just over 1,650 safety, security, and environmental inductions took place.

REPORTED INCIDENTS

Number of lost time injuries incidents	1
Number of other injury incidents	5
Number of contractor incidents	3
Number of near miss/dangerous occurrences	3
Total number of incidents reported	12

WORK COVER CLAIMS

Work cover claims for 2004/2005 rose slightly from the previous period to five. One claim resulted from a lost time injury and four claims were for medical expenses only.

LOST TIME INJURY FREQUENCY RATE

INDICATOR	2001-2002	2002-2003	2003-2004	2004-2005
Total number of employees	75	71	74	72
Hours worked	135,018	120,503	116,975	119,443
Lost time incidents	2	5	1	1
Lost time frequency rate	14.81	41.49	8.54	8.37
Average lost time rate	8 days	12.9 days	3 days	4 days
Incident rate	25.3	29.5	6.7	4.1

TRAINING AND AWARENESS

The *Workplace Health and Safety Act 1995 (Qld)* and other legislative provisions require the Authority to ensure the health and safety of all employees, contractors, and others. The Authority educates and assists individuals to meet their workplace health and safety responsibilities.

All new employees are introduced to health and safety procedures and are trained in emergency procedures to enable them to fulfil their responsibilities. This includes a site induction, evacuation training, area familiarisation, and fire extinguisher handling.

Other training offered includes; unacceptable workplace behaviours, job hazard analysis, risk management, manual handling, senior first aid/CPR, and elements of shipboard safety.

LOOKING AHEAD

The Authority is working to attain AS 4801-2001 Occupational Health and Safety Management Systems accreditation. The goal is to be ready for assessment by June 2007. External auditors have commented favourably on the Authority's integrated safety management systems progress. However, we still have some ground to cover and should reach our goal of compliance by the target date.

Townsville Port Authority has just completed the Health and Safety Management Manual. In 2005/2006 the Authority will commence consultation on a new health and safety policy which will display characteristics reflective of the values and beliefs of our organisation.

The policy recognises:

- the importance of people to the organisation;
- safety can contribute to business performance by developing human and physical resources;
- reducing cost and liability;
- developing appropriate organisational structures and a culture which supports risk control;
- the need to resource and plan policy implementation adequately;
- that the only effective approach to injury, ill health, and loss prevention is one based on the systematic identification and control of risk;
- the need to monitor and review performance to learn from experience.

In 2004/2005, health and safety improvement plans were established. A key focus area of these improvements is risk management. Risk assessments were completed on all activities carried out by our workshop personnel prior to commencing the tasks. As a result we have identified the top ten health and safety risks. Action plans were established for five of these risks for implementation in 2005/2006.

Our People

IN REVIEW: OUR PERFORMANCE

Goal: *Highly productive, enthusiastic, motivated, and appropriately skilled employees.*

Strategy	Outcome	Achieved
Develop a remuneration structure reflecting the responsibility, performance, and achievement of individuals.	<ul style="list-style-type: none"> → Develop and implement remuneration structure by 2005. → Review existing position descriptions to ensure they adequately reflect position requirements, responsibilities, and skills. 	<p>Yes</p> <p>Ongoing</p>
Develop and implement an Employee Training and Development Program.	<ul style="list-style-type: none"> → Review of existing skill levels and identification of corporate training needs. → Increase in the skills and qualifications base of our workforce. 	On target for 2005/2006
Encourage employee development and ensure adequate resources are provided to appropriately train and support employees to do their job.	<ul style="list-style-type: none"> → Increase in productivity from our workforce. → Integrated corporate assessment of resource requirements and opportunities for skill sharing. → Identify 'career paths' for employees. → Introduction of an 'Acting List' – first 1 or 2 persons on list for each position receive training, etc. 	Ongoing
To become recognised as an Employer of Choice.	<ul style="list-style-type: none"> → Leaders are trusted and communicative. → Daily work experience lives up to the promise, and different work experiences are offered. → Cultures and family values are recognised and supported. → Employee's talents and performance are recognised and developed. → There is a high level of communication and access to information for employees to work innovatively and autonomously. 	Ongoing
Integrate human resource planning into our overall planning principles, ensuring the flexibility to alter resources as required.	<ul style="list-style-type: none"> → Human resources reviewed at management meetings and as part of corporate plan/SCI process. → Adequate resources to meet work demands and priorities. → The responsibilities for workloads are equally distributed. 	Ongoing

Townsville Port Authority promotes employee commitment and job satisfaction through the provision of an appropriate and stable organisational structure. The Authority has in place policies and procedures for employee consultation and communication, and for the provision of adequate training and development. These are included in the recently revised Human Resource Manual.

The Board of the Authority has an active Human Resources Committee with a charter to assist the Board in fulfilling its corporate governance responsibilities by reviewing, monitoring, and establishing Human Resources policy frameworks.

SIGNIFICANT AND EMERGING ISSUES

Enterprise Agreements: The continued evolution of the Authority's existing enterprise agreements, and completion of the inaugural administration agreement, will now guarantee best practice working conditions and annual wage increases, in line with Queensland Government guidelines.

Business Excellence (Quality Assurance): All human resource policies and documents have been consolidated into the Authority's Business Excellence database. Employees can access all policies and documents from the Authority's intranet.

Workplace Consulting Queensland: In June 2004 the Authority engaged Workplace Consulting Queensland, a commercial unit within the Queensland Department

of Industrial Relations, to assist with the development and approval of the Authority's certified agreement, and provide ongoing human resource and industrial relations advice as required.

