



# Port of Townsville

*The Gateway to North Queensland*  
2004/2005 Annual Report Summary



**PORT of TOWNSVILLE**  
Nexus North Queensland

# Our Philosophy



## OUR VISION:

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

## OUR MISSION:

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

We will achieve this mission by:

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

## OUR CORPORATE VALUES:

### Customers

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

### Community

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

### Our People

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

### Environment

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

### Corporate Governance

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

# About Us

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

**Townsville Port Authority was created in its current form as a statutory Government Owned Corporation on 1 July 1995 under the Government Owned Corporations Act 1993. The Authority manages the Port of Townsville – a breakwater harbour with a land and sea jurisdiction in excess of 400 square kilometres.**

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

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

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

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

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

A copy of our full 2004/2005 Annual Report is available on our website; [www.townsville-port.com.au](http://www.townsville-port.com.au).



# Year at a Glance



In another outstanding year, the Port of Townsville has increased trade in many key areas, continuing its strong contribution to the regional economy.

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

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

#### RECORDS ARE MADE TO BE BROKEN

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

#### CAPITAL WORKS

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

#### MAINTENANCE

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

#### COMMERCIAL PORT OPERATIONS

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

#### FINANCIAL OUTCOMES

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

#### ACHIEVING OBJECTIVES

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

# Trade and Industry

## MAJOR PROJECTS

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

During 2004/2005 the Port hosted 38 naval vessels and 7 passenger ships, again demonstrating that Townsville is the Port of choice for these types of vessels and their personnel.

## NEW CUSTOMERS

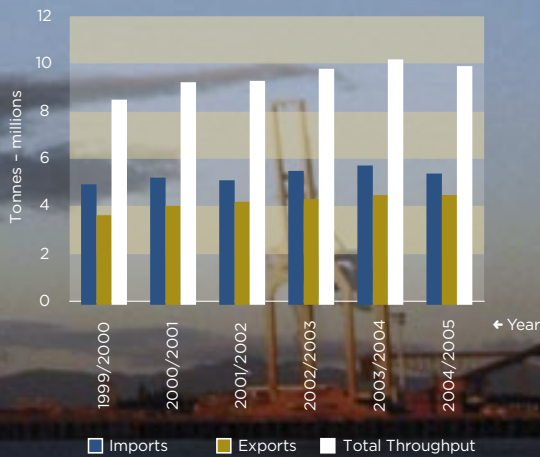
The Port of Townsville welcomed three new customers to the Port during the year. Powerplay Catamarans has commenced the production of fibreglass catamarans in a recently-built

facility within the Port. The company began exporting in 2003 and has now established a dealer network in 12 countries around the world. Aditya Burla Group exported 92,786 tonnes of copper concentrate to India in 2004/2005. Pentarch Forest Products exported just over 50,000 tonnes of plantation timber from Queensland's state plantation forests to Japan, China, and Korea.

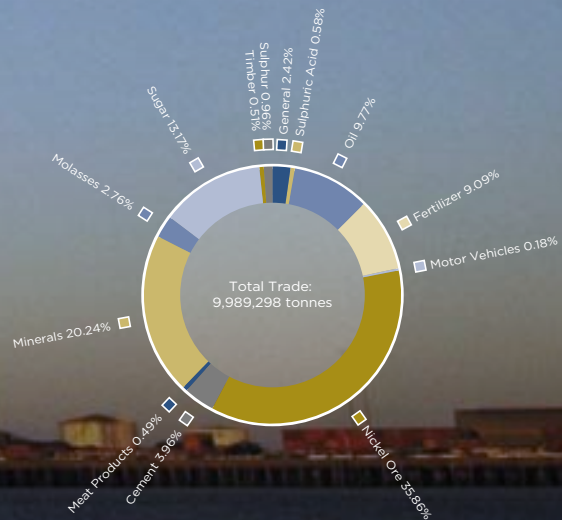
## OPPORTUNITIES

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

↓ Trade Throughput 1999/2000 to 2004/2005



↓ Total Trade by Commodity - 2004/2005



# Our Contribution to the Community



## REACHING OUR AUDIENCE

Internal and external publications play an integral part in how we communicate information to our employees and the wider community. Our external website and quarterly external newsletter, 'rapPORT', form the basis of our interaction with our outside audiences, including everyone from port users to the general public.

## EMPLOYEE, CUSTOMER, AND COMMUNITY FEEDBACK SURVEYS

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

## PORT COMMUNITY PARTNERSHIPS FORUM

The Townsville Port Authority established a Port Community Partnerships Forum in February 2005. It provides a means through which community-based groups provide comment on Port-related policies, development plans, management programs, and ongoing operations at the Port of Townsville that may impact on specific community interests.

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

## COMPLAINTS

54 formal complaints were registered this year comprising:

<b>Dust</b>	9
<b>Noise and vehicles</b>	9
<b>Pricing and charges</b>	9
<b>Boat ramps</b>	8
<b>Other</b>	19

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

## SUMMARY OF 2004/2005 COMMUNITY DONATIONS AND SPONSORSHIPS

→ VP60 Commemorations	\$100,000
→ Australian Red Cross Donation (final payment of 3 year sponsorship)	\$7,000
→ Australian Red Cross Tsunami Appeal Donation	\$5,000
→ Townsville Region Export Awards Sponsorship	\$5,000
→ Townsville Art Society Award for 2004 and 2005 Sponsorship	\$3,000
→ Cancer Society 'Relay for Life' Donation	\$2,500
→ James Cook University Academic Prizes	\$1,750
→ North Queensland Tourism Awards Sponsorship	\$1,500
→ The Leukaemia Foundation 'Shave for a Cure' Donation	\$1,080
→ Hunter Lovins Sustainable Business Tour Sponsorship	\$1,000

## INTERACTIVE INFORMATION CD AND DVD

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

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

## DONATIONS AND SPONSORSHIPS

The worth of an organisation is reflected in a number of ways, one of which can be measured by its impact on the community. At the Port of Townsville, our philosophy is simple. We understand that the impact of our actions and operations affect our customers, clients, employees, and the broader community. We take our commitment as a corporate citizen seriously and participate in community involvement to build relationships with our stakeholders.

