



townsville port authority

annual report 2001-2002

about our report

This report communicates our financial and business activities for the fiscal year from 1 July 2001 to 30 June 2002.

Its aim is to provide readers with clear, concise information about the port's performance and provides a comprehensive overview of our activities.

It is designed to inform our shareholders, customers, employees, Government and industry and other interested parties. It is used to support the marketing of the Port of Townsville to existing and potential customers and is widely distributed throughout Australia and overseas.

We have reduced the number of printed copies this year, from 1200 down to 1000, in an effort to reduce printing costs and to encourage readers to utilise our electronic version, accessible through our website. Further information on our activities, operations and services can be found by visiting our website at www.townsville-port.com.au

your comments are important to us

Our 2000/01 report was recognised at the 21st Anniversary of the Institute of Internal Auditors Inc. (Qld Branch) 2001 Queensland Public Sector Annual Report Awards, where it was awarded an Award of Excellence. We were also nominated for 'Best Disclosure of Value-for-Money Services', 'Best for Environmental Issues' and 'The Most User-Effective Annual Report Award'.

We were also recognised for our achievement in distinguished annual reporting when we received a Silver Award in the Australasian Annual Reporting Awards (ARA). We also set a new standard by winning the Special Award of 'Best for Corporate Governance in the Public Sector'. This was the first time we had won this most sought after award for our corporate governance practices.

We are continually striving towards achieving excellence in annual reporting. Feedback on the contents and style of this report is important to us so we can improve future reporting. We welcome your comments and suggestions on the feedback form enclosed. Thank you for taking the time to complete this.

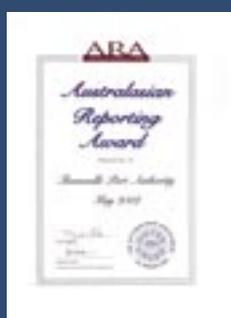
add your name to our database

Copies of this report are available free of charge by telephoning 61 7 4781 1500 or by visiting our website. You can view this report plus copies of previous reports at www.townsville-port.com.au/publications/annual-reports

A database records all mailing addresses for those readers wishing to be placed on it to receive future publications. Please complete this section on the questionnaire enclosed or visit us on-line to advise us of your contact details. Alternatively you may wish to be removed from our mailing list and view future reports on-line. If you do not wish to receive a printed version of our report, please indicate this on the questionnaire or via the feedback form found at our website.

cover

To acknowledge another record year of trade throughput, the theme of this year's report is based on volume. This is portrayed by utilising scale in photography, displaying the scale and size of machinery. Most photography used throughout the report is displayed at a larger size than in previous reports.



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glossary

ABWTC	Australian Ballast Water Treatment Council	mooring	a vessel is moored when it is held either in the stream or alongside a berth by other than a simple anchor in order to prevent, restrict or control movement
AMOU	Australian Maritime Officers Union	piles	beam driven vertically into creek or harbour as a support
anoplopepis gracilipes	crazy ant	pilotage	when a pilot is engaged in the transfer of a ship working into and out of a harbour or through a channel or coastwise
ANZECC	Australian and New Zealand Environmental Conservation Council	PM10	particulate matter – dust particles less than 10 µm in size
ballast (water)	tanks in the hull of a vessel filled with salt water in order to assist stability	PSO	Port Services Officer
brittle stars	a marine organism similar to a starfish but with longer, thinner and more flexible arms	SAP	Sampling and Analysis Plan
cathodic protection	the use of electricity to provide electrochemical protection against the corrosion of steel structures	SCI	Statement of Corporate Intent
draft	the distance from the waterline to the bottom of the keel	sediment	any material, primarily soil or eroded rock, which settles on the bottom of a water body
dredging	removal of sediment from the sea or river bed using a dredge to allow safe access to shipping	spill plate	steel plates that abut a vessel so as to catch any loose material whilst unloading bulk materials that might otherwise enter the harbour
effluent	any solution flowing out of a body	TEUs	twenty-foot equivalent units (containers)
emoluments	salary	TPA	Townsville Port Authority
EMP	Environmental Management Plan	vested (land)	land which is owned by the Government and controlled by TPA under the Transport Infrastructure Act 1994
EMR	Environmental Management Register	zooanthids	bottom dwelling organisms primarily consisting of hard and soft corals
EMS	Environmental Management System		
fender	section of wharf designed to receive and transfer/dissipate the berthing energy of a vessel		
GIS	Geographic Information System		
girders	a large long span horizontal member or beam usually of steel or concrete resting on a wall or pier at each end		
GST	goods and services tax		
hydrodynamic	movement of water and material contained within it		
headstocks	structural member located at the top of a pile bent to support girders or other structural members		
influent	any solution flowing into a body		
isopods	marine organisms belonging to the crustacean family		
IT	information technology		

corporate information

as at October 2002

chairman	Ron McLean
deputy chairperson	Beth Keating
board directors	Terrence Baxter Jennifer Gleeson Tony Mooney Dale Parker John Pennisi Stephen Graw
ex-officio director	Tony Caldwell Regional Harbour Master (appointed effective 16 May 2001)
chief executive officer	Barry Holden bholden@townsville-port.com.au
project consultant	Martin Norman mnorman@townsville-port.com.au
commercial projects manager	Susan Vickers svickers@townsville-port.com.au
construction manager	Jason Mahlberg jmahlberg@townsville-port.com.au
financial controller	Len McDougall lmcdougall@townsville-port.com.au
maintenance manager	Bob McLellan bmclellan@townsville-port.com.au
manager engineering & environment	Larry Hore lhore@townsville-port.com.au
marine services manager	Dave King dking@townsville-port.com.au
bankers	Commonwealth Bank of Australia
solicitors	Boulton, Cleary & Kern Roberts, Nehmer McKee Suthers Taylor
auditor	Auditor-General of Queensland
internal auditors	PricewaterhouseCoopers
external auditors	TCM Partners
principal office	Administration Building Benwell Road PO Box 1031 Townsville Qld 4810
telephone	61 7 4781 1500
facsimile	61 7 4781 1525
email	info@townsville-port.com.au
web	www.townsville-port.com.au
abn	44 411 774 236

 PORT OF TOWNSVILLE



who we are and what we do

our mission

The Port of Townsville is a commercial port serving industrial customers in North Queensland. Our mission is to manage the port in a manner that allows 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.

core values

In support of our mission for the Port of Townsville, our core values are to:

1. anticipate and be responsive to our customers' needs;
2. operate in a responsible and ethical manner;
3. ensure sustainable environmental management is a core component of port operations and development;
4. promote and recognise innovation in customer service and work process;
5. maintain an open and motivating work environment;
6. promote efficiency in port operations;
7. operate in a sustainable manner taking into account broad community, social, environmental and urban development issues;
8. achieve a return on assets for shareholders; and,
9. increase profitability.

who we are and what we do

John Melton Black selected Townsville as the most suitable site for a port to serve the northern Queensland hinterland and erected the first wharf in Ross Creek in 1863. As the port continued to grow, so to did the population of the town. It was the Governor, His Excellency Sir George Ferguson Bowen, who declared by Proclamation on 14 February 1866 that the town of 'Townsville' be a Municipality.

The port has evolved much over the past 139 years. The first eastern breakwater was constructed between the late 1870s and the original outer harbour design and breakwaters still stand at the core of the harbour today – a foresight of the engineers of that time. 'To those Men whose courage, foresight and conviction have built a Harbour which has kept apace with progress over a century. The further development of this great Port will continue to depend on such Men and Women in the future and Townsville has been blessed with People of the same undoubted ability.' **

Today Townsville remains a port city. It continues to serve the people of the northern region by providing an efficient gateway for trade and commerce. Townsville is the home base to industry and commercial activities which support a significant amount of the north Queensland economy. A recent economic impact study identifies direct and flow on effects of port activity account for 7915 full time jobs, representing 10% of total employment in northern Queensland.

The Port of Townsville has grown to be Queensland's third largest industrial port* and is ranked fifteenth* in

Australia. Total exports contribute \$2.4 billion annually, showing that the port is an economic catalyst and highlighting it as one of Queensland's most strategic assets.

Townsville Port Authority is a Statutory Government Owned Corporation established under Queensland Government legislation constituted on 1 July under the Government Owned Corporations Act 1993 (GOC Act). Our operations are primarily governed under the Transport Infrastructure Act 1994 and the GOC Act. We are responsible for administering and managing the port's activities to meet the needs of national and international trade. We are committed to improving and expanding our facilities and operations to serve the demands of existing and new trades and those of new ventures.

The port has become a gateway to the thriving city of Townsville which is located within the Great Barrier Reef World Heritage Area, adjacent to the Great Barrier Reef Marine Park. Managing infrastructure such as channels, breakwaters and berths and port assets, as well as protecting the environment from adverse environmental effects, can only be achieved with foresight and commitment to future planning and development.

Townsville Port Authority is committed to the management and protection of our marine environment. To achieve these high standards and results, environmental management is incorporated into the management of port operations.

If you want to know more about our operations, please visit us at [www.townsville-port.com.au/about us/general info](http://www.townsville-port.com.au/about-us/general-info)



Aerial view of Townsville Harbour.

* in terms of trade throughput. Source: DOTARS bureau of transport and regional economics, Information Paper 47, Australian Sea Freight 1999-2000.

** 'The History of Dredging in Cleveland Bay, Queensland and its effects on sediment movement and on the growth of mangroves, corals and seagrass. Great Barrier Reef Marine Park Authority, Townsville, Australia.

Dedication from 'The History of Townsville Harbour 1864-1979', by Hubie Taylor.

snapshot

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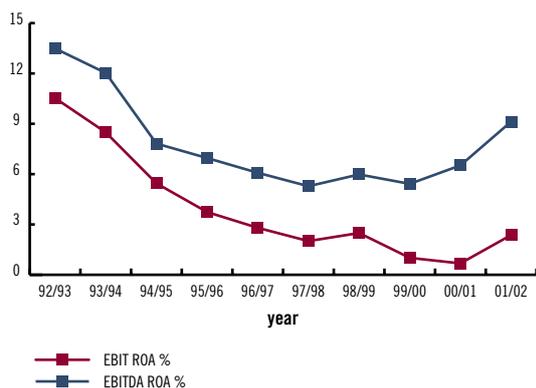


Unloading nickel ore at berth 2.

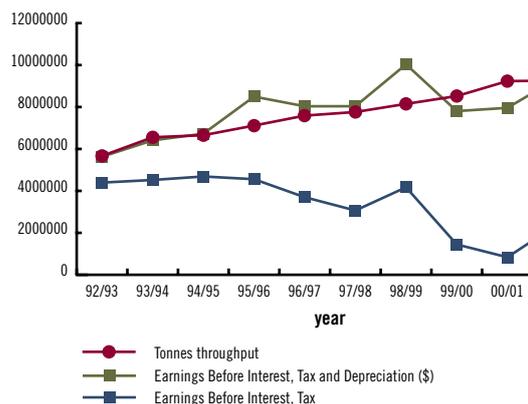
- Townsville Port achieves its 15th year of consecutive record trade throughput with 9,256,100 tonnes of cargo representing a .22% increase on last year;
- commencement of preparation works for construction of the third sugar shed;
- finalised wharf 10 extensions for the Department of Defence;
- new record import of 67,462 tonnes of nickel ore aboard the Asian Nova, 4 Aug;
- new record export of 65,285 tonnes of raw sugar aboard the Gallia Graecia, 21 Sep;

- a marginal increase in operating revenue from \$24.88 million in 2000/01 to \$25.2 million in 2001/02. This result was 5.5% lower than the budgeted revenue for the year of \$26.69 million;
- harbour dues rates again remained static for the year while tonnage rates increased by 6% from March 2002;
- a decrease in expenses before interest and tax from \$24.05 million in 2000/01 to \$22.91 million this year. The main contributing factor to this reduction was the postponement of the annual dredging campaign from the last quarter of this year to the first quarter of 2002/03 producing a saving this year of \$3 million. This was offset by an increase in wharf maintenance charges of \$2.1 million for ongoing programmed concrete repair work;
- an equity repayment of \$23 million as a result of a capital restructure was made in August 2001. This necessitated the drawing down of a loan of \$23 million from Queensland Treasury Corporation at that time;
- interest charges of \$1.04 million were incurred compared to \$6,150 in 2000/01;
- an increase in total liabilities resulted in a decrease in net assets of \$19.62 million from \$123.26 million in 2000/01 to \$103.64 million at 30 June 2002. The main reasons for this change were an increase in the balance of loans payable of \$21.5 million slightly offset by a reduction in creditors payable of \$1.72 million;
- capital expenditure totalled \$5.04 million. Main items of expenditure were \$0.82 million for the purchase of a new workboat and \$1.36 million for extensions to berth 10 to provide secure berthing facilities for prescribed Australian Navy vessels. The major portion of the funding for the latter was provided by Department of Defence; and,
- net cash inflows from operating activities totalled \$8 million.

return on assets%



earnings and throughput



from our chairman

The trading year just passed was again a successful one with our trade throughput reaching another record. We have now achieved 15 consecutive years of record trade throughput in our port. We expect that trade volumes will continue to increase for perhaps another year.

Producing and exporting the minerals and primary products are the main drivers of prosperity in our region and the core business of our port. The work of building world-class export industries which today provide our livelihoods began with the careful planning and hard work of many people spanning decades. Looking at developments in our region, it is difficult to see where the new mines will emerge to replace those presently in operation, when they are exhausted. However, our region still contains world class mineral deposits to be exploited.

Similarly, it is difficult to envisage significant growth in our sugar industry without some hard work and innovation. Current international market pressures including massive production in Brazil together with protectionist distortions in European and North American markets will make trading conditions difficult in the immediate future.

It is in our vital interests to ensure that we help and encourage our miners, our refiners our primary producers, and newer industries, like tourism. It is for these reasons that we strive to keep our charges as low as possible, particularly for those customers with international market exposures.

Again, the year was not without its problems, but we did finally get approval for the appointment of a new Chief Executive Officer, Mr Barry Holden – a former employee – who took over the reins in March 2002. Up to that time, Mr Martin Norman had filled the position of Acting Chief Executive Officer and did that very efficiently. I would like to put on record my own and the Board's thanks to Mr Norman for his professionalism and dedication during what were some uncertain times.

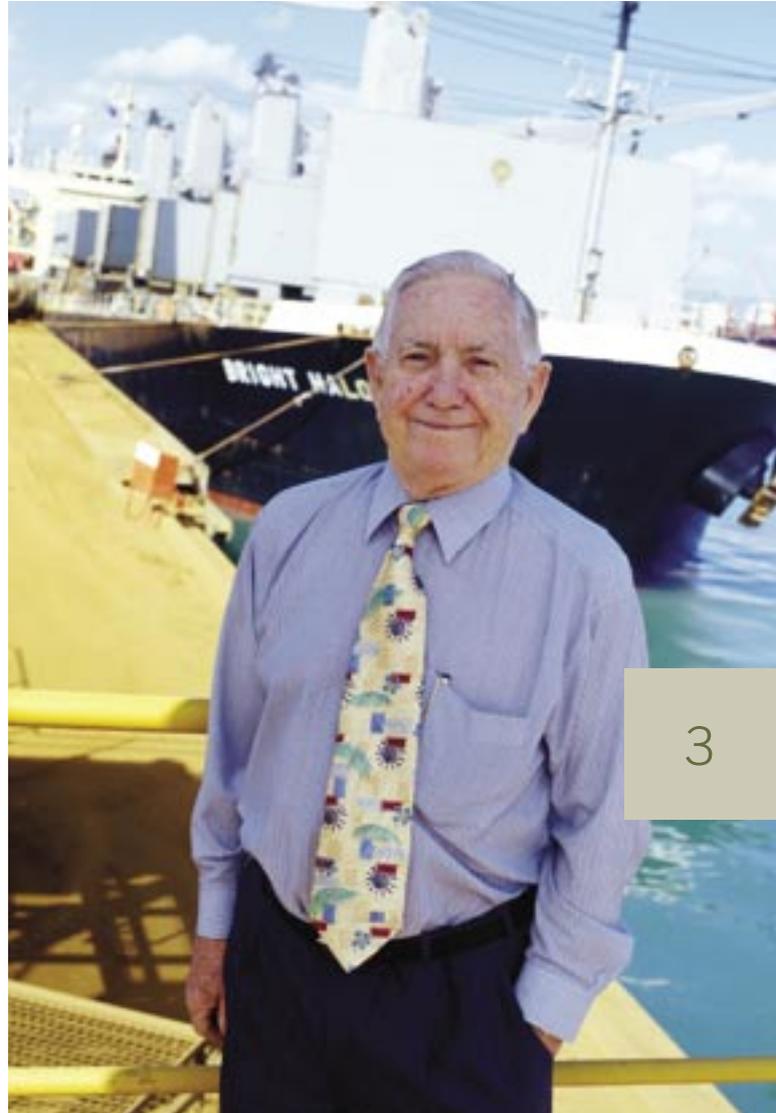
More credit must be given to the management team and our employees, who have continued to ensure that Townsville Port Authority continues to grow in importance to our City and region.

ocean terminal

Since I reported on the progress of the Ocean Terminal last year, there has been quite significant progress in working towards an outcome to this project. The port has fully supported the project and presentations have been made to both State and Federal Ministers for their consideration.

There is no doubt that the original concept which was first put up by our Project Consultant, Martin Norman, and which since then has been finely tuned, has resulted in a concept that would benefit Townsville and the region as well as State and Federal Governments.

To view a presentation on the Ocean Terminal, please visit www.townsville-port.com.au/publications/presentations/ocean-terminal



Chairman, Ron McLean.

third sugar shed

Ground work has already commenced on the site of the third sugar shed and tenders for construction are due to be let in the near future. The construction of this shed, which will be the largest sugar shed in the world, will make Townsville the largest exporter of sugar in Australia/the Southern Hemisphere/the World, and will allow the sugar industry to export for the full 12 months of the year, instead of having seasonal exports.

port access study

The Port Access Study into securing long term road and rail access (Eastern Access Corridor) into Townsville Port has still not progressed much further than from the previous year.

There are indications that there could be the possibility of national or even international manufacturing companies

from our chairman



Ron McLean, Rev. Graham Miller and Father Don Fernance at the opening of the refurbished Mission to Seafarers.

There has been an upsurge in interest in our operations from both national and overseas manufacturers. Our team works closely with organisations investigating Townsville as a place to locate operations. We offer quality industrial land and high class services in a complete package together with an efficient port.

The port also co-operates closely with Townsville Enterprise Limited and with the Townsville CBD Taskforce to ensure that developments sponsored by the port integrate with the city. The future development of near-city precincts on port land will be both an economic and aesthetic benefit to the city.

We have some great challenges appearing on the horizon, but they are challenges that if met properly, will afford great opportunities to the port and to the City and the region.

On behalf of the Board, I wish to record my appreciation to the management team and employees for the dedication and continuing support. Their contribution to the achievement of our fifteenth year of consecutive record trade is an excellent result and one of which we are all justifiably proud. The results again are a credit to their commitment to the port and on behalf of the Board, I acknowledge and thank them for their efforts.

As Chairman, I would like to personally thank my fellow Directors for their support, assistance and advice during the year. It is very much appreciated.

On a final and much sadder note, I recently attended the funeral of Mr Allan Hope, a former Deputy Chairman and Director of Townsville Port Authority. Allan was a Director from July 1967 to April 1976 and Deputy Chairman from July 1970 to April 1976. He carried out his duties with a dedication and commitment which earned the respect of all who worked with him.

Allan was a prominent and respected businessman holding senior executive positions and directorships with many transport and mining-related companies. On behalf of the board, management and employees I extend our deepest sympathies to his wife and family.

Ron McLean
Chairman

The environmental park concept plan.



showing interest in land adjacent to land marked for the corridor and if any of the enquiries should come to fruition, then it could be an opportunity for the Eastern Access Corridor construction to be brought forward.