ENTERPRISE BARGAINING

Enterprise Agreements currently in operation are:-

- AG812573 - *Townsville Port Authority Maintenance Employees Certified Agreement 2001-2004* between the Authority and Maritime Union of Australia (MUA). This Agreement expired 30 November 2004 with negotiations towards a new Agreement commencing in accordance with the timetable detailed in the expired Agreement, and the directive *Agreement Making in Government Owned Corporations*. Approval from Government to commence negotiations was received during March 2005. Negotiations with the MUA then took place and a mutually-agreed document, the Townsville Port Authority Maintenance Employees Certified Agreement 2005, was submitted to Government during April 2005 for final approval.
- AG838926 - *Townsville Port Authority Port Services Enterprise Agreement 2004* between the Authority and Australian Maritime Officers Union (AMOU) was certified 24 February 2005 for a three year term.
- AG840186 - *Townsville Port Authority Administrative, Technical, Supervisory and Professional Employees Enterprise Agreement 2004* between the Authority and the AMOU was certified 19 May 2005 for a three year term.

Townsville Port Authority continually reviews all employment conditions and policies with the goal of providing a commitment to:

- a preference for the Queensland industrial relations jurisdiction for awards/agreements and the regulation of employment conditions via collective agreements with unions rather than individual contracts;
- no new individual contracts entered into where total fixed remuneration is less than the monetary equivalent of the Public Service Award – State Level AO8, pay point four plus 12.75 per cent;
- in accordance with Section 192(3) of the *Industrial Relations Act 1999*, not entering into Queensland workplace agreements and in accordance with Queensland Government industrial relations policy, not entering into Australian workplace agreements or non-union agreements.

AUTHORITY EMPLOYEES AS AT 30 JUNE 2005:

DEPARTMENTS	NUMBER
CEO and Board	2
Finance	7
Engineering	8
Planning and Environment	4
Maintenance	26
Corporate Governance	9
Marine Services (including Coxswains)	16
Total	72

EMPLOYEE DEPARTURES AND APPOINTMENTS

Eight permanent employees left the Authority during 2004/2005. Of these five left to join other local firms, two left Townsville, and one employee retired.

The Authority also welcomed ten new employees into the Corporate Governance, Marine Services, Engineering, Finance, Maintenance, Environment, and CEO and Board departments.

JOB SECURITY

The Authority is committed to providing long-term job security to all employees. The Authority has 28 employees with over ten years' service, with seven of these employees having over twenty year's service.

USE OF APPRENTICES AND TRAINEES

The Authority recently employed a Cadet Drafting Officer and Apprentice Boilermaker for four year terms. The Authority is examining the potential of employing another apprentice, provided an appropriate training environment can be determined.

EQUAL EMPLOYMENT OPPORTUNITY AND ANTI-DISCRIMINATION

The Authority has adopted policies in relation to equal employment opportunities, anti-discrimination, and prevention of harassment and bullying, with these policies included in the Authority's Human Resource Manual. These policies are highlighted during employee inductions, and are the subject of regular awareness briefings. The most recent training session was held in March 2005. 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.

SICK LEAVE

Total sick leave taken during 2004/2005 was 3,963.65 hours. This compares favourably with the 2003/2004 figure of 4,060.50 hours.

LOOKING AHEAD

- Develop and implement an internal communications process.
- Promote and encourage employee development by establishing existing and required competency levels for all employees, and develop and implement a competency framework.
- Recognise and reward performance by establishing a remuneration structure based on competencies and position requirements, and establishing a reward and recognition scheme, in accordance with existing awards, agreements, and Government guidelines.
- Finalise the Townsville Port Authority Maintenance Employees Certified Agreement 2005.

Port of Townsville

financial statements 2004–2005



PORT of TOWNSVILLE
Nexus North Queensland

Annual Financial Report

FOR THE YEAR ENDED 30 JUNE 2005

PURPOSE AND SCOPE

The 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)*. 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 T. Mackenroth MP., Deputy Premier, Treasurer, and Minister for Sport, and the Honourable P. Lucas MP., Minister for Transport and Main Roads
 - 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 the Townsville Port Authority.

Statement of Financial Performance

FOR THE YEAR ENDED 30 JUNE 2005

	NOTES	2005 \$	2004 \$
REVENUES FROM ORDINARY ACTIVITIES			
<i>Revenue from Operating Activities</i>			
Service Revenue	2	28,109,723	26,896,906
<i>Revenue from Non-Operating Activities</i>			
Interest received		416,197	232,035
Other Revenue	2	229,374	52,210
Total Revenue from Ordinary Activities		28,755,294	27,181,151
EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS			
Employee Benefits Expense		4,444,212	4,043,076
Depreciation Expense		6,786,815	7,040,174
Other Expenses	2	14,343,929	12,310,112
Total Expenses from Ordinary Activities Excluding Borrowing Costs		25,574,956	23,393,362
Borrowing Costs Expense		1,007,425	1,136,506
PROFIT / (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE / (INCOME TAX REVENUE)		2,172,913	2,651,283
Income Tax Revenue (Income Tax Expense) relating to Ordinary Activities	4	(1,451,551)	(1,419,439)
PROFIT / (LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE / (INCOME TAX REVENUE)	3	721,362	1,231,844
NET PROFIT / (LOSS)		721,362	1,231,844
Increase / (Decrease) in Asset Revaluation Reserve	5	46,488,245	6,310,394
Total Revenues, Expenses and Valuation Adjustments Recognised Directly in Equity		46,488,245	6,310,394
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS	6	\$47,209,607	\$7,542,238

The accompanying notes form part of these financial statements

Statement of Financial Position

AS AT 30 JUNE 2005

	NOTES	2005 \$	2004 \$
CURRENT ASSETS			
Cash Assets	7	7,522,466	6,872,375
Receivables	8	4,834,369	3,387,334
Other	9	151,295	151,573
TOTAL CURRENT ASSETS		12,508,130	10,411,282
NON-CURRENT ASSETS			
Property, Plant and Equipment	10	164,527,706	122,533,930
Deferred Tax Assets		484,019	453,082
Other	9	4,510	4,817
TOTAL NON-CURRENT ASSETS		165,016,235	122,991,829
TOTAL ASSETS		\$177,524,365	\$133,403,111
CURRENT LIABILITIES			
Payables	11	3,132,623	2,904,565
Interest-bearing Liabilities	12	2,209,939	2,065,684
Current Tax Liabilities		576,057	779,902
Provisions	13	944,696	1,502,006
TOTAL CURRENT LIABILITIES		6,863,315	7,252,157
NON-CURRENT LIABILITIES			
Payables	14	-	-
Interest-bearing Liabilities	12	13,465,676	15,665,602
Deferred Tax Liabilities		1,720,266	1,726,089
Provisions	13	553,271	469,943
TOTAL NON-CURRENT LIABILITIES		15,739,213	17,861,634
TOTAL LIABILITIES		\$22,602,528	\$25,113,791
NET ASSETS		\$154,921,837	\$108,289,320
EQUITY			
Contributed Equity	15	98,935,028	98,935,028
(Accumulated Losses)	3	(11,388,019)	(11,617,842)
Reserves	5	67,374,828	20,972,134
TOTAL EQUITY		\$154,921,837	\$108,289,320

The accompanying notes form part of these financial statements

Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

	NOTES	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		26,762,772	26,458,372
Payments to suppliers and employees		(19,282,564)	(16,901,134)
GST collected from sales and services provided		2,853,504	2,630,505
GST paid in respect of acquisitions		(1,582,559)	(1,225,490)
GST paid to Australian Taxation Office		(1,215,166)	(1,414,586)
Interest received		416,197	232,035
Dividend paid		(1,170,250)	-
Income Tax Equivalents Paid		(1,692,156)	(580,757)
Net cash inflow from operating activities	B	\$5,089,778	\$9,198,945
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(1,630,165)	(2,144,808)
Proceeds from sale of property, plant and equipment		253,575	36,836
Net cash outflow from investing activities		(\$1,376,590)	(\$2,107,972)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(2,055,672)	(1,926,592)
Interest paid		(1,007,425)	(1,136,506)
Net cash inflow (outflow) from financing activities		(\$3,063,097)	(\$3,063,098)
Net (Decrease) / Increase in cash held		650,091	4,027,875
Cash at beginning of the financial year		6,872,375	2,844,500
Cash at end of financial year	A	\$7,522,466	\$6,872,375

Notes to the Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

	2005 \$	2004 \$
A. Reconciliation of Cash		
For the purposes of this statement of cash flows, 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 Statement of Financial Position as:		
Cash on Hand	1,350	1,400
Cash at Bank	955,476	279,340
Term Deposits	6,565,640	6,591,635
	\$7,522,466	\$6,872,375
B. Reconciliation of Profit (Loss) from Ordinary Activities After Income Tax Equivalents Expense to Net Cash Inflow from Operating Activities		
Operating (Loss) / Profit after Income Tax Equivalents Expense and Abnormal Items	721,362	1,231,843
Depreciation	6,786,815	7,040,174
Interest Expense	1,007,425	1,136,506
Profit on Disposal of Non-Current Assets	(129,290)	(21,128)
Income Tax Equivalents Expense	1,451,551	1,419,439
<u>Changes in Assets and Liabilities</u>		
(Increase) Decrease in Trade Debtors	(1,447,035)	(447,616)
(Increase) Decrease in Utility Deposits	6,823	5,133
(Increase) Decrease in Prepayments	(6,238)	(18,740)
Increase (Decrease) in Operating Trade Creditors	(485,358)	(700,860)
Increase (Decrease) in Operating Retention	(69,198)	20,522
Increase (Decrease) in Other Operating Creditors	(3,851)	151,873
Increase (Decrease) in Provision for Dividend - (Dividend Paid in Year)	(1,170,250)	-
Increase (Decrease) in Provisions	119,178	(37,444)
Increase (Decrease) in Provision for Taxation - (Tax Paid in Year)	(1,692,156)	(580,757)
Net Cash Inflow from Operating Activities	\$5,089,778	\$9,198,945

C. Financing Facilities

The Authority has available a bank overdraft limit of \$100,000. At 30 June 2005 no amount was drawn on this overdraft. Loan facilities as shown in note 12 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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

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

(a) Basis of Preparation of the Accounts

This financial report is a general purpose financial report that has been prepared in accordance with the Australian Accounting Standards, and the *Financial Administration and Audit Act 1977*. The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. The accounting policies have been consistently applied unless otherwise stated.

Unless otherwise stated, all accounting policies applied are consistent with those of the prior year.

Where appropriate, comparative figures have been amended to accord with current presentation and disclosure made of material changes to comparatives.

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

(b) Corporate Status

The 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). 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.

(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 AAS 3 "Accounting for Income Tax" is required to adopt tax effect accounting.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit. The amounts of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation equivalents legislation, and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

(d) Cash Investments

All monies invested at 24 hour call and other short term deposits are recorded as cash for financial statement purposes due to the liquidity of these assets. The carrying amount approximates fair value because of their short term to maturity.

(e) Property Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair values less, where applicable, any accumulated depreciation.

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of the assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition.

Actual cost is used for the initial recording of all acquisitions 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.

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

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 in 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.

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 are measured on the fair value basis, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. 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 2004 the carrying amounts of non-current assets were increased by indices provided by Rushtons (Qld) Pty Ltd. The revaluation of freehold land and buildings has not taken account of the potential capital gains tax on assets acquired after the introduction of capital gains tax.

Assets carried at cost

Plant and equipment, motor vehicles and capital works in progress are measured on the cost basis. The Authority has elected to revert to the cost basis for measuring these assets. The carrying amount of these assets as at 1 July 2001 was deemed to be their cost. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. The cost of fixed assets constructed within the Authority includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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. 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 Harbours	2.5% - 10.0%
Buildings	5.0% - 10.0%
Breakwaters	2.0%
Motor Vehicles	25.0%
Access Roads	5.0%
Beacons	10.0%

The gain or loss on disposal of all fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in profit (loss) from ordinary activities of the Authority in the year of disposal.