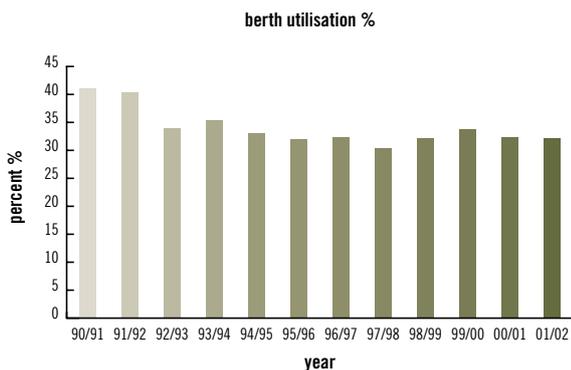
www.transport.qld.gov.au/qt/rtpweb.nsf/index/tpaias

environmental park (formerly buffer zone)

We have budgeted funds to complete the first stage of the Environmental Park in the 2002/03 financial year. Plans are to complete Stage 2 following the construction of the third sugar shed.

looking ahead

I am happy to say that once again on behalf of the Board, we are very optimistic about the future of the Port of Townsville.



ceo's review

strategic direction

Two years ago, the Authority undertook an important change in direction. It was recognised that trade growth from the minerals sector would not continue to occur indefinitely. Mine development in the North West Minerals Province has experienced a pause during the last five to seven years. At the same time, expansion of smelting and refining capacity within the region has limited the export of bulk mineral concentrates and ores from the port.

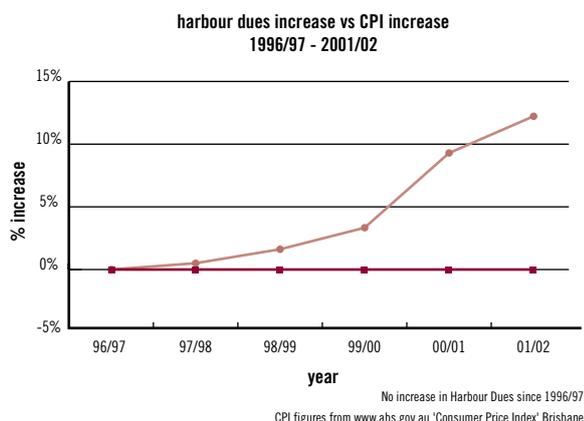
The Authority has responded to changes in its growth outlook. Steps were taken to seek revenue growth in other services. Growth in lease revenues from our property activities has grown by 22% over the previous year. We will continue to seek expansion of our landlord activities as a means of improving asset utilisation.

Results from our efforts to reduce administrative costs have borne fruit during the year. It is pleasing to report that administration costs have fallen significantly for the first time in five years. Recurrent costs associated with operating the port, including Port Services, Engineering and Administration have fallen by 12%, or nearly \$1 million in comparison to the previous year. The cost containment process has not been without difficulties, but employees have continued to work as an effective team in providing support and service to stakeholders.

Given the subdued outlook for expansion in bulk trades over the medium term, further attention will be given to improving property and services revenues, and careful cost control.

port charges

Steps have been taken to reduce the growing gap between port charge rates and rates of cost increase in the general economy.



The Authority's strategy for repairing its revenue base from commercial shipping charges focussed on changing charge rates for berth hire, rather than increasing levies on cargo volumes. Tonnage rates (berth hire) charges were increased by 6% in March this year, the first increase in commercial shipping charges since 1996.



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Barry Holden, Chief Executive Officer.

maintenance

As foreshadowed, the Authority has undertaken significant maintenance works over the last two years. The dredging of the Ross River moorings, wharf faces and channel was undertaken last year at a cost of \$1.4 million. We have undertaken an extensive concrete repair program on several wharves aimed at preserving existing infrastructure over the next 20 years, and significantly reducing future maintenance costs. This program will continue in 2002/03. It will complete the implementation of programmed asset maintenance started five years ago. If maintained, the overall program will reduce future asset maintenance costs and provide a platform for minimising whole-of-life asset costs.

ceo's review

environmental park (buffer zone)

Last year we announced plans to elaborate and extend existing buffer areas between the port and the community of South Townsville. A planning and consultation phase prior to implementing Stage 1 of the buffer zone has been completed and works have commenced. For further details, refer to page 24.

ocean terminal

Since the late 1980's, tourism industry participants have advocated specialist port facilities to cater for calls by cruise ships and navy vessels. The Authority and major port users attempt to re-arrange commercial shipping to allow these vessels to call at Townsville when requested. However, cruise and naval vessels sometimes cannot be accommodated due to other unavoidable berth commitments. With this in mind the Authority has carried out pre-feasibility studies into providing an ocean terminal for these vessels. Our economic impact study shows that provision of an ocean terminal would provide significant economic returns to the State and become a source of hundreds of jobs in the downstream tourism and hospitality sector. The pre-feasibility study shows that an ocean terminal can be located on our western breakwater and become an integral part of Townsville's inner city rejuvenation program. The Authority, in conjunction with Townsville Enterprise Limited and the Townsville CBD Taskforce has actively promoted its Ocean Terminal concept to Government and community leaders.

new work boat – 'Alan Ticehurst'

The Authority took delivery of its new work boat, the 'Alan Ticehurst' on 15 March 2002. The vessel was officially named at a ceremony in the port on 14 May 2002 in honour of Mr Alan Ticehurst OAM, a former member of the Board. Sadly, Alan passed away on 8 March 2000. His wife, Mrs Margaret Ticehurst, was present to officially name the vessel at the commissioning ceremony.

The vessel was constructed by Birdon Marine in Port Macquarie, NSW, and will be used to undertake capital and maintenance works including dredging, pile repairs and buoy moorings. I wish to acknowledge the special efforts of Birdon Marine, G.A Glanville Architects and the Authority's own employees, Les Mayes and Jeff

Aitkenhead, who sailed the 'Alan Ticehurst' from Port Macquarie to Townsville.

developments in information technology (IT)

The implementation of new core commercial applications was completed last year. Continuing the Authority's program of integration in 2001/02 has involved the implementation of the Shipping Port of Townsville (SPOT) port management system. Further steps to extend SPOT's capability to interactive berth bookings are now proceeding. The SPOT development is part of the Authority's program to use IT to improve control of our operations, to implement better business communications with our customers and suppliers and to make our employees more productive through the use of information technology.

For further information on new initiatives in our IT program, refer to page 32.

inner harbour dredging

Dredging of the inner harbour has been suspended for several years while a determination is made about the correct treatment of suspected contamination of the sediment inspections of the inner harbour. Dredging operations have now become urgent because the level of silt in the inner harbour is preventing optimum shipping operations.

With the conclusion of a rigorous sampling and investigation of sediment condition in various regions on the harbour floor, a comprehensive dredging program has been planned. Various investigations have taken place over a four year period to establish silt conditions and solutions to the satisfaction of port users and environmental agencies. Final settlement of co-operative arrangements for sediment removal is now being concluded with two of our major port users, MIM and QNI Billiton.

sugar storage facility

Work has commenced on the sugar industry's major new storage facility adjacent to Archer Street. The facility will add over 400,000 tonnes to the industry's storage capacity at the port. We welcome this important new piece of infrastructure to the port.

depreciation

Depreciation expense remains high, partly as a result of the Authority's conservative approach to depreciating channels and breakwaters. These long-lived assets are not subject to deterioration due to wear over time or technical obsolescence. The Authority routinely re-values and depreciates breakwaters, some of which are over 100 years of age. Similarly, channels are periodically re-valued and depreciated. While they are maintained, the only actual cost associated with this class of asset is the maintenance effort expended on them. Accumulating depreciation on these assets therefore systematically overstates their cost of ownership. Depreciation represents 30% of our total costs.

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Margaret Ticehurst and Ron McLean at the commissioning ceremony of the 'Alan Ticehurst' in May 2002.



The USS Bonhomme Richard arrives in port for a visit.

land use planning

The Authority has invested considerable time and money in rationalising its land use planning processes. Last year saw the preparation of the Authority's new draft Land Use Plan to reflect new tenure arrangements resulting from the rationalisation program, and to facilitate development assessment under the Integrated Planning Act 1997. Extensive public consultation of the new Plan was carried out last year. The new Plan will be published in the first half of 2003.

The program of rationalising our land holdings to ensure the most efficient tenure arrangements into the future is scheduled for completion in 2003.

The port is entering an exciting phase of development. Opportunities in which we can constructively work with new or expanding industries such as tourism, manufacturing and mining are emerging after a period of consolidation.

employees

The restructuring process which began in 2000/01 was completed early in the financial year, with a small number of employees accepting voluntary redundancies arranged during the previous year. The restructuring process has included a new Enterprise Bargaining Agreement for our Port Services Officers. The Agreement provides the Officers with a progression structure and a wider range of duties commensurate with their professional capacities. It also provides the Authority with additional flexibility in this specialised area of port operations.

Our employees generally continued to improve their personal productivity through our programs of work rotation, sponsored training, internal promotion and a more outcome-focussed approach to their duties. Their commitment continues to improve outcomes for our stakeholders.

During the last year, Martin Norman carried out the duties of Acting Chief Executive Officer for an extended period. In this role, and in his previous role as Deputy Chief Executive Officer, he introduced and encouraged programs which focussed on the efficient achievement of results for the Authority and for existing port users. In doing so he assisted an internal process of cultural change in the Authority. He has our thanks for his contribution and for his service to the Authority in the difficult role of change agent.

I would also like to thank the Chairman and Board for the assistance they have afforded me since I took up this new position. I thank the management team for their leadership and the way in which they have handled the challenges that the year presented, along with my thanks to all employees for their dedication and hard work. I look forward to setting new goals and challenges and working with my team in the years ahead.

looking ahead

In the coming year we will be undertaking a comprehensive review of all of our land assets as part of preparing master plans for each of the precincts. We must take into account the balance between the Authority's interests and those of our customers as well as the community and city in which we live and operate. The master plans will, when adopted, guide our development in a coordinated and appropriate manner. Planning will continue to enhance the port for current and prospective port users in the short, medium and long terms.

While there is a great deal of pessimism attached to recent information concerning the longevity of mining operations in north west Queensland, there is also a degree of confidence being displayed by the major players including BHP Billiton, MIM and Western Mining. Whilst some of the plans may see a reduction in concentrate export and a move towards value adding activities, it is still encouraging to see a display of confidence rather than a gloomy outlook.

We recognise that many of the commodities shipped through the port are currently subject to low prices in world markets. At the same time, we are facing increasing operating and maintenance costs. The challenge for the year ahead is to continue with the development of the port whilst containing these costs.

Barry Holden

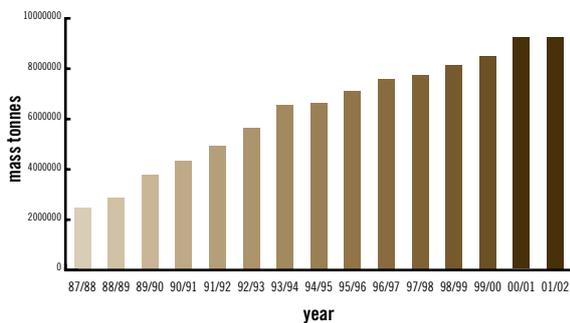
Chief Executive Officer

how we performed

trade

The Authority has recorded its 15th year of record trade in 2001/02. Nickel ore imports and metal concentrate exports exceeded expectations, whilst exports of fertiliser and raw sugar fell significantly short of budget estimates. The latter two export products were affected by unfavourable weather conditions and lower-than-forecast production rates. Overall, trade throughput achieved 97% of budget forecasts.

total trade throughput 1987/88 to 2001/02



Expectations for the coming year are for a small increase in total trade throughput.

commercial port operations

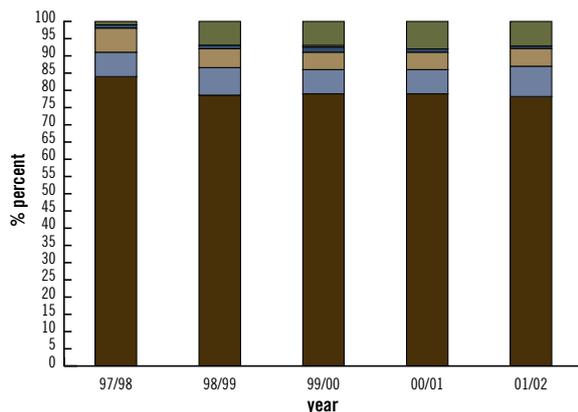
Port users continued to improve their use of the Authority's infrastructure. Overall berth occupancy declined slightly from 29.5% to 28.1%. Ship visit numbers declined slightly from 718 to 686. However, users were able to improve overall utilisation of the facilities, as average loading rates increased by 5.5% over the previous year.

port maintenance

The extensive wharf maintenance program continued during the year with further fender upgrades and reinforced concrete repairs. Further works will continue in the coming financial year with the aim of restoring these critical assets to face the next 20 years of service. Further details can be found in the Engineering section on page 23.

revenue composition
1997/98 - 2001/02

2001/02 charges on goods and vessels were 78.22%

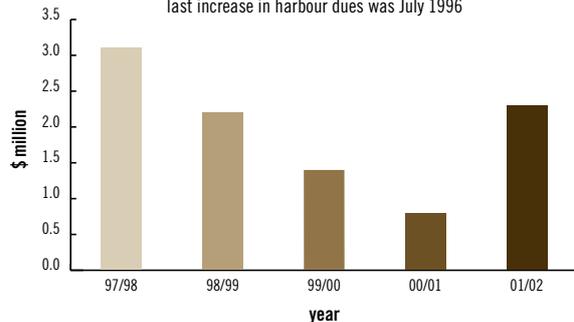


financial outcomes

Revenue from all operations increased by just over 1%. The increase is almost entirely due to increases in property revenue. Revenue from commercial shipping activities was flat, due to the essentially flat trade throughput.

Earnings before interest and tax rose from \$836,285 in 2000/01 to \$2,430,486 in 2001/02 due to marginally increased revenue and significant reductions in administrative and pilotage expenses. Port maintenance costs remained high as a result of the Ross River dredging campaign, which cost \$1.4 million during the financial year. This cost is one which the Authority cannot recover from port users due to the low revenue base of Ross River operations.

EBIT 97/98 - 2001/02
(earnings before interest & tax)
last increase in harbour dues was July 1996



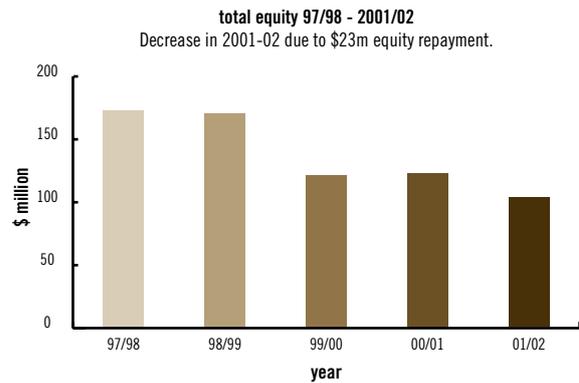
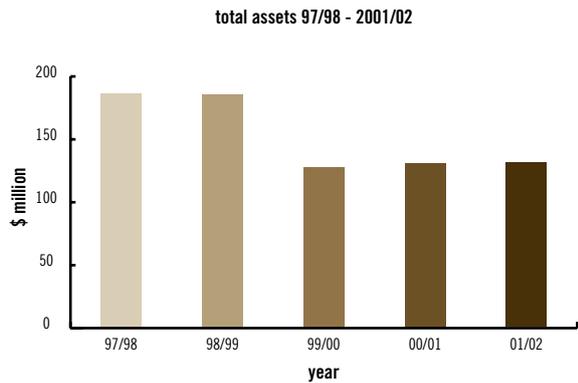
Our annual channel and harbour dredging campaign did not commence until after the end of the 2001/02 financial year. Accordingly, the Authority did not incur expense relating to the 2002 campaign in the financial year. Additional expenses of up to \$2.7 million may be incurred for this campaign in the first quarter of the 2002/03 financial year.

In 1999/00, a review of the Authority was undertaken to determine its optimal capital structure. The adoption of an optimal capital structure allows for a market-based and efficient approach to financing, so ensuring commercial discipline. As a result of this review, it

how we performed

was determined that Townsville Port Authority should take on more debt and conduct an equity repayment of \$23 million. Consequently in 2001/02 financial gearing and profitability has changed fundamentally with the borrowing of \$23 million from Queensland Treasury Corporation to fund an equity repayment to shareholders. As a result, net interest and borrowing

costs have changed from a net revenue of \$248,000 to a net expense of \$1,092,000 and the Authority's debt to equity ratio has risen from zero to 21%. Debt levels are now at their highest since incorporation in 1996.



Cattle being loaded on Berth 3.



our performance overview

strategic direction

The following strategic issues have been identified in our Corporate Plan. Results for this year are detailed below.

1. engineering

Townsville has a 15km channel through the shallow waters of Cleveland Bay that requires significant annual dredging. Other dredging issues that impact heavily on operations include our proximity to the Great Barrier Reef Marine Park and World Heritage Areas and the management of potential contaminants within the harbour and Ross Creek.

Maritime infrastructure requires significant annual funding. Optimal structure is required to offer performance, flexibility and responsiveness.

objectives

- ensure that required dredging commitments are undertaken with appropriate plant in the most cost effective and efficient manner;
- provide modern and relevant sounding equipment to allow accurate and timely information to assist port management;
- assist port viability through acceptable long term disposal of dredge material;
- provide maintenance employees with modern and appropriate equipment that will improve productivity;
- complete program to upgrade services to wharf areas including power, water, sewage, lighting and cathodic protection; and,
- effect repairs to concrete structures to ensure wharves continue to operate without restriction.

Bob Morris in the workshop.



outcomes

- completed extensions to wharf 10 to meet the needs of the Royal Australian Navy;
- \$2 million expenditure on pile, deck and retaining wall remediation works at berths 8 and 9; and,
- \$1.4 million expenditure in dredging works in the Ross River.

2. business development

Whilst commercial shipping arrangements are leading to harbour congestion, areas of vacant land surround the port. A new land use planning scheme introduced by the Integrated Planning Act 1997 provides both challenges and opportunities to develop port lands in a coherent and commercially rewarding way.

Rationalisation of the inner harbour to accommodate forecast trade demands over the next 25 years is required. Success with rationalisation depends on the ability of major port customers to see the common benefits of rationalisation. Commercial viability of arrangements will be a key factor.

objectives

- minimise the impact of external social and political influences on port planning and development;
- improve efficiency of land utilisation within the port;
- improve planning and development processes;
- increase the utilisation of port lands for port and logistics-related business; and,
- enhance trade through the Port of Townsville.

outcomes

- finalisation of negotiations with Queensland Sugar Limited and Sugar Terminals Limited, Queensland Rail and SimsMetal for the establishment of a 400,000 tonne sugar storage facility;
- four applications assessed and received during the year in relation to proposed developments; and,
- finalisation of a Land Use Plan to reflect new tenure arrangements.

3. marine services

Opportunities exist to increase customer satisfaction through improved towage and line services when the existing exclusive contract expires in 2003.

objectives

- optimise of towage operations leading to a cost-effective service;
- fully integrate Marine Services division carrying out multi-skilled work in the most cost-effective manner;
- provide 100% capability to bring ships into and out of Townsville; and,
- improve integration of pilotage services.

our performance overview

outcomes

- establishment of the Issues Working Group to identify future towage needs for the Port of Townsville;
- workforce enhancements through multiskilling; and,
- worked towards the finalisation of the devolution of pilotage to the new Maritime Safety Queensland to take effect as from 1 October 2002.

4. communication and people

Thorough understanding of customer requirements remains a challenge for port managers. A lack of understanding by the community of the role of the port remains a potential barrier to essential operations and future growth.

Understanding of the purpose and commercial approach to operations is not always clearly communicated. Focus on outcomes rather than processes are not always clearly defined for employees. An attempt to change organisation culture and structure in recent years has led to uncertainty over job security and poor morale in some areas. The changing emphasis in the industrial relations approach by Government has also created a need to accommodate further changes.

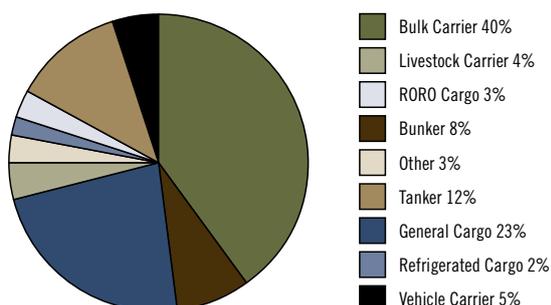
objectives

- ensure transparent and accountable decision making procedures are adopted throughout the organisation;
- increase effective communications with our customers;
- maintain an awareness of port activities in the wider community;
- improve stakeholder understanding of core purposes of the organisation;
- improve communications through work groups; and,
- improve the information flow from managers to employees and between managers.

outcomes

- improved communications with relevant government bodies;
- improved communications between managers through regular management meetings; and,
- stabilisation of employees and improvement in morale.

vessel calls 2001/2002



5. commercial projects and information systems

Replacing basic commercial systems with economic and practical alternatives will be a necessary first step before development of support systems for business communication, a geographic information system and document handling systems.

objectives

- develop and maintain cost effective solutions to meet users' technology requirements;
- maintain a commitment to ongoing technology development through the provision of appropriate tools, systems and training in keeping with future technological advances; and,
- provide internal and external users with an integrated information technology operating system that achieves both simplicity in use and cost effectiveness.

outcomes

- developed and maintained Shipping Port of Townsville (SPOT) a custom application for booking berths and tracking services, through to accounts receivable;
- provided users with greater access and appropriate training to flexible reporting tools, such as Crystal Report Writing; and,
- transferred the Authority's website from Telstra Bigpond to a site hosted by the port. This is the initial step in integrating the Authority's website with SPOT to provide port customers with easy access to shipping information and online berth applications.

6. environment

Environmental issues remain a prominent concern for all aspects of our operations. The port environment is socially, naturally and politically complex. We must remain aware of these complexities and the changing and sometimes conflicting needs of port customers and the community. To ensure that these complexities do not compromise the efficiency of port operations, we must remain pro-active in the development of environmental management controls.

objectives

- develop port-wide waste management strategies to optimise waste disposal options and ensure compliance with international obligations; and,
- develop a pro-active and pragmatic system of integrated and cooperative management at the Port of Townsville.

outcomes

- a review of quarantine waste options was undertaken. The recommendations of the review are currently being implemented;
- a 24 hour turnaround on all environmental enquiries;
- production of monthly and annual environmental monitoring reports; and,
- further implementation of the Port of Townsville Environmental Management System (EMS).

best for corporate governance

audit committee

The Audit Committee acts as an advisory service to the Board to assist in the effective discharge of the responsibilities prescribed in the Financial Administration and Audit Act 1977, the Financial Management Standard 1997, and other relevant legislation and prescribed requirements.

In August 2000, the Audit Committee Charter was formally adopted by the Board. The Charter sets out the Committee's core duties, which are to:

- assess and contribute to the audit planning processes;
- assess and enhance the port's corporate governance, including its systems of internal control and the internal audit function;
- evaluate the quality of, and the practical discharge of the internal audit function; and,
- through the internal audit function, oversee and appraise the port's financial and operational reporting process.

Other key responsibilities include 'due care and diligence' on behalf of the Board in relation to optimising the Authority's performance.

The composition of the Committee was altered from the beginning of this financial year with two additional members, Stephen Graw and Jenny Gleeson, being appointed. As well as the additional appointments, Beth Keating replaced previous member Mark Bragg, whose term as a Director had expired. At the first meeting of the Committee, Terry Baxter was re-elected to the position of Committee Chair. The Committee was assisted by the Financial Controller as Secretary to the Committee, the Acting Chief Executive Officer and more recently the Chief Executive Officer.

Throughout the year the Committee continued its role of reviewing conformance to set financial and management policies and processes and met four times for scheduled meetings. An additional special meeting to discuss a specific tender submission process was also held. Representatives of the Authority's internal auditors, PricewaterhouseCoopers, were present at all four scheduled meetings whilst representatives of the external auditors, C E Smith & Co, attended the meeting held on 20 August 2001 to conduct the formal exit interview for the 2000/01 financial year.

Matters addressed by the Committee during the year included:

- review of the internal audit post implementation report on the new 'Pronto' accounting software;
- approval of the internal audit plan for 2001/02;
- review of the responses to the Risk Management Report action list;
- review of internal audit reports and management processes; and,
- recommendations on changes to various policies and/or procedures.

audit committee attendance

audit committee meetings					
	20/8/01	6/11/01	12/2/02	14/5/02	7/6/02
Terry Baxter	•	•	•	•	▪
Beth Keating	•	•	•	•	•
Stephen Graw	•	•	•	•	•
Jenny Gleeson	•	•	▪	•	•

• attended ▪ did not attend

internal auditors

The internal auditors, PricewaterhouseCoopers, added value to the Authority's corporate governance process by providing an effective internal audit service driven by a methodology focusing on providing assurance and enhancing shareholder value.

This service included gaining an understanding of the organisation, its objectives, risks, risk management priorities, and also the diverse needs of critical stakeholders including executive management, the Board, employees and port customers. Work performed also included proactively assessing compliance of the Authority's operations and objectives, and ensuring that financial and operational controls are consistently applied.

accountability of the board

The Board of Directors are accountable to the Minister for Transport and the Treasurer for the performance of Townsville Port Authority. The Authority is a Statutory Government Owned Corporation constituted on 1 July 1995 under the Government Owned Corporations Act 1999 (GOC Act). Our operations are primarily governed under the Transport Infrastructure Act 1994 and the GOC Act. We are also a statutory body under the Statutory Bodies Financial Arrangements Act 1982 and the Financial Administration and Audit Act 1977.

The Board views itself as having responsibilities and accountability to its stakeholders – the users of the Port of Townsville and its two shareholders, the Minister for Transport and the Treasurer. Regular consultation with these stakeholders occurs through a variety of mediums including the Port Advisory Body (PAB), the Environmental Working Group (EWG), and through regular meetings with major port users including MIM, WMC Fertilizers, the Queensland Sugar industry, BHP Billiton, QNI Billiton and fuel industry representatives.

We are mindful of the role we play in the wider community in terms of port developments and their potential impact on nearby residential areas and the central business district. To this end we also meet regularly with special interest groups from these areas to ensure that open and effective communications occur in relation to the activities of the port.

In addition to the above, we have taken the initiative to ensure that our shareholders are kept up-to-date concerning the activities and direction of the port through regular consultation with departmental representatives throughout the year.

human resources committee

The Human Resources Committee is a sub-committee of the Board of Directors. This sub-committee assists the Board in fulfilling its corporate governance responsibilities by reviewing recommendations, monitoring and establishing human resources policy frameworks, including the conditions attaching to the contract and award employees. Such frameworks shall be consistent with business, commercial and community objectives, the needs of the Authority and relevant legislation.

To achieve its responsibilities, the committee meets every three months to review organisational structures, human resource policies and practices, remuneration arrangements, authorities and delegations and industrial agreements to ensure that the Authority complies with industry best practice and relevant guidelines and legislation.

The Charter Committee is comprised of Ron McLean who was elected as Chair, Beth Keating, John Pennisi and Dale Parker. The Committee was assisted by the Chief Executive Officer and the Commercial Projects Manager as Secretary to the Committee.

board meetings

The Board meets for half a day monthly with the exception of January. This year Directors met as a full Board on eleven (11) occasions.

It is the Board's policy to meet at least once per annum in Mount Isa, as port customers in this region account for a significant proportion, approximately 23% of port trade, both in terms of tonnage throughput and revenue. Meeting in Mount Isa provides the Board with the opportunity to visit our customers and obtain an appreciation of the scale and nature of their activities.

Directors also participate in marketing and trade-related visits as appropriate.

our board

Ron McLean, Chairman

Chairman appointed 1 July 1999. Ron retired as Executive Chairman of News Limited after 37 years in the print industry. He is a Director of Townsville Enterprise Limited. Age 66 years.

Beth Keating, Deputy Chairperson

Deputy Chairperson appointed 1 July 1999. Beth is a Director of The Consulting Company and a senior consultant with Keating Consultancies.

Beth has extensive knowledge of the business and community sectors in Townsville and has wide public and private sector experience in human resources and employee relations including employment counselling, disability and mental health sectors. She is a member of the Australian Institute of Company Directors and the Equal Opportunity Practitioner's Association. Age 45 years.

Terrence Baxter, Director

Director appointed 1 July 1999. Terry is a partner of the firm Ruddy, Tomlins and Baxter practicing in commercial law and litigation. Age 53 years.



L-R: Terry Baxter, Tony Mooney, Stephen Graw, Beth Keating, Ron McLean, Jenny Gleeson, Dale Parker, John Pennisi and Tony Caldwell.

Jenny Gleeson, Director

Director appointed 1 July 1999. Jenny is an Associate for Lee Turnbull and Co. She deals with a broad range of areas of law, including commercial litigation, leasing and industrial relations.

She is a Graduate Member of the Australian Institute of Company Directors and volunteer lawyer for the North Queensland Women's Legal Service. Age 32 years.

Tony Mooney, Director

Director reappointed 1 July 1999. Tony has 21 years experience in local government and serves in senior positions on local authority boards within Australia. He has been Mayor of the City of Townsville since 1989.

He is President of the Urban Local Government Association of Queensland. He is a Council representative on the Townsville Thuringowa Water Supply Board, the Pandora Foundation and Townsville Enterprise Limited. He is Board Chairman of both the Townsville Breakwater Entertainment Centre Joint Venture and the Willows Sporting Complex Joint Venture. Cr Mooney is a life member of a number of organisations and patron of a wide range of sporting and community groups. Age 48 years.

Dale Parker, Director

Director appointed 1 July 2001. Dale previously served on the Board from 1990 to 1996. He retired from the Australian waterfront in 1991 after a career of long distance truck driving, plant operating and 18 years of stevedoring in the east coast Australian ports.

He is currently Chairman of the Townsville City Council Finance and Corporate Services Committees, the Disability Advisory Committee, the NQ Paralympic Games Committee and is a Board member of the NQ Military Museum and the Mt Isa to Townsville Economic Development Zone (MITEZ). Dale was elected as Councillor to Townsville City Council in August 1998 and re-elected unopposed in March 2000. Age 62 years.

John Pennisi, Director

Director appointed 1 July 2001. In 1996 John established and currently manages Finjon Paper Recyclers, a paper and cardboard recycling business in Townsville. He was previously a Sergeant in the Queensland Police Service from 1970 to 1995.

John is a qualified electrician, builder with the Queensland Building Services Authority and also has a Diploma in Business Administration. He has also served on various community organisations. Age 56 years.

best for corporate governance

Stephen Graw, Director

Director appointed 1 July 2001. Stephen is the Head of Law School at James Cook University. He specialises in commercial and taxation law and has written or co-authored five textbooks on commercial and legal topics.

He is also a Brigadier in the Army Reserve where he is currently the Commander of the 11th Brigade. He is a current or past member of a number of community organisation boards. Age 49 years.

Tony Caldwell, Ex-Officio Director

Captain Caldwell was formerly Master with Howard Smith Shipping and Stolt Tankers. He is a member of the Queensland Transport Maritime Program Management Committee which is responsible for maritime safety and service delivery in Queensland. Age 50 years.

board director attendance

ordinary board meetings

	eligible to attend	attended
Ron McLean	11	9
Beth Keating	11	11
Terrence Baxter	11	11
Jennifer Gleeson	11	11
Tony Mooney	11	7
Dale Parker	11	10
John Pennisi	11	11
Stephen Graw	11	11
Ex-Officio Director* Tony Caldwell	11	7

* Captain Tony Caldwell was appointed Acting Regional Harbour Master from 11 August 2000 and was officially appointed as Regional Harbour Master on 16 May 2001.

flying minutes

Three flying minutes resulted from Board meetings. These being:

- 19 September 2001 – Endorsement of the Townsville Port Authority Maintenance Employees Certified Agreement 2001/04.
- 18 October 2001
 - Engaging the Consultancy Bureau for the recruitment of the Chief Executive Officer position at a cost of \$19,800 for professional fees; and,
 - Waivering the Authorities and Delegations Policy in this instance.
- 10 May 2002 – Endorsing the action taken by the Chairman in authorising the Chief Executive Officer to purchase Lot 363 on EP 776 (No. 4 The Strand) for \$310,000.

board terms

The current term for Directors commenced on 1 July 1999. Directors McLean, Mooney and Keating were appointed for a four year term whilst Gleeson and Baxter were appointed for a two year term.

However, following consideration by Cabinet and approval by the Governor in Council, the composition of

the Board was altered effective 1 July 2001. Chairman Ron McLean, Deputy Chair Beth Keating and Tony Mooney's four year tenure remain unchanged with their terms expiring on 30 June 2003.

Both Jenny Gleeson and Terry Baxter's two year tenures expired with reappointments to 30 June 2005 and 30 June 2003 respectively. Dale Parker and Stephen Graw were appointed for four year terms to 30 June 2005 and John Pennisi was appointed to 30 June 2003.

conflicts of interest

The Government Owned Corporations Act requires Directors with a material personal interest in any matter to be excluded from and not to vote in relation to that matter. Directors declare an interest in a matter and leave the meeting whilst the matter is being discussed.

code of conduct

All employees are expected to:

- apply their best endeavours to the performance of the duties and responsibilities that they are employed to carry out;
- contribute positively to the achievement of work objectives;
- accept responsibility for self improvement by participating positively in training activities;
- comply with all lawful and reasonable instructions;
- be conscientious with regard to attendance and punctuality;
- comply with all laws and regulations of the country and to conduct business in an entirely responsible and ethical manner; and,
- show others the same consideration and treatment they would expect to receive themselves.

policy review

During the year the Board reviewed and updated a number of policies in response to recommendations from the audit and human resource committees to ensure they are relevant in the current economic and legislative environment.

risk management

The Authority is undertaking an assessment of the risks involved in constructing the proposed new city precinct adjacent to the commercial harbour. The study is being carried out to optimise the design of the new city precinct from a convenience and safety perspective.

Marsh Risk Consulting was engaged in 2002 to conduct a full quantified risk assessment of an ammonium nitrate explosion on berth 3. The assessment was commissioned by the Authority to determine the appropriate limits to be carried by a ship at berth 3.

freedom of information (FOI)

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. The Act places an obligation on the agency to provide information requested, unless the information requested is deemed exempt under specific provisions of the Act.

best for corporate governance

As a Government Owned Corporation, the Authority is required to provide documents requested under the Act. We also have a requirement to provide annual reports on FOI requests made during each financial year pursuant to the Act.

One (1) FOI application was completed during the year. The request was not refused or transferred to another agency.

2001/02 annual freedom of information figures

applications received	1
applications completed	1
information provided	1
information exempt	0

time taken to process

0-10 days	1
11-21 days	0
21+ days	0

actual hours to process

0-3 hours	1
4-7 hours	0

expense to process

\$0-\$30	0
\$30-\$60	0
\$60+	1

overseas travel

name	destination	dates	reason for travel
Ron McLean	Hong Kong, China and Singapore	11 April 2002 - 1 May 2002	Sister City Delegation and Trade Mission

senior executive remuneration

emoluments of executive officers[^]

	year	base salary	employer super	other benefits (incl. vehicle)	total emoluments
Chief Executive Officer - B.Holden	00/01	–	–	–	–
(from 4/3/02)	01/02	45,485	5,686	5,250	56,421
Projects Consultant - M.Norman	00/01	112,086	10,702	14,477	137,265
(previously A/CEO from 30/10/00 to 3/3/02)	01/02	119,515	16,173	15,573	151,261
Engineering & Environment	00/01	82,137	6,571	7,763	96,471
Manager – L.Hore	01/02	95,000	7,600	21,926	124,526
Financial Controller - L.McDougall	00/01	60,746	7,012	9,211	76,969
(previously A/FC from 28/11/00 to 19/03/01)	01/02	72,346	8,925	13,208	94,479
Construction Manager - J.Mahlberg	00/01	63,700	8,116	14,563	86,379
	01/02	69,902	8,925	14,563	93,390

best for corporate governance

non-executive director remuneration

emoluments of directors[^]

2000/01	director fees	committee fees	employer super 8%	vehicle allowance	total emoluments
R.G. McLean	22,000	–	1,760	474	24,234
B.K. Keating	10,000	–	800	–	10,800
T.P. Baxter	10,000	–	800	1,254	12,054
A.J. Mooney	10,000	–	800	–	10,800
M. Bragg	10,000	–	800	–	10,800
M. Pagani	10,000	–	800	–	10,800
T. Greenwood	10,000	–	800	–	10,800
J. Gleeson	10,000	–	800	–	10,800

2001/02	director fees	committee fees	employer super 8%	vehicle allowance	total emoluments
R.G. McLean	22,000	1,200	1,856	1,088	26,144
B.K. Keating	10,000	2,150	972	–	13,122
T.P. Baxter	10,000	1,300	904	1,191	13,395
A.J. Mooney	10,000	–	800	–	10,800
D. Parker	10,000	900	872	–	11,772
J. Pennisi	10,000	900	872	–	11,772
S. Graw	10,000	1,250	900	–	12,150
J. Gleeson	10,000	1,000	880	–	11,800

[^] Based on actual figures as at 30 June 2002

quality management system ISO 9001

During 2001/02 the Authority reviewed the services of our Quality provider and a decision was made to change to Microrisk. Subsequent to this an audit was undertaken and certification to ISO 9001:1994 was approved.

The audit highlighted a number of strengths including enhanced communications with port users, the Australasian Reporting Awards and the Public Sector

Corporate Governance Awards. It also drew attention to a few opportunities for improvement, most notably the internal audit process.

The Authority is now focused on this area and a number of internal audits have been completed. Our objective for the next twelve months is to work towards gaining approval to ISO 9001:2000. The new standard is scheduled to be in place by December 2003.

Visitors from north west Queensland and the Directors receive a tour of the Copper Refineries from Steve Allard.



our management team



L-R: Bob McLellan, Martin Norman, Larry Hore, Jason Mahlberg, Darrin Pearce and David King.

Martin Norman, Project Consultant

Prior to assuming the position of Acting CEO, Martin served for 3 years as Commercial Manager and Deputy CEO.

Previous experience has included senior roles in transport, explosives, contract drilling and automotive industries. Martin is a Chartered Accountant with qualifications in business and quality. Age 55 years.

Darrin Pearce, Business Development Manager

Darrin joined the port in 1985. He resigned on 24 July 2002 after almost 17 years with the Authority. Darrin is now Economic Development Manager at Townsville Enterprise Limited. Age 34 years.

Susan Vickers, Commercial Projects Manager

Susan has worked for the Authority for 11 years. She has previously worked in a number of roles including Administration Manager and Corporate Services Manager. Susan holds a Bachelor of Commerce degree and is a CPA. Age 35 years.

Susan Vickers,
Commercial Projects Manager.



Jason Mahlberg, Construction Manager

Jason has a contracting background having worked previously on sites along the eastern seaboard and in Papua New Guinea. He has a Bachelor Degree in Engineering (Civil) and has worked at the port for three years. His area of expertise lies in marine and land-based construction. Age 29 years.

Len McDougall, Financial Controller

Len has been with the Authority since 1996. He has held the positions of Administration Officer and Management Accountant. Len has held senior financial and management positions within large public companies operating in the manufacturing and mining industries and also within the tertiary education sector. Len holds a Bachelor of Business degree and is a CPA. Age 54 years.

Bob McLellan, Maintenance Manager

Bob joined the Authority in May 2001. Prior to joining, Bob had worked in a number of senior roles in construction, contract maintenance and mining. Bob is responsible for the short and long term maintenance of port assets. He holds a Graduate Diploma of Maintenance Management. Age 44 years.

Larry Hore, Manager Engineering and Environment

Larry was appointed Engineering Manager in 1998 after completion of a number of projects and successfully guiding our maintenance activities through a period of significant change. Larry has a Bachelor of Business Administration (Technology Management) and Bachelor of Engineering (Electrical). He is a Member of the Institution of Engineers Australia. Age 37 years.