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

(f) 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.

(g) Employees' Provisions

Provision is made for the Authority's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, and annual leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements, discounted by an average Commonwealth Bond rate which matches the term of the related liabilities.

The amount calculated for Long Service Leave entitlements in accordance with AASB1028 is \$600,705 (2004 was \$507,796). 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. 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*.

There were seventy-two [72] full-time employees as at 30 June 2005 (2004 was sixty-eight [68]).

(h) 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.

(i) Inventories

All stores have been expensed and accounted for in the Statement of Financial Performance.

(j) Receivables

Revenue is recognised when the invoice is raised and is payable in 30 days. Collections are reviewed monthly. The carrying amount approximates fair value.

(k) Payables

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

(l) 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.

(m) Goods and Services Tax (GST)

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

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

(n) Adoption of International Financial Reporting Standards

The adoption of Australian equivalents to International Financial Reporting Standards (AIFRS), as issued by the Australian Accounting Standards Board, will first impact the financial statements of the Authority for the year ending 30 June 2006.

In complying with AIFRS for the first time, the Authority will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Many of the adjustments arising from the transition to IFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

The Authority has a project team led by the Manager Finance and including Authority accounting staff and external consultants assisting in the implementation of the new reporting requirements. The project team report their findings to the Audit Committee, including progress of the transition. The project is currently on track.

The project team continues to assess the details of the transition issues and the accounting policy changes required.

These choices are being analysed to determine the most appropriate accounting treatment for the Authority.

In addition, policy decisions made at whole-of-Government level in relation to the limiting of options in the adoption of AIFRS may have additional impacts on financial reports prepared using these Standards.

Consequently, the dollar values of any changes resulting from the adoption of AIFRS cannot be reliably estimated at the date of this report.

Major changes identified to date that will be required to Townsville Port Authority's existing accounting policies are set out below. These should not be regarded as a complete list given the ongoing work by the project team; the whole-of-Government determinations that may still be applied; and accepted practice and interpretations that are still emerging.

(i) Income Tax

Under the new AASB 112 *Income Taxes*, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity. This will result in a change to the current accounting policy under which deferred tax balances are determined using the income statement method and items are only tax effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss, and current and deferred taxes cannot be recognised directly in equity.

The Authority anticipates deferred tax balances will arise on transition from the differences between book and tax values of non-current assets, including the wharves and other property, plant and equipment. Those deferred tax variances arising from the regular asset revaluations undertaken by the Authority will be recorded against the asset revaluation reserve.

(ii) Property, plant and equipment

AASB 116 - *Property, plant and equipment* prescribes the accounting treatment for recording property, plant and equipment. The Authority intends adopting the fair value approach to measuring property, plant and equipment.

The new standard requires revaluations to be performed on an individual asset basis rather than on asset class. Any increase in value is taken to asset revaluation reserve related to the individual asset revalued, except to the extent it represents a reversal of a previous decrease in value that was previously written off against profit.

In this case, the increase is recorded in the statement of financial performance as a reversal of the previous write off. Previously, Australian GAAP revaluation increases and decreases were allowed to be offset across a class of assets.

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

The authority has identified a range of historical write offs to some of its plant and equipment that will be reversed in the opening balance sheet giving rise to a reduction in the asset revaluation reserve and an increase in retained earnings.

Any subsequent revaluation increments against historical decrement write offs will be reversed in the statement of financial performance.

(iii) Investment Properties

Under the new AASB 140 *Investment Property*, if investment properties are measured at fair value net of applicable tax, gains or losses arising from changes in fair value are recognised in net profit or loss for the period in which they arise. This will result in a change to the current accounting policy under which investment properties are revalued to fair value and changes in fair value are recognised in the asset revaluation reserve.

The Authority is assessing which property it currently holds that does not fall into the category of being held for use in the operation of the Port. Any property identified in this category will be examined to see if it meets the definitions of investment property and will be accounted for accordingly.

(iv) Impairment of assets

Under AIFRS, the recoverable amount of current and non-current assets will be assessed as the higher of net selling price and value in use, on a discounted basis. The impairment rules are more prescriptive with the recoverable amount of the assets being based on the present value of discounted cash flows. The Authority will be required to apply this impairment model to its own assets, however does not currently anticipate any significant adjustments arising.

(v) Financial instruments

The Authority will be taking advantage of the exemption available under AASB 1 to apply AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* only from 1 July 2005. This allows the group to apply previous Australian generally accepted accounting principles (Australian GAAP) to the comparative information of financial instruments within the scope of AASB 132 and AASB 139 for the 30 June 2006 financial report

Under AASB 132, the current classification of financial instruments issued by entities in the entity would not change.

AASB 139 is expected to require financial assets and liabilities to be classified and measured as either fair value through profit and loss, held to maturity, available for sale or loans and receivables and, depending upon classification, measured at fair value or amortised cost.

(vi) Revenue disclosures in relation to the sale of non-current assets

Under AIFRS, the revenue recognised in relation to the sale of non-current assets is the net gain on the sale. This is in contrast to the current Australian GAAP treatment under which the gross proceeds from the sale are recognised as revenue and the carrying amount of the assets sold is recognised as an expense. The net impact on the profit or loss of this difference is nil, however the current gross disclosures of proceeds on disposal of assets will be reclassified on adoption of AIFRS.

(vii) Provisions for maintenance and decommissioning costs

Where the Authority has a legal or constructive obligation to decommission or maintain its various plant and equipment, provision for such maintenance is required to be recorded up front. The Authority has maintenance reserves recorded in equity which on transition to AIFRS are expected to be transferred to provisions. In addition, any decommissioning provisions required are likely to impact opening retained earnings if a constructive or legal obligation is determined.