David King, Marine Services Manager

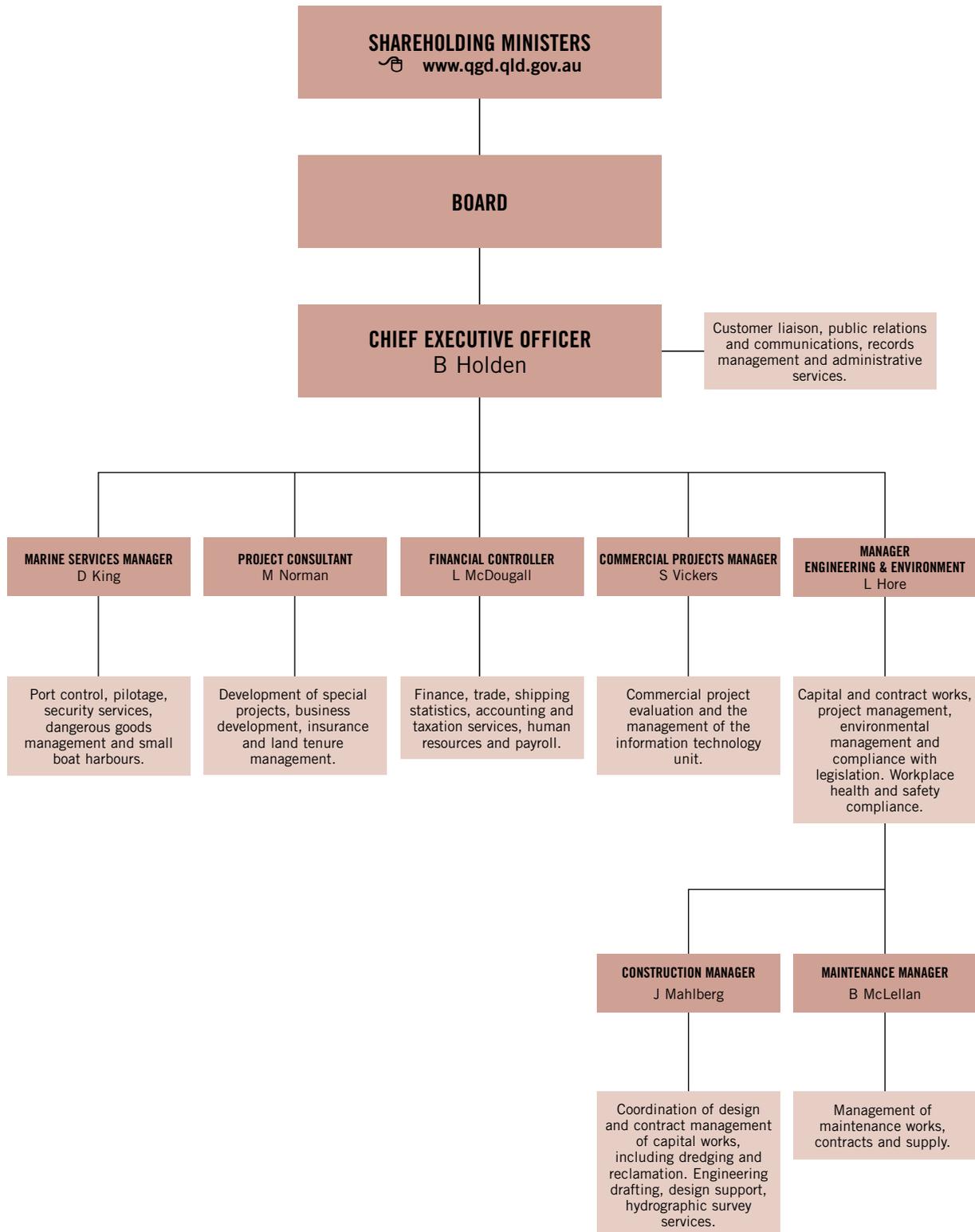
David currently holds the position of Marine Services Manager and is responsible for the functions of port control, pilotage, pilot transfer, dangerous goods management, security and small boat harbours.

David has 18 years experience in the port industry and has extensive knowledge of port operations and procedures. He holds qualifications as Master Class 5, Workplace Health and Safety Officer in Construction and Manufacturing and has completed university courses in management and dangerous goods. Age 40 years.

Len McDougall,
Financial Controller.



our structure



our people

staff employee changes and appointments

After a period of industrial and organisational change a new period of growth has now begun. Our establishment grew to 78 employees to better service port expansion and continued trade growth and meet our skill needs.

Nine (9) employees resigned during 2001/02. Of these, five (5) were long serving Marine Services employees who accepted voluntary redundancy packages, offered as part of a restructuring to Marine Services. This action completed the restructuring work undertaken during the 2000/01 year. This restructuring included a new Enterprise Bargaining Agreement, changes to the shiftwork roster, and the integration of the Pilot Vessel Crew.

Twelve (12) employees joined our workforce during 2001/02, including five (5) former employees of Townsville Marine Pilots Pty Ltd who joined the Marine Services section.

Our new Chief Executive Officer, Mr Barry Holden, commenced on 4th March 2002. Mr Holden, a former employee of the Authority, had recently held a senior position in the towage industry at Fremantle, Western Australia. Mr Holden brings to the Authority a broad knowledge of all aspects of the maritime industry and an intimate knowledge of Townsville Port.

There was a claim for wrongful dismissal against Townsville Port Authority by an employee in 2001. The matter was settled amicably with the claimant reinstated in another position within the organisation. As a result of the incident an Industrial Relations Committee was established of the Board with a charter to oversee the development of improved industrial relations practices.

employment and industrial relations plan

During the year a revised Employment and Industrial Relations Plan for 2002/03 was drafted for inclusion in the Statement of Corporate Intent. After consultation with the Department of Industrial Relations, The Office of Public Service - Merit and Equity, the Australian Maritime Officers Union and Maritime Union of Australia, the Plan was approved by the Board at their meeting held on 16th April 2002.

To enable managers to recruit employees of the highest calibre, a new recruitment and selection procedure was implemented, with the principals of merit and equity the dominant feature in all steps in the recruitment process.

During 2001/02 the following Enterprise Agreements were registered:

- Townsville Port Authority Maintenance Employees Certified Agreement 2001/04
- Marine Pilots Enterprise Agreement 2001/04

Negotiations also commenced on a further two (2) Agreements during 2001/02:

- Townsville Port Authority Administrative, Technical, Supervisory and Professional Employees Enterprise Agreement 2002
- Townsville Port Authority Marine Services Enterprise Agreement 2002

It is expected that these Agreements will be finalised early in the 2002/03 year.

apprentices and trainees

The Authority had previously been a major supporter of training of north Queensland's youth, and employed apprentices in the trades of painting, carpentry, boilermaking, fitting and turning, electrical fitter, mechanics and shipwrighting. The number of apprentices has declined steadily over the last few years to the stage today where we currently employ no apprentices. Consultations have commenced with Queensland Apprenticeship Services, a division of the Queensland Chamber of Commerce and Industry, and the Department of Employment and Training, with a view to of again employing apprentices.

We are also investigating the placement of trainees in the fields of administration, drafting and finance.

manual of human resource management

A Manual of Human Resource Management is currently being drafted. This will detail the policies and procedures in operation at the port, including:

- recruitment and selection procedures;
- equity policy comprising equal employment opportunity, inappropriate discrimination, sexual harassment and workplace bullying;
- information privacy principals;
- policies and procedures for the taking of leave;
- recognition of long service;
- dispute resolution procedures/grievance procedures;
- termination of employment;
- redundancy policy;
- superannuation benefits available to employees through QSuper;
- hours of work;

L-R: Kellie Constantine, Chris Lynch, Lauren Spinks, Greg MacDonald, Anne-Maree Peters, Melody Taylor, Marj Walker, Len McDougall, Kelly Jorgensen, Scott Martin and Shari Norris.



our people



20

Ron McLean congratulates Darrin Pearce on 15 years of service.

- corporate uniform policy; and,
- workplace health and safety policy.

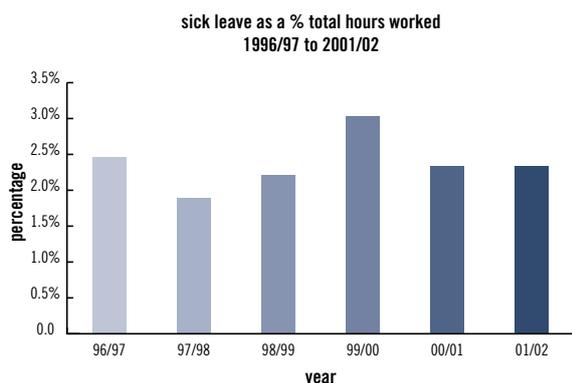
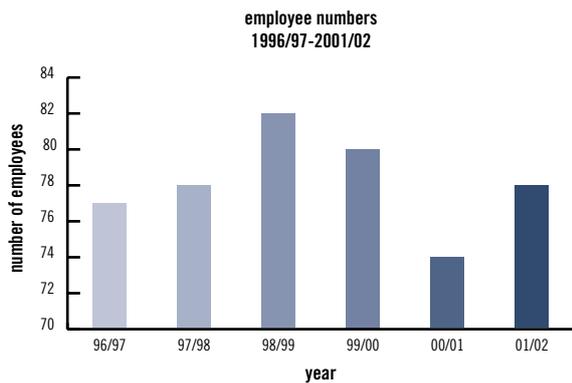
This manual will form a major part of the induction of new employees, and will be freely available to all existing employees.

current long serving employees (15 years+ service)

name	position	commencement date
Leslie Ditton	Tradesperson	09/09/86
Andrew Browne	Operator Labourer	10/06/86
Gregory MacDonald	Finance Officer	21/01/85
David King	Marine Services Manager	21/06/84
Gillian Sharp	Secretary Engineering	28/07/83
Robert Morris	Operator Labourer	21/07/80
Scott Martin	HR & Payroll Officer	12/10/78
Warren Walsh	Tradesperson	07/05/75
Trevor Beasley	Operator Labourer	09/09/74

long serving employees who resigned or retired during 2001/02 (15 years+ service)

name	position	period of service
Russell Caldwell	Port Services Officer	10/12/84 – 30/07/2001
John Tolcher	Drafting Officer	27/01/82 – 23/11/2001
Kevin Evans	Port Services Officer	18/02/80 – 30/07/2001
Laurence Stubbings	Operator Labourer	26/05/80 – 01/03/2002



A group shot of our engineering and workshop employees.

our safety performance

workplace health and safety policy

The Board and management of Townsville Port Authority are committed to providing a safe port and to the prevention of all workplace injuries and illnesses. We will manage our activities with regard for our employees, contractors, port users and visitors.

In particular we will:

- provide a safe working environment;
- foster an environment of trust and mutual respect;
- continuously improve our safety management by setting measurable objectives and targets and monitoring our success in achieving them;
- ensure all employees receive adequate and appropriate training to assist them to work safely;
- promote our Safety Management Plan to all employees, contractors and port users;
- ensure all workers are aware of their obligations and comply with relevant legislation;
- respond to and thoroughly investigate all accidents and incidents and take appropriate remedial action;
- encourage employees to actively contribute to improving safety within the port; and,
- provide adequate and appropriate resources

All individuals and port users will be encouraged to recognise and accept their mutual obligations and to embrace the intentions of the Safety Management Plan to create and maintain a safe working environment. Through this commitment to our employees, contractors and port users we will endeavour to maintain a 'safe port'.

objectives

Our main objectives for the previous year were to ensure employees received appropriate training and to see the introduction of a workplace health and safety plan.

achievements

The year 2001/02 has seen an increase in safety awareness and this has been reflected by both the increased level of involvement by employees and the reporting of incidents. Although we did not finalise the workplace health and safety plan we did complete the majority of the plan and remain committed to this being implemented. A total of 351 safety inductions were completed and eight (8) induction videos were distributed to our major port users for use with their employees.

Employees have undertaken training including Confined Space Awareness and Rescue and Senior First Aid.

outlook

A Port Safety Group will be established in the short term to allow port users to meet and discuss safety issues and incidents. Meetings will be held on a regular basis to facilitate the sharing of information, reporting of incidents, integration of safety plans and to encourage communication between port users and the Authority.

The Authority also remains committed to providing appropriate training and has already identified areas for additional training including Occupational Health and Safety at Sea and Safe Working at Heights.

Visit our website for information on Emergency Procedures and Port Notices at www.townsville-port.com.au/doing_business/notices_and_safety

statistics

lost time injuries

lost time injury frequency rate	14.81
average lost time rate	8 days
incidence rate	20.73

lost time injury frequency rate compared to the previous two periods

2001/02	14.81
2000/01	20.28
1999/00	16.60

Only two (2) lost injuries were reported in the past year. This has been reflected in a lower frequency rate. However the overall incidence rate has increased due to improvements in reporting rather than an increase in the number of incidence.

recorded incident over the last three periods

2001/02	14
2000/01	13
1999/00	7

workcover claims

The number of WorkCover claims remained constant at five (5) as for the previous period. Two (2) claims related to lost time injuries and the remainder represent medical expenses only.

The average claim cost and average claim duration reduced significantly this year. This reflects the less serious nature of the claims compared with previous years.

number of claims made during the period	5
number of WorkCover claims accepted	5
claims incurring lost time and medical expenses	2
medical expenses only	3



rehabilitation

Neither of the lost time claims required rehabilitation programs. One medical expense injury required management for ongoing treatment and minor work restrictions.

incident accident statistics

number of employees (excluding temporary)	75
number of hours worked	135,018
number of lost time injuries	2
number of no lost time injuries	12
number of contractor incidents reported	3
number of near miss/dangerous events reported	4
total number of incidents reported	19

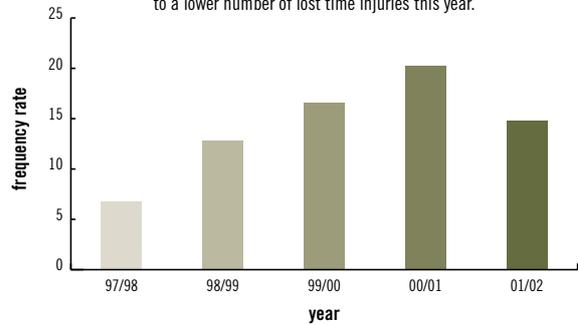
principal location of injuries	%
shoulder/arm	22
hand	22
abdomen	7
eye	14
leg/foot	14
back	14
head	7

injury type	%
sprain/strain	50
cut	22
bruise	14
foreign object	14

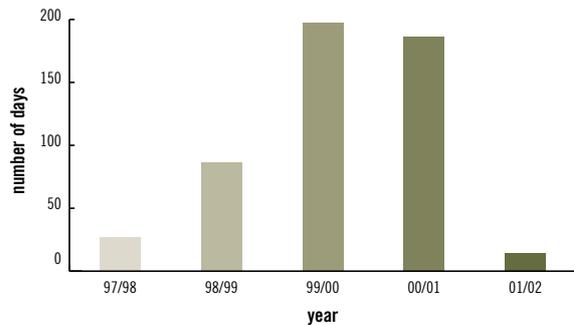
mechanism of injuries	%
body stressing	50
chemical or other substance	14
hitting objects with body parts	36

agency of injuries	%
mobile plant and transport	7
materials and substances	36
powered hand tools	21
other and unspecified	36

**lost time injury frequency rate
1997/98 - 2001/02**
The reduction in the frequency rate is due to a lower number of lost time injuries this year.



**number of days lost
1997/98 - 2001/02**



engineering and maintenance

introduction

In a climate of tough economic times for both the Authority and our port users, provision of appropriate infrastructure that meets our customer's needs continues to challenge the Port of Townsville.

In carefully targeted investments, we completed over \$5 million in capital works and about \$7 million on our maintenance program.

completed capital works

In progress this time last year was the extension to wharf 10 designed to meet the needs of the Royal Australian Navy. The 10m berthing dolphin, whilst slightly over budget at \$1.3 million, was completed to the client's satisfaction and will meet the future needs for newport class supply and other vessels.

At a total project cost of \$820,000, the last phase of our floating plant upgrade has been completed with the replacement of the work vessel 'Perc Tucker'. An excellent relationship between the contractor and the Authority resulted in the delivery of a new vessel – since named the 'Alan Ticehurst'. At 15m and 10 tonne bollard pull, the 'Alan Ticehurst' is more powerful and versatile than its predecessor allowing a greater range of tasks to be completed efficiently and effectively.

Fender and spill plate upgrades to the value of \$1.2 million were focussed on our busiest wharf at berth 2. After innovative redesign of work methods and the development of dedicated work teams, excellent results were achieved whereby the entire wharf was completed during the year with no stoppages and minimal disruptions to shipping. The dynamic approach adopted by our work crews also resulted in a commendable efficiency gain of some 15%.

Unfortunately the planned \$1 million upgrade to the split hopper barge 'Eric Netterfield' to allow pump ashore capability has not been realised this year and will carry over to 2002/03.

completed maintenance works

Once again the Authority is happy to announce the implementation of greater than 95% of our maintenance program for sea and land-side works for the fourth consecutive year. This is a credit to the focus and skill of our team as our ability to meet our maintenance obligations in its entirety becomes easier and second nature.

\$2 million on pile, deck and retaining wall remediation works at wharves 8 and 9 were completed during the year. The negotiated contract for the works was a risk sharing arrangement to assist with the management of quantities of repair that cannot be known until works are actually in progress. All works were completed with no lost time injuries and with no disruption to shipping.

\$1.4 million of dredging in Ross River which included the channel and mooring areas servicing the fishing and recreational fleet has been completed. Under a dry hire arrangement, the Authority gained invaluable experience and achieved comparable production rates to that of full time contractors.

Annual dredging of the entrance channels and outer harbour were not undertaken during this financial year due to the trailer suction dredge 'Brisbane' being engaged elsewhere.

The port has nine (9) operational berths equipped with bulk handling facilities capable of handling a diverse range of products. For more information on our berths



Les Ditton in the workshop.

please visit www.townsville-port.com.au/the-port/cargo-berths

looking ahead in capital works

The capital works project for the coming year is \$7.4 million.

In response to our short and medium term requirements to bring dredge spoil ashore, \$1.3 million has been budgeted to assist with modifications to our reclamation area. This will allow the port to meet its statutory, permit and other obligations to both direct customers and other stakeholders.

In a repeat effort from last year, works will continue at berth 3 for fender and spill plate upgrades. \$1.2 million has been set aside for the task and once again will test the logistics and customer relations capability of our maintenance crews as works are implemented at our second busiest wharf. It is expected that this phase will see the completion of combined berth 2 and 3 upgrades amounting to approximately 550m of wharf.

In a proactive and responsible approach, the Authority will upgrade its environmental buffer zone between port activities and the neighbouring residents of South Townsville. This is a forward-looking and symbiotic initiative that recognises the broader community as a stakeholder in Townsville Port. Works to the value of \$800,000 are based on architecturally designed areas including feature planting consistent with our coastal environment.

looking ahead in maintenance works

We will once again undertake an ambitious maintenance program that will not only address annually recurring issues, but also deal with difficult to handle 'on-off' jobs as well. The maintenance budget for the coming year is approximately \$9 million.

We have also budgeted to undertake the necessary repairs to our concrete wharves to ensure continued long term availability. \$2.9 million will be injected into wharf 1 piles, headstocks and girders, with works to be implemented under the same contractual arrangement that served us well at wharves 8 and 9.

After a 15 month absence, we expect the maintenance dredger 'Brisbane' to return to Townsville early in 2002/03 to clear approach channels and outer harbour. This is a significant cost burden to the Authority that must be met on what is essentially an annual basis to restore required depths for safe and effective shipping. We expect maintenance dredging to cost in the order of \$2.7 million.

valuing the environment

achievements

environmental park (formerly buffer zone)

This project has been ongoing since the development of the original concept plans in November 2000. The close proximity of neighbouring residential communities to the port has historically been a cause for concern. Port activities have the potential to impact on sensitive residential areas through issues such as dust, noise, light and aesthetic impacts. Encroachment of port-related industries on these areas is also cause for concern for residents.