	2005	2004	2005	2004
	\$	\$	\$	\$

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

Service Revenue

Harbour Dues			18,883,467	18,478,774
Tonnage Rates			4,356,236	3,972,633
Rentals			2,860,835	2,569,949
Pilotage Revenue			551,187	562,218
Charges for Services				
Water Sales	289,559	266,045		
Services to Shipping	315,997	271,662		
Boat Harbour Ross River	224,436	245,286		
Boat Harbour Ross Creek	180,521	169,459		
Electricity Sales	113,908	109,625		
Picnic Bay Jetty	-	21,552		
Breakwater Marina - Mooring Fees	59,986	52,997		
Miscellaneous Plant	14,282	20,875		
Breakwater Marina - Fuel Licence	8,374	35,146		
Road Contribution Charge	69,377	79,329		
Port Security	30,628	27,788		
Main Harbour Fuel Licence Fee	-	108		
Port Services	9,546	7,691		
Sewage Treatment Plant	6,504	5,769		
Port Security Upgrade Charge	134,880	-	1,457,998	1,313,332
			<u>\$28,109,723</u>	<u>\$26,896,906</u>

Other Revenue

Revenue from sale of Plant & Equipment	253,573	36,836		
Carrying Value of Plant & Equipment Disposed of	124,283	15,708		
Gain on Sale of Plant & Equipment			129,290	21,128
Miscellaneous Revenue			100,084	31,082
			<u>\$229,374</u>	<u>\$52,210</u>

Other Expenses

Supplies & Services			14,001,226	11,907,975
Competitive Neutrality Fee			120,262	143,535
Land Tax			160,531	177,493
Audit Fees			61,910	78,680
Bad Debt Written Off			-	2,429
			<u>\$14,343,929</u>	<u>\$12,310,112</u>

	2005	2004
	\$	\$

NOTE 3. RETAINED PROFITS (ACCUMULATED LOSSES)

Retained profits (accumulated losses) at the beginning of the year	(11,617,842)	(11,760,095)
Net Profit (Loss) for the period	721,362	1,231,844
Dividend provided for	(577,090)	(1,170,250)
Transfers to and from Reserves		
Maintenance Reserve Picnic Bay Jetty Maintenance Expenses	44,059	51,580
Maintenance Reserve Picnic Bay Jetty Passenger Levy Receipts	-	(21,552)
Berth 11 Reserve Transfer from retained Profits / Depreciation Expense	41,492	50,631
Retained profits (accumulated losses) at the reporting date	(\$11,388,019)	(\$11,617,842)

NOTE 4. INCOME TAX EQUIVALENTS

(i) Prima facie tax equivalents (benefit) / payable on operating profit (loss) from ordinary activities is reconciled to the income tax provided in the accounts as follows:

Prima facie tax equivalents (benefit) / payable on operating profit (loss) from ordinary activities before income tax at 30%.	651,874	795,385
Tax effect of permanent differences:-		
Non-deductible entertainment	5,343	4,607
Accounting depreciation on land and buildings	141,165	127,802
Accounting depreciation on non-depreciable items	760,662	828,596
Special building write-off	(121,873)	(115,543)
Sundry permanent differences	14,380	(218,669)
Adjustment to prior year tax expense	-	(2,739)
	799,677	624,054
Income Tax Equivalents Expense	\$1,451,551	\$1,419,439

(ii) Income Tax expense comprises:

Provision for deferred income tax	(5,591)	81,649
Future income tax benefit	(30,937)	(45,290)
Provision for income tax	1,488,079	1,385,819
Adjustment to prior year tax expense	-	(2,739)
	\$1,451,551	\$1,419,439

	2005 \$	2004 \$
NOTE 5. RESERVES		
Maintenance Reserve Picnic Bay Jetty	263,416	307,475
Asset Revaluation Reserve	67,111,412	20,623,167
Berth 11 Reserve	-	41,492
	\$67,374,828	\$20,972,134
Movements During The Year:		
<u>Maintenance Reserve Picnic Bay Jetty -</u>		
Amount at beginning of the financial year	307,475	337,503
Passenger Levy Receipts transferred from Retained Profits	-	21,552
Maintenance Expenses transferred to Retained Profits	(44,059)	(51,580)
Amount at the reporting date	263,416	307,475
<u>Asset Revaluation Reserve -</u>		
Amount at beginning of the financial year	20,623,167	14,312,773
Net Asset Revaluation Increment (Decrement)	46,488,245	6,310,394
Amount at the reporting date	67,111,412	20,623,167
<u>Berth 11 Reserve -</u>		
Amount at beginning of the financial year	41,492	92,123
Transfer from Retained Profits	(41,492)	(50,631)
Amount at the reporting date	-	41,492
NOTE 6. EQUITY		
Total equity at the beginning of the financial year	108,289,320	101,917,332
Total changes in equity recognised in the statement of financial performance	47,209,607	7,542,238
Dividends provided for	(577,090)	(1,170,250)
Total equity at the reporting date	\$154,921,837	\$108,289,320
NOTE 7. CASH ASSETS		
Cash on Hand	1,350	1,400
Term Deposits	6,565,640	6,591,635
	\$7,522,466	\$6,872,375

	2005	2004
	\$	\$

NOTE 8. RECEIVABLES (CURRENT)

Trade Debtors	4,837,269	3,389,434
Less Provision for Doubtful Debts**	(2,900)	(2,100)
	<u>\$4,834,369</u>	<u>\$3,387,334</u>

**There were no bad debts written off against the provision.

NOTE 9. OTHER ASSETSCurrent

Prepayments	144,558	138,320
Utility Deposits	6,737	13,253
	<u>\$151,295</u>	<u>\$151,573</u>