The environmental park was designed to address these issues by providing a vegetative buffer between port activities and the adjacent residential areas. The buffer will minimise the impact of port activities on the residential areas, providing a distinct boundary between the two uses and also providing an area of community benefit.

The environmental park has been refined since the development of the original concept plans and will now be undertaken in a staged approach. Stage 1 will involve landscaping and vegetative planting along the streetscapes of Benwell Road and Boundary Street, land behind Harbourside Coldstores and land adjacent to the former phosphate rail loop. Stage 2 will involve landscaping and vegetative planting behind the Ampol terminal and along Archer Street adjacent to the new sugar shed. Stage 3 will include the installation of infrastructure such as walking and bicycle tracks, interpretive signage and seating.

📄 www.townsville-port.com.au/the-port/environmental-park

port baseline survey for introduced marine pests

In collaboration with James Cook University and the Cooperative Research Centre for the Great Barrier Reef World Heritage Area (CRC Reef), a survey of the Port of Townsville and adjacent marine areas was carried out in November 2000.

'No introduced marine pests were found during the survey of the Port of Townsville'

The aim of the survey was to describe the marine communities in the Port of Townsville and adjacent marine areas, and determine whether any non-indigenous marine species were present. The results of the survey will be used in Australia's Decision Support System (DSS), developed by the Australian Quarantine and Inspection Service (AQIS) for the effective management of ballast water within Australian waters. During the survey of the Port of Townsville, more than 1037 different marine plants and animals were collected. Some animals were found that are new to science. These included several crustaceans and three new species of isopods. The survey found that the Port of Townsville supports a rich and diverse community of marine organisms, including many corals, zooanthids, seastars, brittle stars, crustaceans and fish.

The survey was completed in March 2002 which involved the submission of a final report.

long term dredge material disposal strategy (LTDMDS) review

As a part of the review of the LTDMDS, Townsville Port Authority commissioned a review of the impacts of dredging in Cleveland Bay. The outcome of the review was the report "New Directions: A Review of the Impacts of Dredging in Cleveland Bay, and Research Priorities for the Next Decade" by B Kettle, R Dalla Pozza and J Collins.

📄 A full copy of the report is available on our website at www.townsville-port.com.au/publications/reports

The report provides a summary of all research undertaken in Cleveland Bay relating to dredging and dredge material disposal, including summaries of the research outcomes, in an effort to direct future research initiatives in this area.

inner harbour sediment contamination studies

Dredging within the inner harbour has been postponed due to the issue of sediment contamination. The depths of the inner harbour are now at such a level that ordinary shipping activities are being impacted by the reduced depths.

Sediment sampling is undertaken every three months to determine the concentration of heavy metal contaminants within the sediments. Results of the monitoring program indicate elevated levels of heavy metals in the inner harbour to such an extent that specific dredge management techniques are required.

In November 2001, an application was made to Environment Australia for a sea dumping permit under the Environmental Protection (Sea Dumping) Act 1981. Environment Australia requested further information to undertake the assessment which resulted in a number of additional studies into the heavy metal contamination of the inner harbour.

The first study undertaken by Douglas Partners analysed the grab sample data to determine the extent of heavy metal contamination within the inner harbour. The results of this study were subsequently redefined by Maunsell Australia to develop a sampling and analysis plan (SAP) to further test the sediments and develop a refined set of recommendations.

The SAP was completed in June 2002, and concluded that sediments from Berth 9 and 10, the silt trenches and the swing basin met the criteria of the ANZECC Interim Ocean Disposal Guidelines (1998) and were able to be disposed at sea. All other sediment failed to meet these criteria and required an alternate disposal option, preferably land disposal.

The final report has been forwarded to Environment Australia and it is expected a decision will be received permitting the material identified as safe for sea disposal to be included within a sea dumping permit. Further negotiations will be undertaken to determine the disposal options for the other material.

integrated environmental monitoring system

To better gauge a number of environmental parameters at the port, Greenspan Technology were commissioned to implement an Integrated Environmental Monitoring

valuing the environment

System. The monitoring equipment installed includes a stormwater monitoring station, automatic tipping bucket rainfall gauges, water quality monitoring sensors and an acoustic doppler system.

The majority of the monitoring equipment collects real-time data and the data is transmitted to a control computer system to allow the data to be viewed in real-time. The data will not only assist in identifying potential environmental harm but will assist other functions in the Authority including shipping movements and pilotage by providing up-to-date current and wind speed data.

outer harbour modelling

Since the development of berth 11 within the outer harbour, maintenance dredging volumes have increased beyond predicted levels causing both environmental and economic impacts. To better understand the hydrodynamic processes within the outer harbour, we contracted Gutteridge, Haskins and Davey Pty Ltd (GHD) to undertake a full-scale hydrodynamic and sediment transport model. The model has been calibrated to tidal currents, waves and sediment transport processes at both a regional and local scale. The model is based on the Delft3D modelling suite.

Findings from the model include:

- berth 11 is located in a zone where siltation should be expected;
- both berth 11 and Platypus Channel intercept a significant amount of suspended sediment;
- the predominant direction of transport is from south-west to north-east;
- sediment transport processes are dominated by suspended material, rather than bed load transport, with typical rates estimated to be in the order of 12cms per month; and
- the bulk of sediment mobilisation and deposition processes occurs during neap tides, when wave generated currents dominate.

As a part of the modelling process, GHD were tasked to simulate a number of sediment control options within the model. A range of sediment control options were modelled with attached breakwaters identified as the most effective.

workshop oil and chemical storage facility

An internal audit of our workshop identified the potential for environmental harm due to the incorrect storage of oils and chemicals. The audit report recommended the construction of a designated facility with the purpose of storing oils and chemicals.

A bunded chemical storage shed was constructed for the storage of all of the Authority's oil and chemical products. The facility is also used for the storage of waste oils and chemicals.

The facility has also assisted in the development of improved waste tracking activities, providing an area for the storage and segregation of different types of waste for the ease of collection.

third sugar shed contaminated site work

The development of the third sugar shed is a significant project and one which has required a high level of environmental consideration. The site of the sugar shed encompasses a number of sites that are listed on the Environmental Protection Agency's Environmental Management Register (EMR) for contaminated lands.

The EMR is a list of sites where activities that have the potential to cause contamination are being, or have previously been undertaken. In the case of the third sugar shed three sites were identified as being on the EMR – (1) an old coal fired power station site, (2) a fuel storage depot and (3) a scrap metal yard.

Due to the listing of these sites on the EMR, contaminated site investigations were undertaken to determine the level of contamination.

The fuel storage depot was found to contain no contamination of concern. Contaminated groundwater was detected on the old power station site. There were also some concerns that contaminants such as asbestos could have been buried on this site however historical record searches and field work did not identify any such contamination. The scrap metal yard was identified as having contaminated soil.

As a result of the contamination on the sites, a Site Management Plan (SMP) was developed to ensure that the contamination was managed appropriately. The requirements of the SMP will be enforced onto the lessee's to ensure that the identified contamination is being managed appropriately.

prawn farm remediation

Natural Heritage Trust funding for the prawn farm remediation was withheld due to a major change in the remediation project, in that industry waste water was not forthcoming. As a result, the planned remediation works were suspended.

We have since set aside \$300,000 within the capital works budget to undertake the remediation of the prawn farm. A remediation plan is currently being developed and works will be carried out this financial year.

looking ahead

sewage treatment plant trade waste agreement

We currently operate a small package sewage treatment plant which treats wastes from a number of port customers. Effluent from the plant is recycled and used to irrigate land at the entrance to the port. The plant is licenced by the Environmental Protection Agency and conditions are placed on the quality of the effluent used for irrigation.

There have been a number of incidents in the past twelve months where the effluent parameters have exceeded the licence conditions. The exceedences are due to unknown contaminants entering the treatment plant and causing the failure of the plant. Not only does this result in environmental harm it also has a high economic impact on the Authority.

To minimise the number of licence exceedences, we will implement a trade waste agreement to cover both existing users of the plant and future connections. The agreement will include acceptable levels of influent permitted into the plant and will involve an influent monitoring component.

water quality monitoring program

An extensive sediment monitoring program is in place. We have identified water quality as a further parameter indicative of the environmental quality of the Port of Townsville. As such a water quality monitoring program will be developed to assess the receiving waters at the port.

The program will include the collection of a number of samples from within the port area on a quarterly basis. The samples will be analysed for a number of contaminants, focussing on those most associated with port activities.

valuing the environment

This will provide a better understanding of the impact of port activities on the receiving water quality in Townsville and Cleveland Bay. Results from the monitoring will allow management to determine possible sources of contamination and assist in the development of environmental management techniques to reduce sources of contamination.

groundwater quality monitoring program

Groundwater quality has also been identified as an indicator of environmental quality at the port. Recent contamination studies undertaken on the third sugar shed site, coupled with concern shown by the Environmental Protection Agency with regard to ground water contamination, has prompted an ongoing groundwater quality monitoring program.

A number of port customers presently undertake limited groundwater monitoring however this is not integrated and results are not widely available. It is our intention to develop a port-wide groundwater monitoring study to better understand groundwater flows and provide for the identification of sources of any groundwater contamination.

ballast water program

Ballast water is a significant threat to the environmental health of the Port of Townsville. It has the potential to impact on the environmental quality at the port through the introduction of marine pests and diseases.

As a result of this concern, we have partnered with the Australian Ballast Water Treatment Consortium (ABWTC). The focus of the ABWTC is the development of a pilot ballast water treatment plant to treat ballast water prior to discharge.

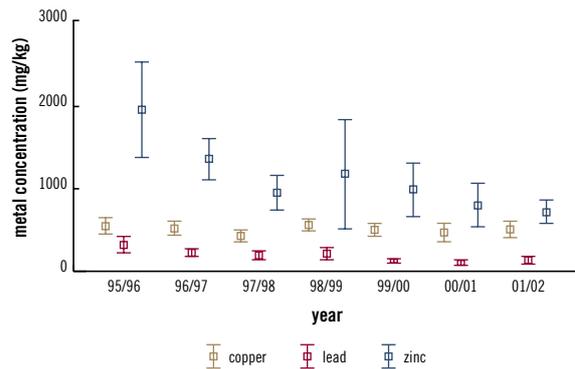
The consortium has recently appointed a project coordinator and on-ground works are expected to commence in the near future. The port will be used as a trial site to test the effectiveness of the treatment plant.

environmental monitoring programs (EMP)

port of townsville long term sediment monitoring program

This sediment monitoring program was implemented primarily to manage dredging operations at the port, ensuring a high standard of environmental protection. It acts as a guide for determining the suitability of dredged material for disposal at sea and on land, thereby maintaining sustainable dredged material disposal methods. In addition, the program assists port users and environmental management in general, acting as a management tool for product handling activities throughout the port. It also introduces an effective means of monitoring the effects of port operations on the marine environment, thereby allowing the introduction of a polluter-pays method of dredged material disposal.

We have been carrying out a long-term sediment monitoring program since May 1995. The long-term sediment monitoring program includes the analysis of 242 sediment samples collected throughout the port area.



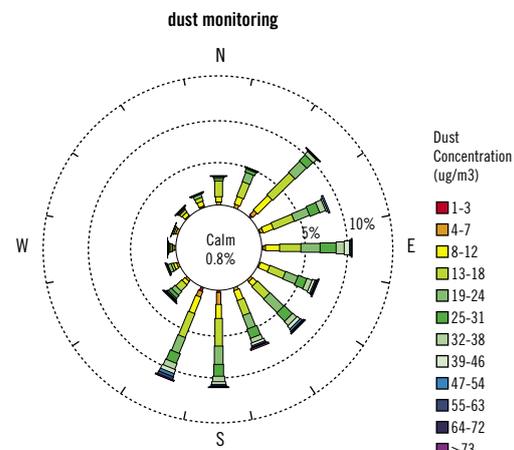
The inner harbour has not been dredged since before the commencement of the sediment monitoring program, therefore the entire data set needs to be considered to determine long term trends in heavy metal concentrations within the sediments.

This graph illustrates the changes in the concentrations (mg/kg) of copper, lead and zinc within the sediments of berth 7 and 8 over the duration of the monitoring program. The decrease in the concentration of copper and zinc this year, when compared to the first year of the monitoring program (1995-96), is statistically significant. The implementation of a stormwater upgrade by Mount Isa Mines (MIM), coupled with other improvements to the mineral concentrate handling facility, has resulted in the decrease of these metals within the sediments. This trend reflects the positive approach towards environmental management by all customers at the Port of Townsville.

port of townsville long term dust monitoring program

In conjunction with the Environmental Protection Agency, QNI Billiton, BHP Billiton, MIM and WMC Fertilizers we have developed and implemented the Port of Townsville Dust Monitoring Program.

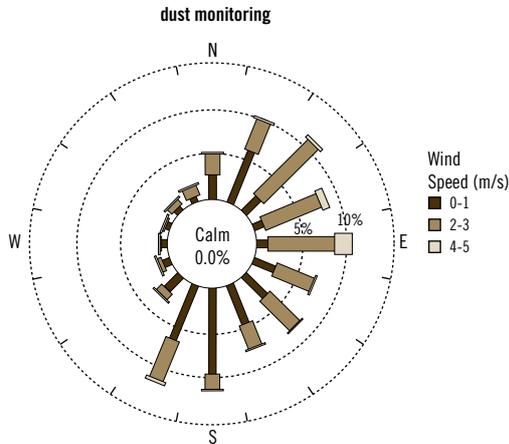
The program was developed to ensure that dust generated by the port has a minimal effect on the environment. The program aims to monitor particulate matter (PM10 dust particles smaller than 10um in size), which is harmful to human health. It also aims to detect sources of elevated dust emissions and to assist in the development of appropriate management techniques to alleviate any potential problems of elevated dust emissions.



This wind rose illustrates the direction from which dust originated and the concentration of dust levels at the port. The dust monitoring unit is located on the sea end of berth 10 with the majority of port operations to the east of the unit. The wind rose illustrates that the majority of data was collected from an easterly direction

valuing the environment

however the higher dust levels were recorded from a south-westerly direction. This suggests that higher dust levels may be a result of activities other than port activities such as pollution from traffic, smoke from regional bush fires or dust from construction activities within the city precinct.

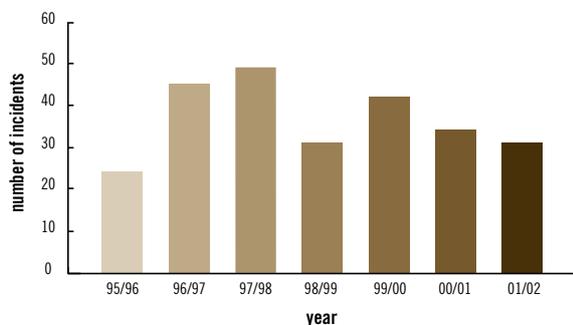


This wind rose plots wind speed and wind direction. Wind data is used to determine whether high dust levels are a result of high wind speeds or whether they are source-based. During 2001/02 higher wind speeds were recorded from an easterly and north-easterly direction. When compared with the previous graph, it can be roughly concluded that higher wind speeds were not responsible for higher dust levels. Further data analysis is required before this conclusion can be confirmed.

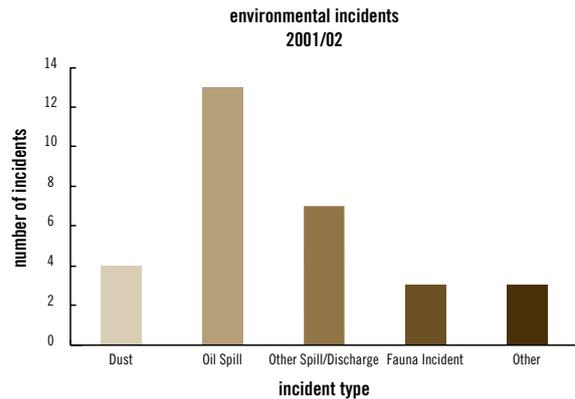
environmental incident reporting

As required by legislation, it is the responsibility of every person to report any incident that has the potential to impact on the quality of the receiving environment. For purposes of clarification, an environmental incident has been defined as 'any event that warrants a response of any form due to the capability of the event to result in a potential or real identified risk'.

As a part of our environmental management initiatives, an extensive environmental incidents database for the port has been established. All reported environmental incidents are recorded within the database and the database is periodically reviewed to determine trends so that environmental management initiatives can be focused in problem areas.



The above figure illustrates the number of environmental incidents recorded per year. As you can see there has been a continual decrease in the number of recorded environmental incidents over the past two years.



This graph illustrates the different types of incidents recorded during the 2001/02 financial year. The data has been grouped into five specific areas for ease of interpretation. Oil spills were the most common incident reported during the year with 13 incidents recorded. The location of the port is the major factor contributing to the high number of oil spills, as our jurisdiction includes both Ross River and Ross Creek where the majority of small boat facilities are located. The majority of oil spills were minor light fuel oil spills either from the spillage of fuel during refuelling operations or from bilge water pump-out. Other includes sewage treatment plant, odour complaint and vessel sinking.

crazy ant incursion, *anoplopepis gracilipes*

In February 2002, a crazy ant colony was detected on berth 10 by the Australian Quarantine and Inspection Service (AQIS). Crazy ants are not native to Australia and have the potential to become environmental pests. The ants form a dense aggregation of nests which develop into multi-queen continuous supercolonies.

In an effort to deal with the incursion, a crazy ants task force was formed comprising representatives from the Environmental Protection Agency, Department of Primary Industries, Department of the Premier and Cabinet, Department of Natural Resources and Mines, AQIS and the Authority.

The group was tasked with developing a monitoring and eradication program. A survey of the surrounding area determined that the colony on berth 10 was the extent of the ants incursion in Townsville. An eradication treatment was selected based on the Cairns outbreak, and the ants were treated over a six week period. Further monitoring indicated that the ants had been eradicated.

A further colony was subsequently identified within the port, in close proximity to a container handling facility. This colony was treated in the same manner as the berth 10 colony and the ants were also successfully eradicated.

Investigations indicated that the ants had been introduced through containers from Papua New Guinea. To ensure that the ant had not been transferred to other areas, forward tracking of containers from Papua New Guinea was undertaken and a monitoring program developed. To ensure further incursions of the ant do not occur, AQIS has increased its inspection regime of containers from the area.

Find out how we care for the environment and take a look at our environmental policy at [www.townsville-port.com.au/the port/environment](http://www.townsville-port.com.au/the_port/environment)

marine services

Marine Services is responsible for a number of functions, which include:

port control

pilotage; pilot transfer; berth allocation; vessel traffic management; dangerous goods assessment, storage and movement approvals; hot work permits; provision of ship services; public and traffic control.

security

client and security patrols; port infrastructure security and patrols; unauthorised entry; restricted security key control; access control systems; CCTV systems.

small boat harbour

berth allocation; collection of harbour dues; mooring inspections.

emergency management

cyclone monitoring; port-wide initial emergency response; port or area evacuation.

The section operates 24 hours a day, all year round and consists of 21 permanent staff and four casuals. All marine services staff are Authorised Officers under the Transport Infrastructure Act 1994, and some are authorised under certain sections of the Transport Operations Marine Pollution Act 1995. This provides officers with the authority to monitor compliance with port notices and pollution regulations.

objectives

1. towage operations

- maximum optimisation of towage operation leading to a cost effective service.

KPI

- report on future direction of towage for Townsville; and,
- reduction of overall costs.

achievements

- establishment of a port working group to work with the Authority in identifying key issues in the provision of towage services now and in the future.

2. continued integration of Port Services to provide a cost effective, multi-skilled workforce

- negotiate a combined agreement incorporating the integration and principle agreements; and,
- train workforce to obtain maximum efficiencies.

KPI

- agreement; and,
- multiskilled workforce,

achievements

- enterprise Agreement currently being negotiated; and,
- workforce exposed to all functions within marine services, providing the training opportunities and experience to obtain necessary skills to perform in all areas.

3. shipping

- provide 100% capability to bring ships in and out of Townsville.