Non-Current

Utility Deposits	4,510	4,817
	<u>\$4,510</u>	<u>\$4,817</u>

NOTE 10. PROPERTY, PLANT & EQUIPMENT

	Gross \$	Accumulated Depreciation \$	2005 \$ Carrying Amount	2004 \$ Carrying Amount
<u>Channels and Swing Basins</u>				
At Directors' Valuation - January 2005	78,683,036	40,886,055	37,796,981	27,192,453
<u>Land</u>				
At Directors' Valuation - January 2005	38,341,500	-	38,341,500	29,204,345
<u>Wharves</u>				
At Directors' Valuation - January 2005	155,041,277	132,251,192	22,790,085	
Additions at Cost	486,434	7,999	478,435	
Total Wharves	155,527,711	132,259,191	23,268,520	23,359,426
<u>Plant and Equipment</u>				
At Cost	29,751,527	20,813,394	8,938,133	10,081,500
<u>Buildings</u>				
At Directors' Valuation - January 2005	23,028,796	11,723,558	11,305,238	
Additions	33,220	1,415	31,805	
Total Buildings	23,062,016	11,724,973	11,337,043	11,325,587
<u>Improvements (Land)</u>				
At Directors' Valuation - January 2005	16,856,195	5,182,303	11,673,892	
Additions	471,030	12,905	458,125	
Total Improvements (Land)	17,327,225	5,195,208	12,132,017	9,699,877
<u>Small Boat Harbours</u>				
At Directors' Valuation - January 2005	6,974,100	4,089,191	2,884,909	2,657,353
<u>Breakwaters</u>				
At Directors' Valuation - January 2005	27,297,539	5,837,260	21,460,279	2,295,855
<u>Access Roads</u>				
At Directors' Valuation - January 2005	8,288,144	5,408,136	2,880,008	
Additions at Cost	380,772	12,692	368,080	
Total Access Roads	8,668,916	5,420,828	3,248,088	1,563,670
Motor Vehicles at Cost	236,368	61,725	174,643	144,260
<u>Beacons</u>				
At Directors' Valuation - January 2005	521,200	397,641	123,559	-
Capital Works in Progress* at cost	4,822,034	-	4,822,034	5,009,604
	\$391,213,172	\$226,685,466	\$164,527,706	\$122,533,930

NOTE 10. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

		2005 \$	2004 \$
*Capital Works in Progress			
Harbour Works		2,675,697	2,154,073
Equipment		1,183,425	756,451
Eastern Port Development Building		962,912	2,099,080
		<u>\$4,822,034</u>	<u>\$5,009,604</u>
	2005 Cost \$	2005 Fair Value \$	
<u>Channels and Swing Basins</u>			
Carrying amount at the beginning of the financial year at Fair Value		27,192,453	
additions		-	
disposals		-	
net revaluation increment / (decrement)		46,779,685	
recoverable amount write-downs		(35,249,688)	
depreciation expense		(925,469)	
Carrying amount at the end of the financial year at Fair Value		<u>37,796,981</u>	
<u>Land</u>			
Carrying amount at the beginning of the financial year at Fair Value		29,204,345	
additions		-	
disposals		-	
net revaluation increment / (decrement)		9,137,155	
depreciation expense		-	
Carrying amount at the end of the financial year at Fair Value		<u>38,341,500</u>	
<u>Wharves</u>			
Carrying amount at the beginning of the financial year at Fair Value		23,359,426	
additions		516,679	
disposals		-	
transfers between asset classes		-	
net revaluation increment / (decrement)		51,072,967	
recoverable amount write-downs		(50,200,026)	
depreciation expense		(1,480,526)	
Carrying amount at the end of the financial year at Fair Value		<u>23,268,520</u>	

NOTE 10. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

Reconciliation of the Carrying Amounts by Class (Continued)	2005 Cost \$	2005 Fair Value \$
<u>Plant & Equipment</u>		
Carrying amount at the beginning of the financial year at Cost	10,081,500	
additions	1,059,673	
disposals	(52,870)	
depreciation expense	(2,150,170)	
Carrying amount at the end of the financial year at Cost	8,938,133	
<u>Buildings</u>		
Carrying amount at the beginning of the financial year at Fair Value		11,325,587
additions		33,180
disposals		(47,933)
net revaluation increment / (decrement)		697,887
depreciation expense		(671,678)
Carrying amount at the end of the financial year at Fair Value		11,337,043
<u>Improvements (Land)</u>		
Carrying amount at the beginning of the financial year at Fair Value		9,699,877
additions		472,047
disposals		-
net revaluation increment / (decrement)		2,543,556
depreciation expense		(583,463)
Carrying amount at the end of the financial year at Fair Value		12,132,017
<u>Small Boat Harbours and Facilities</u>		
Carrying amount at the beginning of the financial year at Fair Value		2,657,353
additions		-
disposals		-
transfers between asset classes		-
net revaluation increment / (decrement)		410,049
depreciation expense		(182,494)
Carrying amount at the end of the financial year at Fair Value		2,884,908

NOTE 10. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

Reconciliation of the Carrying Amounts by Class (Continued)	2005 Cost \$	2005 Fair Value \$
<u>Breakwaters</u>		
Carrying amount at the beginning of the financial year at Fair Value		2,295,855
additions		-
disposals		-
net revaluation increment / (decrement)		31,958,794
recoverable amount write-down		(12,509,657)
depreciation expense		(284,713)
Carrying amount at the end of the financial year at Fair Value		21,460,279
<u>Access Roads</u>		
Carrying amount at the beginning of the financial year at Fair Value		1,563,670
additions		380,773
disposals		-
net revaluation increment / (decrement)		1,703,322
depreciation expense		(399,677)
Carrying amount at the end of the financial year at Fair Value		3,248,088
<u>Motor Vehicles</u>		
Carrying amount at the beginning of the financial year at Cost	144,260	
additions	141,848	
disposals	(23,482)	
net revaluation increment / (decrement)	-	
depreciation expense	(87,983)	
Carrying amount at the end of the financial year at Cost	174,643	
<u>Beacons</u>		
Carrying amount at the beginning of the financial year at Fair Value		-
additions		-
disposals		-
net revaluation increment / (decrement)		144,200
depreciation expense		(20,641)
Carrying amount at the end of the financial year at Fair Value		123,559
<u>*Capital Works in Progress</u>		
Carrying amount at the beginning of the financial year at Cost	5,009,604	
additions	2,416,630	
disposals	(2,604,200)	
net revaluation increment / (decrement)	-	
depreciation expense	-	
Carrying amount at the end of the financial year at Cost	4,822,034	