KPI

- optional Under Keel Clearance (UKC); and,
- develop wharf capability strategy.

achievements

- satisfactory sea trials in pilot transfer operations on the Authority's new vessel, the 'Alan Ticehurst', have resulted in a decision to utilise it as the backup vessel and not to construct the new vessel;
- discussions on an optional UKC are yet to be commenced with the relevant authorities; and,
- a report detailing the optimisation of existing infrastructure is in place, however there is no commercial reason at present to implement any major change to present infrastructure configuration.

4. pilotage

- improve integration of pilots into the Authority's business.

KPI

- train all pilots in marine pollution response; and,
- involve pilots in marine projects.

achievements

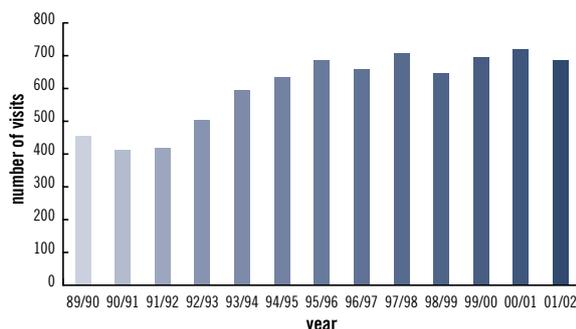
- with the Queensland Governments decision to take back responsibility for pilots and pilotage functions including responsibility for marine pollution response, no major training or projects have commenced.

looking ahead

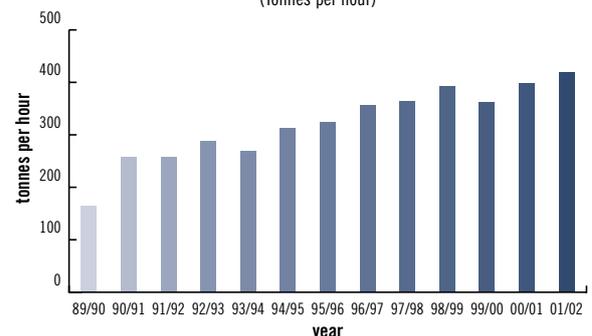
Marine Services will:

- continue to analyse all options associated with future towage operations and consult with customers to ensure their needs are met;
- work with the Department of Transport and Regional Services to complete a risk assessment of port operations in response to the events of September 11, 2001; and,
- develop a Port Security Plan in accordance with national and international requirements to minimise the risks identified in the assessment.

ship visits



ship loading rate
(Tonnes per hour)



business development

achievements

- finalisation of tenancy arrangements with a number of port customers and other bodies, including Colborne Pty Ltd, HBL Chemtrans, Townsville Warehousing & Container Services Pty Ltd, P&O Nedlloyd, Argus Marine, Mission to Seafarers, Townsville Maritime Historical Society (Maritime Museum), Townsville City Council and the State of Queensland (Water Police);
- continuing Land Tenure Rationalisation Program to align land holdings with future port planning objectives;
- preparation of a draft Land Use Plan to reflect new tenure arrangements resulting from the Land Tenure Rationalisation Program, and to ensure compliance with the Integrated Planning Act 1997. Extensive public consultation of the new Plan was carried out, and a final draft was approved by the Board of Directors in May 2002;
- finalising negotiations with relevant government agencies, Sugar Terminals Limited, Queensland Sugar Limited, SimsMetal and Queensland Rail to facilitate the establishment of a 400,000 tonne capacity third bulk sugar shed;
- continuation of the Tenancy Risk Management and Compliance Strategy to ensure compliance with tenancy conditions, port notices and policies and applicable legislation;
- acquisition of the first parcel of land along Sir Leslie Thiess Drive required to establish a Marine Tourism Precinct for the future consolidation of passenger ferry services and supporting commercial tourist activities; and,
- integration of strategic port land into the Integrated Development Assessment System as prescribed by the Integrated Planning Act 1997. Four development applications were received and assessed during 2001/02.

objectives

- finalisation of the Land Use Plan, including obtaining Ministerial approval, and publication;
- complete divesting of non-strategic vested lands;
- commencement of the lease audit program under the Tenancy Risk Management and Compliance Strategy, and on-going random audits of lease sites to minimise risks and reduce any exposure to liability;
- finalise land tenure arrangements to facilitate new leases to Sugar Terminals Limited, and construction of third bulk sugar storage shed; and,
- acquisition of approximately 4,000 square metres of land along Sir Leslie Thiess Drive to ensure adequate land holdings for the establishment of a Marine Tourism Precinct.

land use plan

The draft Land Use Plan went out to public consultation in February/March 2002. Consultation with relevant Government agencies was also undertaken during this period.

The revised plan incorporates changes to the Authority's land tenure arrangements arising from the Land Tenure Rationalisation Program, and incorporates land use strategies that meet the requirements of the Integrated Planning Act 1997. Originally it was proposed to prepare a separate Land Use Strategy, however it was considered simpler to incorporate this information into the Land Use Plan, which resulted in a more user-friendly document.

The final draft of the new Land Use Plan was approved by the Board of Directors in June 2002. The Plan will be submitted to the Minister for Transport and Main Roads in the second half of 2002 for approval pursuant to the Transport Infrastructure Act 1994. Publication of the Plan will take place following Ministerial approval.

The Land Use Plan will be reviewed every three years to ensure the integrity of land holdings, and to ensure consistency with future port planning objectives. In addition, the Queensland Ports Association (QPA), of which Townsville Port Authority is a member, is currently undertaking a project to produce a Port Land Use Planning Guide. This guide is intended to be used by port authorities in preparing their Plan and for the development of codes and assessment criteria to consider in assessing future development proposals on port land. It is intended that the guide will ensure a consistent approach by ports in preparing plans, and in considering local and state planning interests.

land tenure rationalisation

It was anticipated that all non-strategic lands would be divested to the State for further dealing in the first half of 2001. Several parcels of land are subject to long-term leasing arrangements, and the Authority is working with the lessees of these properties to facilitate alternative arrangements to protect their interests in the lands. Once alternative arrangements are finalised, we will proceed with the surrendering of these lands to the State for further dealing. It is projected that this process will be completed in the first half of 2003.

third sugar shed project

Considerable milestones have been achieved in relation to the establishment of a 400,000 tonne capacity bulk sugar storage shed at the Port of Townsville.

Negotiations with Sugar Terminals Limited were finalised, with Agreements to Lease and a Wharf, Roads and Conveyor Systems Licence being executed in March 2002. The relocation of part of SimsMetal's facilities to ensure adequate land availability for the third sugar shed was completed in the first half of 2002. Land swap arrangements with Queensland Rail, and subsequent leasing negotiations were also completed in the first half of 2002.

Significant land tenure arrangements were undertaken to ensure adequate land holdings to facilitate leases to Sugar Terminals Limited and to enable construction of the shed to take place. The acquisition of 6.178 hectares of land in freehold title in early 2001 was

business development



30

Live cattle being loaded on berth 3.

supplemented by the acquisition of an additional 10.585 hectares of land in freehold title.

Development assessment for the third sugar shed under the Integrated Planning Act 1997 commenced in July 2002. This project proved to be the port's largest development requiring assessment under the Integrated Development Assessment System to date. Referral agency assessment by the Environmental Protection Agency was also triggered.

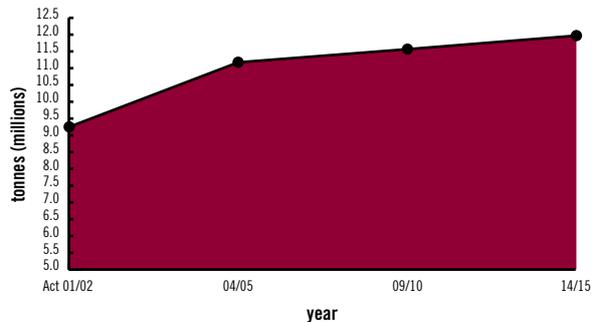
The contract for construction of the shed was awarded in August 2002 and it is anticipated that the third sugar shed will be operational by August 2003. Additional land tenure arrangements are required to be finalised to enable new leases for the existing sugar sheds to be executed. It is anticipated that this process will be complete by October 2002. This in turn will result in a significant area of land along Ross Street to be returned to the Authority for future developments.

tenancy risk management and compliance strategy

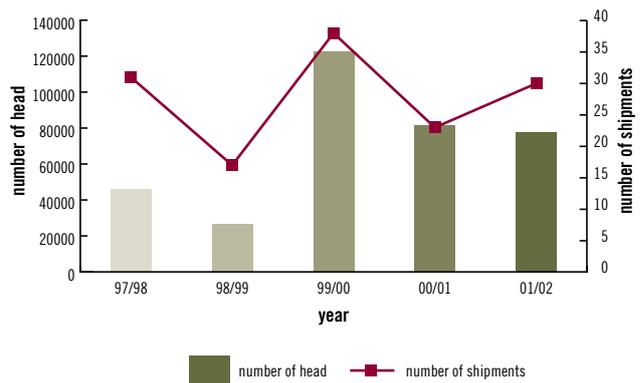
The first stage of the Strategy involved a comprehensive tenancy questionnaire which was completed in late 2001. The results of the questionnaires have enabled the Authority to identify potential risks from which a lease audit program will be implemented.

Comprehensive audits of lease areas are expected to be completed by mid-2003. Following this process we will conduct random audits of lease areas on a regular basis to ensure compliance with lease conditions and to reduce any exposure to liability.

trade forecast
2001/02 to 2014/15



live cattle exports 1997/98 to 2001/02



the community



Dale Parker presenting the TPA prize in marine sciences to Siththixay Dittthavong.

public consultation/information sessions

A number of information sessions were held during the year for the residents of South Townsville in order to increase community awareness on port developments. Residents were invited to attend an information session on the port's environmental park and two sessions in conjunction with Queensland Sugar to discuss the third sugar shed project. The information sessions were designed to provide residents with the opportunity to review plans, ask questions and voice concerns. All information sessions were well attended by the residents and the Authority has received positive feedback from attendees.

corporate newsletter

To increase the level of communication between ourselves and our port users, an external newsletter titled In Depth was introduced in March 2001. The newsletter is published quarterly and is designed to keep port users informed of developments, upcoming maintenance works within the port as well as providing a summary of trade figures. The newsletter is mailed to over 300 port users each quarter and is posted on our web site along with all other communications materials.

To view this publication please visit

www.townsville-port.com.au/publications/corporate-newsletter

charity golf day

Our annual charity golf day was an overwhelming success once again with a record number of players. \$9250 was raised for Lifeline North Queensland bringing the total amount raised since the golf day's inception in 1996 to \$44,850. This is an outstanding achievement and something we look to continue for many years. The success of the golf day has been

due to the overwhelming response for sponsorship and participation from the port community.

community sponsorship

We continue to provide sponsorship and donations to local charities, projects and various organisations throughout the region. We are committed to supporting the community and recognise the important role that they play. Numerous requests for sponsorship are received each year and smaller contributions or items are donated to assist where possible. Major contributions for the financial year 2001/02 included a \$5000 donation to the Salvation Army's Red Shield Appeal, our annual sponsorship of \$1750 for the James Cook University of North Queensland Prizes and \$2000 to the Salvation Army Christmas Appeal. Smaller contributions and sponsorships have been made throughout the year.

complaints

Eight (8) formal complaints were registered during the year as follows:

small boat harbours	2
customer complaint	1
Picnic Bay jetty	3
other	2

Seven (7) of the complaints have been resolved and negotiations are progressing to resolve the last issue.



Martin Norman presents Phillip Prideaux, CEO of Lifeline North Queensland with a cheque for \$10,000 at the 2001 charity golf day.

commercial projects and information technology

The division is responsible for the evaluation and management of commercial projects for the Authority. The division also manages the Authority's information technology (IT) unit.

During 2001/02, the division's primary objectives were:

effective integration of existing systems and improving access to information

An integrated commercial system was implemented in April 2001, enabling easier retrieval of final information in a more timely fashion. In 2001/02, users were provided with greater access to flexible reporting tools, such as Crystal Report Writing, making it easier to compile, analyse and report data.

During the financial year, the Authority also developed and implemented Shipping Port of Townsville (SPOT), a custom application. SPOT functions as a system for booking harbour berths and small craft moorings and for tracking cargo, shipping services and dangerous goods applications.

SPOT outputs revenue invoicing information (ship charges, cargo charges, mooring fees and property rentals) which is passed to the accounts receivable module in the Authority's financial system, 'Pronto', for processing.

improved administration through electronic document handling

A preliminary investigation of the information flow has been carried out by IT staff. Also, a number of document management options have been explored. However, due to the importance of the implementation of other projects such as SPOT, the majority of the work of the document handling system project will be undertaken in 2002/03.

improved external communications by expanding the website

Extending the functions of our website to provide external access to shipping and account information was seen as a major priority. Also planned was the expansion of the website to provide the opportunity for port users to perform on-line berth bookings and submission of manifest and dangerous goods applications.

To provide these functions, it was first necessary to develop and implement SPOT, which is now part of our daily operations.

Secondly, the website needed to move from the site hosted by Telstra to a site hosted by ourselves. This occurred in July 2001 when the port transferred the hosting of its website from Telstra Bigpond to a Cobalt Cube 3 server on a 256Kbit ISDN link to Telstra administered by IT staff. In-house hosting has enabled the website to expand and further develop attracting visitors from all over the globe on a regular basis.

 www.townsville-port.com.au

looking ahead

In the coming financial year, the following projects are expected to be finalised:

integration of website with SPOT

Development is currently underway to integrate SPOT, the port's shipping management system, into the website to allow port customers to lodge berthing applications, dangerous goods applications and manifest forms directly into our system. Daily shipping information will also be made available to customers upon completion of the integration.

development and implementation of privacy plan

In accordance with Section 123 of the Government Owned Corporations Act 1993, the Shareholding Ministers of Townsville Port Authority elected to issue a notification to the Board of the Authority seeking compliance with Information Standard 42 and the associated Information Policy Principles.

A Privacy Plan for the Port of Townsville is expected to be implemented by 30 September 2002. This Plan will be published on our website along with a privacy and security statement.

document management system

Detailed analysis of the Authority's requirements with respect to Document Management Systems will be undertaken during 2002/03 with the objective of implementing a document management system which will:

- improve organisational efficiency through immediate access to large volumes of archived information;
- provide substantial cost savings through reduction of photocopying, printing, storage and filing;
- eliminate duplication in the Authority's physical filing system; and,
- capture and manage all incoming and outgoing emails of importance.

geographic information system (GIS)

The implementation of a Geographic Information System has been delayed as a result of some difficulties in determining the most appropriate system to meet our diverse requirements. It is intended that a more detailed specification will be circulated to software providers before the end of 2002 with the intention of awarding a contract early in the new year. We recognise that a carefully integrated GIS will be particularly beneficial for the management of our land and other assets.

pronto upgrade

Our financial system will be upgraded from 'Pronto' release 373 to release 402. By completing this upgrade we will be able to take advantage of improved integration between 'Pronto' and external products eg. Excel. Also, there are changes in the functionality of the software (Pronto) that allow easier auditing of transactions throughout the system. The upgrade to version 402 of Pronto should be completed by 21 October 2002.

summary of statement of corporate intent

Under the Government Owned Corporations Act 1993, we are required to report on our Statement of Corporate Intent (SCI) 2001/02 in this report. A summary of the SCI can be included in the report, however a full copy of the SCI is laid before the Legislative Assembly at the same time of tabling as the annual report.

executive summary

business development strategies

The Port of Townsville has continued to record throughput increases over the preceding 12 months. Whilst the medium term outlook for trade growth is positive with both WMC Fertilizers and Sun Metals Corporation Pty Ltd are looking at expansion options, the longer term outlook is less so.

Faced with the threat of reducing trade throughput in the longer term, the Authority will continue to strive for measures that will add value to the organisation and will increase operational efficiencies at the port.

Over the past 8 years, much effort has been expended on formulating plans for the future of the Port of Townsville. The discrete and compact land area available for port operations has given rise to fears that the port would not be able to efficiently serve its hinterland in the immediate future. A number of alternative port concept plans have been aired over these years. None have been implemented.

In late 1997, a review of port capacity commenced. It systematically reviewed forecast demand, existing capacity, efficiency and constraints and in its final version (May 2000), it proposed a number of possible responses. The review and subsequent information leads to the conclusion that existing facilities can cope with forecast demand over the next 25 years with relatively small changes to the port's present configuration.

It is now time for management to focus on implementing those changes and to look closely at how operations can be streamlined to make the port cost-effective in its everyday operation. Operations must be aligned to serve existing customers well and to respond quickly to new business opportunities as they emerge.

stay-in-business strategies

As part of the process of embedding Quality Systems (the port has already attained Quality Assurance accreditation) Townsville Port Authority has retained the customer feedback mechanisms put in place. Maintaining a customer focus will therefore assist in capturing the maximum amount of trade coming from projects within the region.

The Authority will continue to build on marketing initiatives adopted and implemented over the past 12 months.

The Authority's Quality Assurance process also calls for systematic asset monitoring. Recent facility conditions reports indicate that Townsville Port Authority is entering a period of relatively heavy expenditure on physical facilities including wharves and dredging.

Major maintenance programs on these facilities will be staged over a five year period.

The emphasis on commercial justification in asset replacement decisions will be intensified in the coming year as part of the long-term effort to raise Townsville Port Authority's rate of return on assets. Simply increasing revenue by increasing port charges is no longer a step that can be taken without carefully considering competitive implications and effects on the customer base. Our financial forecasts assume that prices will rise at a little less than inflation (CPI). Physical risk minimisation procedures will continue to be monitored.

risk minimisation

business risk

An objective of Townsville Port Authority processes is the identification and response to threats from the economic environment.

operational risk

Townsville Port Authority quality systems manuals contain significant elements of risk identification and elimination. A risk assessment on port operations was conducted during the year. The majority of items identified have been dealt with.

investments

Surplus funds will be invested to obtain market returns, which are non-speculative. Cheque signing authorities have been approved by the Board, with daily investment summaries and monthly reconciliations performed by the Finance division.

The Authority has insurance policies in place for:

- Industrial Special Risks
- Extra-Territorial Workers' Compensation
- Combined Liability
- Personal Accident
- Marine Hull
- Directors' and Officers' Liability
- Comprehensive Motor Vehicle
- Marine Liability
- Marine Transit

borrowings

All borrowings will be sourced on a competitive basis. Queensland Treasury Corporation will be invited to participate.

purchasing policy

The policy stipulates the required action for purchases over certain dollar value thresholds. All purchases are to be authorised in accordance with approved individual expenditure limits as approved by the Board. We also

summary of statement of corporate intent

adhere to the principles of the State Purchasing Policy subject to the Trade Practices Act 1974, National Competition Policy and related legislation and agreements.

dividend policy

As there is minimal profit after interest and tax effect entries in 2001/02, no provision has been made for payment of a dividend.

employment and industrial relations plan

The purpose of this plan is to enable Townsville Port Authority's Board of Directors, management, Shareholding Ministers and Government to monitor and review the employment and industrial relations policies and practices of Townsville Port Authority.

The plan also acts as an informative guide for the Authority's employees to ensure the management, development and maintenance requirements for the Port of Townsville are adequately met.

performance targets 2001/02

	target	actual
1. Accounting Return on Assets	0.96%	1.75%
2. Operating Profit (EBIT)	\$1.24 million	\$2.29 million
3. Current Ratio	> 0.70	1.46
4. Interest Cover Ratio	> 0.70	2.02
5. Payback Period	< 7.0	9.00
6. Debt to Equity Ratio	< 1.0	0.21
7. Trade (million tonnes)	9.6	9.26
8. Nominal Price Index of Authority Charges	107.7	103.85
9. Containers (TEUs*)	> 20,000 TEUs	15,450 TEUs
10. Gross Loading Rate (tonnes/hour)	> 380	416

1. Ratio based on Earnings Before Interest and Tax (EBIT) divided by average assets, with a higher than budgeted EBIT increasing the return for 2001/02;
2. Revenue was below budget by \$1.49 million due to trade being 319,000 tonnes below budget. Expenditure was \$2.84 million below budget primarily due to the postponement of the annual dredging campaign from the last quarter of this year to the first quarter of 2002/03 producing a saving this year of approximately \$3 million;
3. Average over the 12 month period was greater than 1.0;
4. Higher than expected due to higher EBIT;
5. New loan in August 2001 for 10 years;
6. Level of debt as at June 2002 is \$21.5 million;
7. Fifteenth consecutive record year of trade however total budgeted throughput was not realised. Individual tonnages below budget included high analysis fertilizer of 365,000 tonnes; sugar 203,000 tonnes; molasses 147,000 tonnes; and general purpose oil 137,000 tonnes. These were partially offset by above budget tonnages of copper concentrates 503,000 tonnes; and nickel ore 199,000 tonnes;

8. There were no increases in charges for harbour dues however tonnage rates were increased by 6% in March 2002;
9. Lower than anticipated container trade; and,
10. Marginally higher loading rates achieved.

* TEUs = Twenty-foot equivalent unit/

reporting arrangements with shareholders

quarterly	yearly
Income and Expenditure Statement	Annual Report
Balance Sheet	Corporate Plan
Cash Flow Statement	Statement of Corporate Intent
Financial and Non-Financial Performance Indicators	

We also comply with all statutory and other Shareholding Minister requirements including:

- Guidelines for Overseas Travel for Official Purposes;
- Queensland GOC Local Government General Rates Equivalent Regime;
- Government Owned Corporations Act 1993;
- Leasing in the Queensland Public Sector Policy Guidelines;
- Code of Practice for Government Owned Corporations 'Financial Arrangements';
- Recording and Valuation of Non-Current Physical Assets;
- Financial Administration and Audit Act 1997 and the Financial Management Standard 1997;
- Local Industry Policy;
- Remuneration Guidelines for Senior Executive Staff in Government Owned Corporations;
- State Purchasing Policy (subject to the 'Trade Practices Act', National Competition Policy and related legislation and agreements);
- Guidelines for Frequent Flyer Schemes; and,
- Information Standard No. 42 and Information Privacy Guidelines.

The USS Bonhomme Richard arrives in port.



annual financial report

for the year ended 30 June 2002

purpose and scope

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 Minister for Transport and Minister for Main Roads of Queensland and the Honourable Treasurer of Queensland;
 - 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 Authority.

35

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statement of financial performance

for the financial year ended 30 June 2002

	notes	2002 \$	2001 \$
REVENUES FROM ORDINARY ACTIVITIES			
<i>Revenue from Operating Activities</i>			
Service Revenue	2	24,978,063	24,596,629
<i>Revenue from Non-Operating Activities</i>			
Interest Received		179,862	254,404
Other Revenue	2	44,590	28,704
Total Revenue from Ordinary Activities		25,202,515	24,879,737
EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS			
Employee Benefits Expense		4,699,135	5,281,128
Depreciation Expense		6,949,934	7,123,814
Other Expenses	2	11,261,903	11,638,510
Total Expenses from Ordinary Activities Excluding Borrowing Costs		22,910,972	24,043,452
Borrowing Costs Expense		1,135,530	6,150
PROFIT / (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE / (INCOME TAX REVENUE)		1,156,013	830,135
Income Tax Revenue (Income Tax Expense) relating to Ordinary Activities	4	(1,064,964)	(1,208,237)
PROFIT / (LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE / (INCOME TAX REVENUE)	3	91,049	(378,102)
NET PROFIT / (LOSS)		91,049	(378,102)
Increase / (Decrease) in Asset Revaluation Reserve	5	3,284,639	2,265,691
Total Revenues, Expenses and Valuation Adjustments Recognised Directly in Equity		3,284,639	2,265,691
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS	6	\$3,375,688	\$1,887,589

The accompanying notes form part of these financial statements

statement of financial position

as at 30 June 2002

	notes	2002 \$	2001 \$
CURRENT ASSETS			
Cash Assets	7	4,670,898	4,228,416
Receivables	8	2,952,636	3,231,915
Other	9	85,673	136,827
TOTAL CURRENT ASSETS		7,709,207	7,597,158
NON-CURRENT ASSETS			
Property, Plant and Equipment	10	123,072,618	123,040,582
Deferred Tax Assets		473,741	499,158
Other	9	11,419	13,977
TOTAL NON-CURRENT ASSETS		123,557,778	123,553,717
TOTAL ASSETS		\$131,266,985	\$131,150,875
CURRENT LIABILITIES			
Payables	11	2,671,468	4,392,769
Interest-Bearing Liabilities	12	1,840,337	-
Current Tax Liabilities		15,401	235,014
Provisions	13	739,397	802,146
TOTAL CURRENT LIABILITIES		5,266,603	5,429,929
NON-CURRENT LIABILITIES			
Payables	14	750,892	815,089
Interest-bearing Liabilities	12	19,656,601	-
Deferred Tax Liabilities		1,544,981	1,249,826
Provisions	13	409,501	393,312
TOTAL NON-CURRENT LIABILITIES		22,361,975	2,458,227
TOTAL LIABILITIES		\$27,628,578	\$7,888,156
NET ASSETS		\$103,638,407	\$123,262,719
EQUITY			
Contributed Equity	15	98,935,028	121,935,028
(Accumulated Losses)	3	(10,971,220)	(11,097,648)
Reserves	5	15,674,599	12,425,339
TOTAL EQUITY		\$103,638,407	\$123,262,719

The accompanying notes form part of these financial statements

statement of cash flows

for the financial year ended 30 June 2002

	notes	2002 \$	2001 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		25,219,126	23,740,551
Payments to suppliers and employees		(16,560,058)	(16,113,352)
GST collected from sales and services provided		2,541,068	2,285,087
GST paid in respect of acquisitions		(1,312,866)	(1,293,087)
GST paid to Australian Taxation Office		(1,105,783)	(1,148,623)
Interest received		179,862	254,404
Income tax equivalents paid		(964,005)	(1,391,918)
Net cash inflow from operating activities	B	\$7,997,344	\$6,333,062
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(5,036,101)	(4,214,443)
Proceeds from sale of property, plant and equipment		98,744	344,426
Proceeds from loan repayment and agreement with casino developers		-	16,523
Net cash outflow from investing activities		(\$4,937,357)	(\$3,853,494)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan raisings		23,000,000	-
Advance from Department of Defence		-	1,269,724
Net interest on advance from Department of Defence		21,088	-
Capital restructure equity repayment		(23,000,000)	-
Repayment of borrowings		(1,503,063)	(361,476)
Interest paid		(1,135,530)	(6,150)
Net cash inflow (outflow) from financing activities		(\$2,617,505)	\$902,098
Net (Decrease) / Increase in cash held		442,482	3,381,666
Cash at beginning of the financial year		4,228,416	846,750
Cash at end of financial year	A	\$4,670,898	\$4,228,416

notes to the statement of cash flows

for the financial year ended 30 June 2002

	2002 \$	2001 \$
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	1,200	1,300
Cash at Bank	533,713	726,345
Term Deposits	2,845,173	2,231,047
Department of Defence Trust Account	1,290,812	1,269,724
	\$4,670,898	\$4,228,416

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	91,048	(378,102)
Depreciation	6,949,934	7,123,814
Interest Expense	1,135,530	6,150
Profit on Disposal of Non-Current Assets	(18,614)	-
Loss on Disposal of Non-Current Assets	-	11,769
Income Tax Equivalents Expense	1,064,964	1,208,237
Changes in Assets and Liabilities		
(Increase) Decrease in Trade Debtors	279,284	(824,141)
(Increase) Decrease in Utility Deposits	2,558	2,382
(Increase) Decrease in Prepayments	51,155	2,701
Increase (Decrease) in Operating Trade Creditors	(272,862)	340,321
Increase (Decrease) in Operating Retention	47,623	(7,589)
Increase (Decrease) in Other Operating Creditors	(322,711)	113,109
Increase (Decrease) in Provisions	(46,560)	126,329
Increase (Decrease) in Provision for Taxation - (Tax Paid in Year)	(964,005)	(1,391,918)
Net Cash Inflow from Operating Activities	\$7,997,344	\$6,333,062

C. Financing Facilities

The Authority has available a bank overdraft limit of \$100,000. At 30 June 2002 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 program with the sanction of the Treasurer of Queensland.

notes to the financial statements

for the financial year ended 30 June 2002

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.

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

(b) Corporate Status

Townsville Port Authority is a 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.

Adjustments have been made to deferred tax balances to reflect the change in company tax rate from 34% to 30% from 1 July 2001 as per Note 4(i).

(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.

Assets carried at fair value

Channels and swing basins, freehold land, wharves, buildings, land improvements, small boat harbours and facilities, breakwaters and access roads 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 last performed as at 1st January 2000 by Edward Rushton Australia Pty Ltd. In the reporting periods between comprehensive independent valuations, the carrying amounts of non-current assets are indexed. The revaluation indices are provided by Rushton (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, beacons and capital works in progress are measured on the cost basis. Plant and equipment and beacons were carried at a revalued amount in the previous reporting period. 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. 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.

notes to the financial statements

for the financial year ended 30 June 2002

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 AAS30 is \$538,760 (2001 was \$424,858). 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.

Contributions are made by the Authority to a superannuation scheme for employees and are charged as expenses when incurred.

(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 the goods/services are received. Usual payment is 30 days. The carrying amount approximates fair value.

(l) 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.

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

Service Revenue

	2002 \$	2001 \$	2002 \$	2001 \$
Harbour Dues			16,479,341	16,320,922
Tonnage Rates			3,232,926	3,249,415
Rentals			2,196,277	1,803,988
Pilotage Revenue			1,772,200	1,926,594
Charges for Services				
Water Sales	299,147	255,115		
Services to Shipping	251,092	212,352		
Boat Harbour Ross River	204,684	227,100		
Boat Harbour Ross Creek	175,457	161,516		
Electricity Sales	146,987	109,540		
Picnic Bay Jetty	71,950	69,856		
Breakwater Marina - Mooring Fees	47,854	55,332		
Miscellaneous Plant	33,629	25,432		
Breakwater Marina - Fuel Licence	21,064	21,197		
Road Contribution Charge	17,950	62,545		
Port Security	14,720	45,670		
Main Harbour Fuel Licence Fee	11,168	15,313		
Port Services	1,617	30,032		
Sewage Treatment Plant	-	4,710	1,297,319	1,295,710
			\$24,978,063	\$24,596,629

notes to the financial statements

for the financial year ended 30 June 2002

	2002 \$	2001 \$	2002 \$	2001 \$
2. PROFIT (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE (INCOME TAX REVENUE) INCLUDES THE FOLLOWING SPECIFIC REVENUES AND EXPENSES continued				
Other Revenue				
Revenue from Sale of Plant & Equipment	98,744	-		
Carrying Value of Plant & Equipment Disposed of	80,130	-		
Gain on Sale of Plant & Equipment			18,614	-
Miscellaneous Revenue			25,976	28,704
			\$44,590	\$28,704
Other Expenses				
Supplies & Services			10,928,479	11,207,315
Competitive Neutrality Fee			138,943	-
Sales Tax Equivalents			-	(13,560)
Land Tax			123,978	106,466
Audit Fees			70,503	101,458
Bad Debt Written Off			-	225,062
Carrying Value of Plant & Equipment Disposed of	-	356,195		
Revenue from Sale of Plant & Equipment	-	(344,426)		
Loss on Sale of Plant & Equipment			-	11,769
			\$11,261,903	\$11,638,510
3. RETAINED PROFITS (ACCUMULATED LOSSES)				
Retained profits (accumulated losses) at the beginning of the year			(11,097,648)	(10,741,915)
Net Profit (Loss)			91,049	(378,102)
Transfers to and from Reserves				
Maintenance Reserve Picnic Bay Jetty - Maintenance Expenses			63,350	92,225
Maintenance Reserve Picnic Bay Jetty - Passenger Levy Receipts			(71,950)	(69,856)
Berth 11 Reserve Transfer from Retained Profits / Depreciation Expense			43,979	-
Retained profits (accumulated losses) at the reporting date			(\$10,971,220)	(\$11,097,648)
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% (2001 was 34%).			346,805	282,246
Tax effect of permanent differences:				
Non-deductible entertainment			7,957	6,207
Non-deductible legal expenses			11,293	1,554
Non-deductible consultancy fees			24,183	23,436
Accounting depreciation on land and buildings			113,853	103,269
Accounting depreciation on non-depreciable items			691,746	666,676
Special building write-off			(108,119)	(98,503)
Sundry permanent differences			(18,192)	(19,435)
Adjustment for prior year revaluation decrement of depreciable assets			-	265,256
Net adjustment to deferred income tax liabilities and assets to reflect the decrease in company tax rate to 34% / 30%			-	(34,875)
Penalties and interest payment			-	12,406
Refund of penalties paid in prior years			(4,562)	-
			718,159	925,991
Income Tax Equivalents Expense			\$1,064,964	\$1,208,237

notes to the financial statements

for the financial year ended 30 June 2002

	2002 \$	2001 \$
4. INCOME TAX EQUIVALENTS continued		
(ii) Income Tax Expense comprises:		
Provision for deferred income tax	295,155	596,483
Future income tax benefit	25,417	27,926
Provision for income tax	748,954	571,422
Penalties and interest payment	-	12,406
Refund of penalties paid in prior years	(4,562)	-
	\$1,064,964	\$1,208,237
5. RESERVES		
Maintenance Reserve Picnic Bay Jetty	305,805	297,205
Asset Revaluation Reserve	15,212,773	11,928,134
Berth 11 Reserve	156,021	200,000
	\$15,674,599	\$12,425,339
Movements During The Year:		
<i>Maintenance Reserve Picnic Bay Jetty</i>		
Amount at beginning of the financial year	297,205	319,574
Passenger Levy Receipts transferred from Retained Profits	71,950	69,856
Maintenance Expenses transferred to Retained Profits	(63,350)	(92,225)
Amount at the reporting date	305,805	297,205
<i>Asset Revaluation Reserve</i>		
Amount at beginning of the financial year	11,928,134	9,662,443
Asset Revaluation Increment	3,284,639	2,265,691
Amount at the reporting date	15,212,773	11,928,134
<i>Berth 11 Reserve</i>		
Amount at beginning of the financial year	200,000	200,000
Transfer from Retained Profits / Depreciation Expense	(43,979)	-
Amount at the reporting date	156,021	200,000
6. EQUITY		
Total equity at the beginning of the financial year	123,262,719	121,375,130
Equity restructure and repayment	(23,000,000)	-
Total changes in equity recognised in the statement of financial performance	3,375,688	1,887,589
Total equity at the reporting date	\$103,638,407	\$123,262,719
7. CASH ASSETS		
Cash on Hand	1,200	1,300
Cash at Bank	533,713	726,345
Term Deposits	2,845,173	2,231,047
Department of Defence Trust Account*	1,290,812	1,269,724
	\$4,670,898	\$4,228,416

* This amount represents an advance from Department of Defence as a contribution towards the cost of extensions to berth 10 in exchange for future berthing rights. Use of these funds is restricted to payment of costs and expenses in relation to these works only. Any unapplied funds at the completion of works are to be refunded to Department of Defence.

notes to the financial statements

for the financial year ended 30 June 2002

	2002 \$	2001 \$
8. RECEIVABLES (CURRENT)		
Trade Debtors	2,957,450	3,237,685
Less Provision for Doubtful Debts**	(4,814)	(5,770)
	\$2,952,636	\$3,231,915

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

9. OTHER ASSETS

Current

Prepayments	72,420	123,574
Utility Deposits	13,253	13,253
	\$85,673	\$136,827

Non-Current

Utility Deposits	11,419	13,977
	\$11,419	\$13,977

10. PROPERTY, PLANT & EQUIPMENT

	Gross \$	Accumulated Depreciation \$	Carrying Amount \$	Carrying Amount \$
<i>Channels and Swing Basins</i>				
At Directors' Valuation - January 2002	29,924,926	459,622	29,465,304	29,253,598
<i>Land</i>				
At Directors' Valuation - January 2002	25,857,928	-	25,857,928	25,630,428
<i>Wharves</i>				
At Directors' Valuation - January 2002	69,804,114	45,608,680	24,195,434	24,554,577
Additions	856,781	19,418	837,363	-
Total Wharves	70,660,895	45,628,098	25,032,797	24,554,577
<i>Plant and Equipment</i>				
At Cost	28,195,328	14,878,634	13,316,694	14,103,022
<i>Buildings</i>				
At Directors' Valuation - January 2002	17,309,453	8,097,737	9,211,716	7,504,481
Additions	144,948	1,684	143,264	2,037,530
Total Buildings	17,454,401	8,099,421	9,354,980	9,542,011
<i>Improvements (Land)</i>				
At Directors' Valuation - January 2002	11,908,832	3,203,520	8,705,312	8,782,737
Additions	527,480	23,790	503,690	59,304
Total Improvements (Land)	12,436,312	3,227,310	9,209,002	8,842,041
<i>Small Boat Harbours</i>				
At Directors' Valuation - January 2002	6,108,101	3,334,159	2,773,942	2,861,221
<i>Breakwaters</i>				
At Directors' Valuation - January 2002	2,331,279	49,656	2,281,623	2,355,309
<i>Access Roads</i>				
At Directors' Valuation - January 2002	5,808,427	3,948,398	1,860,029	2,091,936
Additions	161,142	2,871	158,271	-
Total Access Roads	5,969,569	3,951,269	2,018,300	2,091,936

notes to the financial statements

for the financial year ended 30 June 2002

			2002 \$	2001 \$
10. PROPERTY, PLANT & EQUIPMENT continued				
	Gross	Accumulated	Carrying	Carrying
	\$	Depreciation	Amount	Amount
		\$	\$	\$
Motor Vehicles at Cost	767,641	292,302	475,339	594,022
Beacons at Cost	377,000	337,998	39,002	78,000
Capital Works in Progress* at cost	3,247,708	-	3,247,708	3,134,417
	\$203,331,088	\$80,258,469	\$123,072,619	\$123,040,582

**Capital Works in Progress*

Harbour Works			1,906,242	1,488,995
Equipment			73,041	236,305
Eastern Port Development			1,245,737	1,340,894
Building			22,688	68,224
			\$3,247,708	\$3,134,417