	2005	2004
	\$	\$

NOTE 11. PAYABLES (CURRENT)

Trade Creditors	2,261,699	1,996,063
Revenue in Advance	687,465	695,303
Retention	131,502	165,230
Accrued Wages	46,485	27,529
Trust Fund Deposits	5,472	20,440
	\$3,132,623	\$2,904,565

NOTE 12. INTEREST BEARING LIABILITIES

Current	2,209,939	2,065,684
Non-Current	13,465,676	15,665,602
	\$15,675,615	\$17,731,286

All borrowings are with Queensland Treasury Corporation. The Queensland Treasury Corporation recorded a market value adjustment of \$168,562, (2004 was -\$46,510) principally as a result of past movements in the market value of liabilities in the Debt Pools giving a market debt outstanding of \$15,844,177 (2004 was \$17,684,776).

NOTE 13. PROVISIONS

<u>Current</u>		
Employees' Long Service Leave	47,434	37,853
Employees' Annual Leave	296,016	272,705
Dividend	577,090	1,170,250
Fringe Benefits Tax	24,156	21,198
	\$944,696	\$1,502,006
<u>Non-Current</u>		
Employees' Long Service Leave	\$553,271	\$469,943

NOTE 14. PAYABLES (NON-CURRENT)

Nil	-	-
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NOTE 15. CONTRIBUTED EQUITY

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

	2005	2004
	\$	\$

NOTE 16. DEVELOPMENT BUREAU & COMMUNITY PROJECTS

Townsville Port Authority supported the following Development Bureau and community projects:-

Townsville Enterprise Incorporated	92,000	62,000
Townsville City Council - Contribution to the Strand sand replenishment	-	50,000
Townsville Maritime Museum	47,082	69,565
Australian Red Cross	12,000	7,000
The Salvation Army Red Shield Appeal	5,000	5,000
James Cook University of North Queensland Academic Prizes	1,750	1,350
	\$157,832	\$194,915

NOTE 17. CONSULTANCY EXPENDITURE

Professional/Technical	685,557	320,035
Management	8,166	40,423
Human Resource Management	84,225	13,837
Finance/Accounting	37,196	38,622
Information Technology	52,816	5,707
Communication	8,312	-
	\$876,272	\$418,624

NOTE 18. COMMITMENTS(a) Capital Expenditure Commitments (GST inclusive)

Upgrade to Port Security Infrastructure	-	1,184,416
Other Plant & Equipment	49,276	54,605
	\$49,276	\$1,239,021

(b) Operating Commitments (GST inclusive)

Repairs to Berth 1 Piles	\$0	\$2,464,684
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Depending on works performance the above commitments are payable within one year.

(c) Operating leases

Operating leases in place as at 30 June 2005		
Due within one year	117,142	-
Due not earlier than one year and not later than five years	164,718	-
	\$281,860	\$0

2005	2004
\$	\$

NOTE 19. CONTINGENT ASSETS/LIABILITIES

There were no known contingent assets/liabilities of a significant nature at 30 June 2005.

NOTE 20. 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 21. AUDITORS' REMUNERATION

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

\$36,630	\$42,300
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NOTE 22. 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 Maturing In								Carrying Amount as per Balance Sheet	Weighted Average Book Rate			
	0-1 Years		1-5 Years		Over 5 Years		Non Interest Bearing						
	2005	2004	2005	2004	2005	2004	2005	2004				2005	2004
<u>Financial Assets</u>													
Cash on Hand	-	-	-	-	-	-	-	1,350	1,400	1,350	1,400	-	-
Cash at Bank	955,476	279,340	-	-	-	-	-	-	-	955,476	279,340	4.45%	4.06%
Short Term Deposits	6,565,640	6,591,634	-	-	-	-	-	-	-	6,565,640	6,591,634	5.69%	5.44%
Receivables - See note 1(j)	-	-	-	-	-	-	-	4,834,369	3,387,334	4,834,369	3,387,334	-	-
<u>Financial Liabilities</u>													
Payables - See Note 1(k)	-	-	-	-	-	-	-	3,132,623	2,904,565	3,132,623	2,904,565	-	-
QTC Borrowings	2,209,939	2,055,781	10,226,531	9,558,996	3,239,145	6,116,539	-	-	-	15,675,615	17,731,286	5.69%	5.88%

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 2005 was \$15,844,177 (at 30th June 2004 it was \$17,684,776).

(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)

NOTE 23. SPECIFIED DIRECTORS AND EXECUTIVES REMUNERATION

Remuneration of specified directors	year	director fees	committee fees	employer superannuation	total remuneration
R.G. McLean (Chairman)	2004/05	25,520	3,712	2,631	31,863
	2003/04	22,000	1,200	2,088	25,288
B.K. Keating (Deputy Chair)	2004/05	11,600	3,364	1,347	16,311
	2003/04	10,000	1,900	1,071	12,971
T.P. Baxter	2004/05	11,600	812	1,117	13,529
	2003/04	10,000	1,750	1,057	12,807
A.J. Mooney	2004/05	11,600	-	1,044	12,644
	2003/04	10,000	-	900	10,900
T.G. Parker	2004/05	11,600	2,436	1,263	15,299
	2003/04	10,000	900	981	11,881
G. Pennisi	2004/05	11,600	2,436	1,295	15,331
	2003/04	10,000	900	981	11,881
S.B. Graw	2004/05	11,600	580	1,096	13,276
	2003/04	10,000	1,000	990	11,990
J.M. Gleeson	2004/05	11,600	290	1,070	12,960
	2003/04	10,000	500	945	11,445
Insurance premiums to indemnify liabilities while acting as a director	2004/05				35,200
	2003/04				25,275
Total Remuneration:	2004/05	106,720	13,630	10,863	166,413
Specified Directors	2003/04	92,000	8,150	9,013	134,438

NOTE 23. SPECIFIED DIRECTORS AND EXECUTIVES REMUNERATION (CONTINUED)

Remuneration of specified executives	year	base salary	employer superannuation	other benefits (incl vehicle)	total remuneration
Chief Executive Officer	2004/05	160,148	20,018	16,127	196,293
	2003/04	157,708	19,713	17,591	195,012
Manager - Engineering	2004/05	104,210	12,560	16,346	133,116
	2003/04	102,723	9,245	20,759	132,727
Manager - Corporate Governance	2004/05	75,375	9,562	10,525	95,462
- appointed 16 September 2003	2003/04	70,673	5,430	8,549	84,652
Manager - Finance	2004/05	81,803	10,077	12,523	104,403
	2003/04	80,557	10,270	13,475	104,302
Manager - Marine Services	2004/05	75,375	9,562	11,474	96,411
	2003/04	76,442	9,746	11,841	98,029
Manager - Planning & Environment	2004/05	84,591	7,613	13,658	105,862
- appointed 10 October 2003	2003/04	60,933	5,484	10,295	76,712
Manager - Major Projects	2004/05	-	-	-	-
- resigned 25 September 2003	2003/04	32,791	3,283	4,491	40,565
Total Remuneration:	2004/05	581,502	69,392	80,653	731,547
Specified Executives	2003/04	581,827	63,171	87,001	731,999

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

2004/05

-

-

2003/04

-

-

NOTE 24. RELATED PARTY INFORMATION

From time to time Directors and Director related entities 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 25. 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 prescribed accounting standards, the transactions of the Authority for the period 1 July 2004 to 30 June 2005 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.

12th September 2005

L. M. McDOUGALL
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.

R. G. McLean
Chairman

B. K. Keating
Deputy Chairperson

12th September 2005



Independent Audit Report

To the Board of the Townsville Port Authority

Matters Relating to the Electronic Presentation of the Audited Financial Report

The audit report relates to the financial report of the Townsville Port Authority for the financial year ended 30 June 2005 included on the Townsville Port Authority's web site. The Accountable Officer is responsible for the integrity of the Townsville Port Authority's web site. We have not been engaged to report on the integrity of the Townsville Port Authority's web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from the Townsville Port Authority, to confirm the information included in the audited financial report presented on this web site.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

Scope

The Financial Report

The financial report of the Townsville Port Authority consists of the statement of financial performance, statement of financial position, statement of cash flows, notes to and forming part of the financial report and certificates given by the Board and officer responsible for the financial administration of the Townsville Port Authority, for the year ended 30 June 2005.

The Board's Responsibility

The Board is responsible for the preparation and true and fair presentation of the financial report, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

As required by law, an independent audit was conducted in accordance with *QAO Auditing Standards* to enable me to provide an independent opinion whether in all material respects the financial report is presented fairly, in accordance with the prescribed requirements, including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

Audit procedures included –

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial report;
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Board;
- obtaining written confirmation regarding the material representations made in conjunction with the audit; and
- reviewing the overall presentation of information in the financial report.

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 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.

Audit 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 2004 to 30 June 2005 and of the financial position as at the end of that year.

J E HARTEN FCPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

Corporate Information



Chairman

Mr. Ron McLean

Deputy Chairperson

Ms. Beth Keating

Board Directors

Prof. Stephen Graw

Cr. Tony Mooney

Mr. John Pennisi

Mr. Terrence Baxter (Term expired 30 June 2005)

Ms. Jennifer Gleeson (Term expired 30 June 2005)

Cr. Dale Parker (Term expired 30 June 2005)

Mr. Ken McElligott (Appointed from 1 July 2005)

Mr. Paul Keehan (Appointed from 1 July 2005)

Mrs. Melissa Griffith (Appointed from 1 July 2005)

Chief Executive Officer

Mr. Barry Holden

Manager Corporate Governance

Ms. Raneë Crosby

Manager Planning & Environment

Ms. Caryn Anderson

Manager Engineering

Mr. Larry Hore

Manager Finance

Mr. Len McDougall

Manager Marine Services

Mr. David King

Manager Construction

Mr. Udhaya Arambawela

Manager Maintenance

Mr. Don McIntosh (Appointed July 2005)

Bankers

Commonwealth Bank of Australia

Solicitors

Boulton, Cleary and Kern

Roberts Nehmer McKee

Suthers Taylor

Auditor

Auditor-General of Queensland

Internal Auditors

PricewaterhouseCoopers

External Auditors

WHK-TCM Smith Audit Partnership

Principal Office

Administration Building

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Queensland Australia 4810

Telephone

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+ 61 7 4781 1525

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Web

www.townsville-port.com.au

ABN

44 411 774 236



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Nexus North Queensland

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Queensland Australia 4810

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FACSIMILE

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info@townsville-port.com.au

WEB

www.townsville-port.com.au



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

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

←
Detach Here

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

→ **What 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 our 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 on-line, interactive version of this form is available at our website www.townsville-port.com.au



PORT of TOWNSVILLE
Nexus North Queensland

Delivery Address:
PO Box 1031
TOWNSVILLE QLD AUSTRALIA 4810

No stamp required
if posted in Australia



Townsville Port Authority
Reply Paid 1031
TOWNSVILLE QLD AUSTRALIA 4810

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