Reconciliation of the Carrying Amounts by Class	2002 Cost \$	2002 Fair Value \$
<i>Channels and Swing Basins</i>		
Carrying amount at the beginning of the financial year at Fair Value		29,253,598
Additions		-
Disposals		-
Net revaluation increment / (decrement)		1,115,040
Depreciation expense		(903,334)
Carrying amount at the end of the financial year at Fair Value		29,465,304
<i>Land</i>		
Carrying amount at the beginning of the financial year at Fair Value		25,630,428
Additions		227,500
Disposals		-
Net revaluation increment / (decrement)		-
Depreciation expense		-
Carrying amount at the end of the financial year at Fair Value		25,857,928
<i>Wharves</i>		
Carrying amount at the beginning of the financial year at Fair Value		24,554,577
Additions		940,870
Disposals		-
Net revaluation increment / (decrement)		1,473,174
Depreciation expense		(1,935,824)
Carrying amount at the end of the financial year at Fair Value		25,032,797
<i>Plant & Equipment</i>		
Carrying amount at the beginning of the financial year at Cost	14,103,022	
Additions	1,523,279	
Disposals	(12,553)	
Transfers between asset classes	(160,823)	
Net revaluation increment / (decrement)	-	
Depreciation expense	(2,136,231)	
Carrying amount at the end of the financial year at Cost	13,316,694	

notes to the financial statements

for the financial year ended 30 June 2002

10. PROPERTY, PLANT & EQUIPMENT continued

Reconciliation of the Carrying Amounts by Class (continued)	2002 Cost \$	2002 Fair Value \$
<i>Buildings</i>		
Carrying amount at the beginning of the financial year at Fair Value		9,542,011
Additions		152,067
Disposals		-
Transfers between asset classes		135,442
Net revaluation increment / (decrement)		276,590
Depreciation expense		(751,130)
Carrying amount at the end of the financial year at Fair Value		9,354,980
<i>Improvements (Land)</i>		
Carrying amount at the beginning of the financial year at Fair Value		8,842,041
Additions		527,480
Disposals		-
Transfers between asset classes		25,382
Net revaluation increment / (decrement)		259,784
Depreciation expense		(445,685)
Carrying amount at the end of the financial year at Fair Value		9,209,002
<i>Small Boat Harbours and Facilities</i>		
Carrying amount at the beginning of the financial year at Fair Value		2,861,222
Additions		(450)
Disposals		-
Net revaluation increment / (decrement)		76,568
Depreciation expense		(163,398)
Carrying amount at the end of the financial year at Fair Value		2,773,942
<i>Breakwaters</i>		
Carrying amount at the beginning of the financial year at Fair Value		2,355,309
Additions		-
Disposals		-
Net revaluation increment / (decrement)		25,019
Depreciation expense		(98,705)
Carrying amount at the end of the financial year at Fair Value		2,281,623
<i>Access Roads</i>		
Carrying amount at the beginning of the financial year at Fair Value		2,091,936
Additions		161,142
Disposals		-
Net revaluation increment / (decrement)		58,464
Depreciation expense		(293,242)
Carrying amount at the end of the financial year at Fair Value		2,018,300
<i>Motor Vehicles</i>		
Carrying amount at the beginning of the financial year at Cost	594,022	
Additions	132,281	
Disposals	(67,577)	
Net revaluation increment / (decrement)	-	
Depreciation expense	(183,387)	
Carrying amount at the end of the financial year at Cost	475,339	

notes to the financial statements

for the financial year ended 30 June 2002

10. PROPERTY, PLANT & EQUIPMENT continued

Reconciliation of the Carrying Amounts by Class (continued)	2002 Cost \$	2002 Fair Value \$
<i>Beacons</i>		
Carrying amount at the beginning of the financial year at Cost	78,000	
Additions	-	
Disposals	-	
Net revaluation increment / (decrement)	-	
Depreciation expense	(38,998)	
Carrying amount at the end of the financial year at Cost	39,002	
<i>*Capital Works in Progress</i>		
Carrying amount at the beginning of the financial year at Cost	3,134,417	
Additions	3,693,736	
Disposals	(3,580,445)	
Net revaluation increment / (decrement)	-	
Recoverable amounts write-downs	-	
Depreciation expense	-	
Carrying amount at the end of the financial year at Cost	3,247,708	

	2002 \$	2001 \$
11. PAYABLES (CURRENT)		
Trade Creditors	2,005,004	2,013,768
Revenue in Advance	465,992	547,609
Retention	118,801	74,097
Accrued Wages	71,166	52,275
Pilotage Clearing Account	62	280,129
Trust Fund Deposits	10,382	155,167
Advance from Department of Defence	61	1,269,724
	\$2,671,468	\$4,392,769

12. INTEREST BEARING LIABILITIES

Current	1,840,337	-
Non-Current	19,656,601	-
	\$21,496,938	\$0

All borrowings are with Queensland Treasury Corporation. The Queensland Treasury Corporation recorded a market value adjustment of (\$162,307), (2001 was \$66,009) principally as a result of past movements in the market value of liabilities in the Debt Pools giving a market debt outstanding of \$21,334,631 (2001 was nil).

13. PROVISIONS

Current		
Employees' Long Service Leave	129,259	31,546
Employees' Annual Leave	443,394	425,785
Fringe Benefits Tax	23,901	21,999
Provision for Voluntary Early Redundancy	-	318,916
Competitive Neutrality Fee	142,843	3,900
	\$739,397	\$802,146
Non-Current		
Employees' Long Service Leave	\$409,501	\$393,312

notes to the financial statements

for the financial year ended 30 June 2002

	2002 \$	2001 \$
14. PAYABLES (NON-CURRENT)		
Rent in Advance	\$750,892	\$815,089

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 - 121,935,028 ordinary shares of \$1 each fully paid	121,935,028	121,935,028
Equity repayment resulting from capital restructure performed as per direction from Shareholding Ministers.	23,000,000	-
Amount at the reporting date - 98,935,028 ordinary shares of \$1 each fully paid	\$98,935,028	\$121,935,028

16. DEVELOPMENT BUREAU & COMMUNITY PROJECTS

The Authority supported the following Development Bureau and community projects:

Townsville Enterprise Incorporated	60,000	60,000
Townsville City Council - Contribution to the Strand Sand Replenishment	50,000	50,000
Townsville Maritime Museum	35,000	35,000
Pandora Foundation	-	20,000
The Salvation Army Red Shield Appeal	5,000	-
James Cook University of North Queensland Prizes	1,750	1,750
	\$151,750	\$166,750

17. CONSULTANCY EXPENDITURE

Professional/Technical	334,236	735,430
Management	12,159	51,055
Human Resource Management	63,906	80,012
Finance/Accounting	40,098	20,862
Information Technology	2,838	18,504
Communication	3,231	-
	\$456,468	\$905,863

18. COMMITMENTS

(a) *Capital Expenditure Commitments (GST inclusive)*
Plant & Equipment

Depending on works performance these commitments are payable not later than one year.	\$257,799	\$165,419
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(b) *Operating leases*

There were no operating leases in place at 30 June 2002 (2001 was nil).

19. CONTINGENT ASSETS/LIABILITIES

There were no known contingent assets/liabilities of a significant nature at 30 June 2002.

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.

notes to the financial statements

for the financial year ended 30 June 2002

	2002 \$	2001 \$
21. AUDITORS' REMUNERATION		
Amounts received or due and receivable by the auditors for auditing the accounts.	\$31,700	\$29,100

22. SENIOR EXECUTIVES AND DIRECTORS' REMUNERATION

Senior Executives

Number of senior executives whose remuneration from the Authority were within the bands listed below

	2001/2002	2000/2001
\$120,000 - \$129,999	1	-
\$130,000 - \$139,999	-	1
\$150,000 - \$159,999*	1	-

The aggregate remuneration of the above executives (excluding any performance based at risk incentive bonus) was

\$276,249 \$137,266

Directors' Remuneration

Remuneration received or due and receivable by all Directors of Townsville Port Authority from all activities in the economic entity, including insurance premiums to indemnify liabilities while acting as a Director.

\$125,975 \$112,356

Number of Directors whose remuneration from the Authority were within the bands listed below:

	2001/2002	2000/2001
\$10,000 - \$19,999	7	7
\$20,000 - \$29,999	1	1

Directors Retirement Benefits

Amounts paid to prescribed superannuation funds for the provision of retirement benefits for Directors

\$8,056 \$7,360

23. RELATED PARTY INFORMATION

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

notes to the financial statements

for the financial year ended 30 June 2002

24. 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		Over 5 Years		Non Interest Bearing		Carrying Amount as per Balance Sheet		Weighted Average Book Rate			
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001		
Financial Assets												
Cash on Hand	-	-	-	-	-	-	1,300	1,300	1,300	1,300	-	-
Cash at Bank	533,713	726,345	-	-	-	-	-	-	533,713	726,345	3.52%	4.46%
Short Term Deposits	2,845,173	2,231,047	-	-	-	-	-	-	2,845,173	2,231,047	4.63%	6.14%
Dept of Defence Trust Account	1,290,812	1,269,724	-	-	-	-	-	-	1,290,812	1,269,724	1.24%	1.25%
Receivables - See note 1(j)	-	-	-	-	-	-	2,952,639	3,231,920	2,952,639	3,231,920	-	-
Financial Liabilities												
Payables - See Note 1(k)	-	-	-	-	-	-	3,433,816	5,207,858	3,433,816	5,207,858	-	-
QTC Borrowings	1,840,337	-	8,539,618	-	11,116,983	-	-	-	21,496,938	-	5.81%	-

In the above Financial Instruments, book value equates to net fair value, with the exception of QTC Borrowings. The market rate of QTC Borrowings as at 30 June 2002 was \$21,334,631 (there were no QTC borrowings at 30 June 2001).

(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).

25. EVENTS OCCURRING AFTER BALANCE DATE

(i) All events noted in the previous years Annual Financial Report as occurring after balance date have now been finalised.

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, of the transactions of the Authority for the period 1 July 2001 to 30 June 2002 and of the financial position as at the close of that year.

19 September 2002



L. M. McDOUGALL
Financial Controller



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.

19th September 2002



R. G. McLean
Chairman



B. K. Keating
Deputy Chairperson

independent audit report

To the Board of the Townsville Port Authority

scope

I have audited the general purpose financial statements of Townsville Port Authority prepared by the Authority for the year ended 30 June 2002 in terms of section 46F of the Financial Administration and Audit Act 1977. The financial statements comprise the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Notes to and forming part of the financial statements and certificates given by the Chairperson and person responsible for financial administration.

The Authority is responsible for the preparation and the form of presentation of the financial statements and the information they contain. I have audited the financial statements in order to express an opinion on them.

The audit has been conducted in accordance with QAO Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included the examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with prescribed requirements in Australia which include Australian Accounting Standards so as to present a view which is consistent with my understanding of the Authority's financial position, and the performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

audit opinion

In accordance with section 46G of the Financial Administration and Audit Act, I certify that I have received all the information and explanations I have required and, in my opinion:

- the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and,
- the statements have been drawn up so as to present a true and fair view, in accordance with prescribed accounting standards and other mandatory professional reporting requirements in Australia, of the transactions of Townsville Port Authority for the financial year 1 July 2001 to 30 June 2002 and of the financial position as at the end of that year.

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J E HARTEN, FCPA
Assistant Auditor-General
(Delegate of the Auditor-General)



Queensland Audit Office
Brisbane

appendix

summary table

summary of imports - tonnes 1992 - 2002

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
GENERAL	36,598	46,248	72,873	106,292	71,768	66,360	77,653	104,071	111,903	98,799	86,310
MOTOR VEHICLES							13,031	12,406	11,943	10,826	12,725
OIL											
General Purpose	716,323	748,919	786,140	892,980	842,865	878,633	915,821	872,671	857,930	874,546	879,662
Liquid Gas	19,355	23,926	24,186	21,608	19,445	18,013	21,045	19,978	19,781	20,330	
	735,678	772,845	810,326	914,588	862,310	896,646	936,866	892,649	877,711	894,876	879,662
FERTILISER											
Bulk	1,016	-	18,020	48,058	75,604	80,262	129,898	94,631	105,130	92,137	110,658
NICKEL ORE	2,303,687	2,572,571	2,952,403	2,927,383	3,017,977	3,429,445	3,224,442	3,439,217	3,309,831	3,540,218	3,399,234
GYPSUM	14,133	5,761	-	-	-	-	-	-	-	-	-
STEEL PIPE	-	-	-	-	-	22,176	-	-	-	-	-
ZINC CONCENTRATES	-	-	-	-	-	-	-	-	183,898	270,906	233,883
COPPER CONCENTRATES	-	11,185	-	10,896	-	-	-	-	-	-	-
SULPHUR	-	-	-	-	-	-	-	7,010	34,151	35,458	46,998
CEMENT	-	-	166,440	303,335	274,662	266,536	273,698	290,210	279,660	253,045	286,648
SULPHURIC ACID	-	-	-	-	9,461	28,479	29,314	16,035	3,001	-	-
TOTAL (Mass Tonnes)	3,091,112	3,408,610	4,020,062	4,310,552	4,311,782	4,789,904	4,684,902	4,856,229	4,917,228	5,196,265	5,056,118

summary of exports - tonnes 1992 - 2002

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
GENERAL											
General							163,633	154,254	155,070	151,154	147,481
Feed Pellets							3,220	2,240	5,699	4,413	4,520
Sand/Gravel							730	7,150	5,126	0	1
	99,566	115,113	143,016	150,997	189,508	145,530	167,583	163,644	165,895	155,567	152,002
MEAT & ASSOCIATED PRODUCTS											
Frozen	15,664	23,576	31,790	41,179	24,891	15,480	17,437	34,663	40,542	32,559	32,224
Hides	1,173	1,571	1,671	4,623	1,387	2,075	944	669	125	42	679
Tallow	11,340	9,953	7,512	10,488	10,744	8,286	10,882	24,490	11,250	12,888	10,414
By-Products	8,806	3,774	3,057	2,358	11,912	13,704	12,683	11,864	13,134	15,108	-
	36,983	38,874	44,030	58,648	48,934	39,545	41,946	71,686	65,051	60,597	43,317
MINERALS											
Refined Copper	123,144	122,191	142,768	85,732	72,731	76,732	71,931	102,916	161,926	152,285	181,834
Concentrates:											
Copper - Berth 7	53,780	47,365	75,419	106,504	266,107	362,224	494,924	693,085	475,756	676,247	703,630
Zinc - Berth 11							36,234	98,038	138,192	154,182	146,250
Zinc - Berth 7							366,131	355,763	250,851	219,644	236,504
Total Zinc Concentrates	458,161	457,615	661,692	418,451	495,092	450,739	402,365	453,801	389,043	373,826	382,754
Lead - Berth 11							96,110	232,344	293,703	308,033	327,234
Lead - Berth 7							15,891	13,457	2,694	2,747	-
Total Lead Concentrates	14,803	22,083	21,228	26,269	22,047	21,444	112,001	245,801	296,397	310,780	327,234
LGM	181,565	129,921	151,227	85,545	69,539	20,301	-	-	-	-	-
Copper Ore	-	-	-	-	-	-	-	39,964	20,091	10,209	-
Lead Ingots	182,793	210,466	187,609	155,982	156,599	161,916	147,499	130,829	135,562	117,717	151,800
Zinc Ingots	-	-	-	-	-	-	-	-	44,851	183,113	153,655
Nickel	21,812	23,247	28,176	29,008	22,402	11,637	11,439	18,850	11,350	11,981	10,146
	1,036,058	1,012,888	1,268,119	907,491	1,104,517	1,104,993	1,240,159	1,685,246	1,534,976	1,836,158	1,911,053
HIGH ANALYSIS FERTILISER	-	-	-	-	-	-	-	-	108,080	530,761	634,722
SULPHURIC ACID	-	-	-	-	-	-	-	-	65,392	124,049	71,328
MOLASSES	81,929	196,441	129,097	222,093	332,104	354,749	321,941	306,371	348,593	212,881	202,089
SUGAR	570,810	895,513	950,818	1,003,073	1,098,822	1,124,599	1,281,994	1,051,428	1,254,893	1,079,088	1,146,757
CATTLE	(16,986 Head)	(2,870 Head)	(4,128 Head)	(5,806 Head)	(59,264 Head)	(60,054 Head)	(46,130 Head)	(28,416 Head)	(122,338 Head)	(81,512 Head)	(77,458 Head)
	8,493	1,435	2,064	2,903	29,632	30,027	23,065	14,208	61,169	40,756	38,729
LIVE SHEEP	-	- (200 Head)	-	- (80 Head)	-	-	-	-	-	-	-
		10		4							
TOTAL (Mass Tonnes)	1,833,839	2,260,264	2,537,154	2,345,205	2,803,521	2,799,443	3,076,688	3,292,583	3,604,049	4,039,857	4,199,997

appendix

summary table

total throughput - tonnes 1992-2002

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Tonnages											
(Mass Tonnes)	4,924,951	5,668,874	6,557,216	6,655,757	7,115,303	7,589,347	7,761,590	8,148,812	8,521,277	9,236,122	9,256,115

shipping information 1992 - 2002

Only vessels over 200 tons included	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Cargo Vessels	376	463	523	585	633	623	653	624	651	673	661
Gross Tonnage	5,381,454	6,668,539	7,392,834	7,889,576	8,351,985	8,609,140	9,401,354	9,865,591	10,149,228	10,873,965	11,059,598
Passenger Vessels	12	9	14	11	7	2	6	13	9	7	2
Gross Tonnage	151,238	116,626	226,490	197,487	144,345	36,293	93,381	181,619	188,337	106,146	79,018
Naval Vessels	68	59	46	41	49	48	30	29	24	32	14
No GRT Recorded											
Bunkers	1	2	2	8	5	1	2	50	48	55	56
Gross Tonnage	21,619	2,282	55,477	58,365	93,075	10,511	3,544	18,300	36,426	60,012	17,908
Other Vessels	47	45	28	33	26	29	25	13	21	17	4
Gross Tonnage	37,312	26,530	9,129	10,953	38,045	18,702	36,438	19,417	77,391	39,392	8,791
Total No. of Vessels	504	578	613	678	720	703	716	729	753	784	737
Total Gross Tonnage	5,591,623	6,813,977	7,683,930	8,156,381	8,627,450	8,674,646	9,534,717	10,084,927	10,451,382	11,079,515	11,165,315

cargo records 1976 - 2002

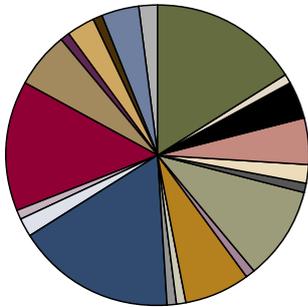
	DATE	VESSEL	RECORD
Imports	4-Aug-01	Asian Nova	discharged 67,462 tonnes of Nickel Ore
Exports	21-Sep-01	Gallia Graecia	loaded 65,285 tonnes of Raw Sugar
Deepest Draft Vessel	16-Nov-01	Asian Nova	13.13 metres loaded with 66,715 tonnes of Nickel Ore
Longest Vessel	19-Jun-89	Taiko	262.08 metres
Highest D.W.T. Tonnage	26-Mar-76	Capetan Carras	85,108 tonnes
Widest Beam	12-May-81	Tokurasan Maru	37.57 metres



appendix

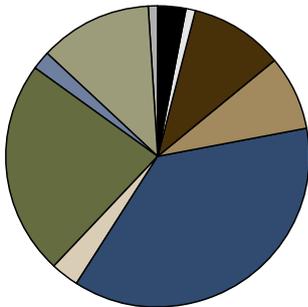
graphs

exports by country - 2001/02
total exports: 4,199,997 tonnes



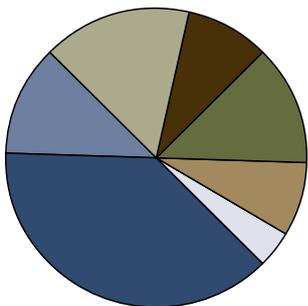
Australia 16%	India 7%	Japan 17%
China 10%	Korea 14%	United Kingdom 3%
Pakistan 2%	Canada 5%	Other 2%
United Arab Emirates 1%	Indonesia 1%	
Bangladesh 1%	Malaysia 6%	
Taiwan 1%	PNG 2%	
Philippines 1%	Italy 1%	
USA 4%	Thailand 1%	
Belgium 4%	Saudia Arabia 1%	

exports by country - 2001/02
total exports: 4,199,997 tonnes



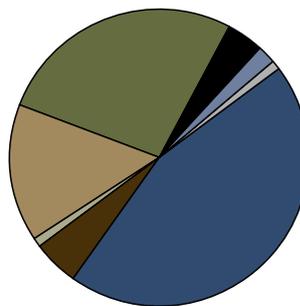
General 3%	Cattle 0%
Motor Vehicles 0%	Fertilizer 8%
Minerals 23%	Meat Products 0%
Sulphur 1%	Sugar 12%
Sulphuric Acid 1%	
Nickel Ore 37%	
Molasses 2%	
Oil 10%	
Cement 3%	

imports by country - 2001/02
total imports: 5,056,118 tonnes



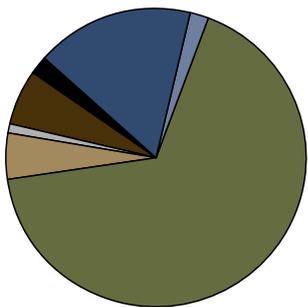
Intrastate 13%
Interstate 8%
Singapore 4%
New Caledonia 38%
Philippines 12%
Indonesia 16%
Other 9%

exports through the port of townsville 2001/02



General 4%
Sulphuric Acid 2%
Meat Products 1%
Minerals 45%
Molasses 5%
Cattle 1%
High Analysis Fertilizer 15%
Sugar 27%

imports through the port of townsville 2001/02



General 2%
Oil 17%
Fertilizer 2%
Nickel Ore 67%
Zinc Concentrates 5%
Sulphur 1%
Cement 6%