In 2004/2005 the Authority spent over \$140,000 on donations and sponsorships to local charities, business activities, events, tourism, and mining activities. Some of these are detailed in the table below.

## CONSULTATIONS AND CONTRIBUTIONS

We maintained our membership and active involvement with a number of regional development organisations including Townsville Enterprise Limited, Townsville Chamber of Commerce, Burdekin Shire Chamber of Commerce, and Mount Isa to Townsville Economic Zone (MITEZ). Townsville Port Authority participated in and supported the Mount Isa Mining Expo, the premier event for the Queensland mining industry. The Authority is also a major sponsor of the Townsville Maritime Museum where the Port's rich maritime history can be enjoyed.

# Environment and Planning



## Planning

To facilitate developments by existing and new Port customers, we commenced the development of formalised guidance documents relevant to land use planning and development which will be further developed in 2005/2006 with the introduction of a development guidance manual.

Townsville Port Authority has developed a strategic transport plan to accommodate the proposed Eastern Access Corridor. The plan has been developed in response to an increase in heavy traffic through residential areas adjacent to the Port. The Authority continues to work with key stakeholders to progress the development and implementation of the Eastern Access Corridor.

## Environment

The 2004/2005 financial year has seen the development and continued implementation of a comprehensive environmental management program aimed at understanding and better managing our environment and activities for improved management performance.

### NOISE MONITORING

The Townsville Port Authority noise monitoring program has been undertaken regularly since 1998. This program was developed to assess the impact of Port activities on sensitive adjacent land uses and to assist with future land use planning.

Noise data was collected from 24 locations within the Port and surrounding residential and commercial areas in July and December, representing dry and wet season assessment. Results indicated that ambient noise was slightly higher in July than December, and overall recorded noise levels in December were higher than those recorded in July. Direct Port-sourced noise was not discernable at the majority of sites sampled.

### WATER QUALITY MONITORING

The 2004/2005 financial year saw the development and implementation of a water quality monitoring program. Samples are collected biannually to consider dry and wet season influences from over thirty locations within the Port area, Ross Creek, and Ross River. The samples are analysed for hydrocarbons, heavy metals, suspended solids, phosphorous, and nitrogen. This data is assessed against state and national guidelines.

Variations between sample locations were apparent, with surface water samples from Ross River and Ross Creek displaying higher levels of total nitrogen, total phosphorus, barium, manganese, zinc, and suspended solid concentrations upstream than were recorded within the Port. Results indicated that all samples were within guidelines.

### SEDIMENT MONITORING

The Townsville Port Authority sediment monitoring program monitors and assesses the effects of Port operations on the marine environment and acts as a guide for determining the suitability of dredged material management alternatives. The sampling program includes the quarterly collection of 242 samples, from the inner harbour, outer harbour, Ross Creek, Ross River, the Platypus Channel, and Sea Channel which are analysed for a suite of heavy metals.

Despite increases in tonnages of metal-related products handled through the Port, there has been a noticeable decline in heavy metal concentrations within the marine sediments of the Port over the past decade.

### DUST MONITORING

The dust monitoring program is a co-operative initiative between the Townsville Port Authority, the Environmental Protection Agency, and a number of Port customers. It was developed to ensure dust emissions from activities within the Port remain within acceptable limits.

Results show the dust levels remained within all guidelines with the exception of a week in February. This was due to a dust cloud which covered the city during this time. Predominant winds were recorded from a north-easterly through to a south-westerly direction. The highest winds and dust concentrations for the year were recorded from the north-east to the south-east where the majority of Port activities are located. Generally, dust concentration is much higher from a north-easterly through to a south-westerly direction which is the direction of Port activities and the city centre of Townsville.

### ENVIRONMENTAL INCIDENTS

A decrease in recorded incidents is shown for 2004/2005 compared to the previous year and is the lowest recorded year to date. This reduction suggests that management and awareness programs throughout the Port have been effective. Additionally, 66 per cent of environmental incidents were reported by the Port community or employees of the Authority, demonstrating that the Port is committed to environmental reporting and incident management. The most common incidents reported were dust and land-based oil spills with four incidents recorded for both.

# Our Contribution to the Economy

The Port of Townsville is instrumental to continued industrial and economic growth in North Queensland. According to a Townsville Port Authority Economic Impact Report, conducted by the AEC Group in 2000, the direct and flow on effects of the Port's activity account for almost 8,000 full time jobs, with direct and indirect wages and salaries accounting for over \$320 million. This represents about ten per cent of total employment in North Queensland.

According to the Authority's Economic Impact Report, Port-related economic output direct and flow on effects combined produce in excess of \$1,377 million annually with a further \$618 million produced in relation to value-added activities. Combined with total exports to the value of \$2.1 billion annually, these figures highlight the Port of Townsville as one of Queensland's most strategic assets.

The Port is highly-integrated with the regional economy it serves and is intrinsically linked with its future outlook. Over the last number of decades, North Queensland has forged strong international links with the global economy. Without an efficient transport interface this growth would not have occurred.

On average 700 commercial trading vessels dock at the Port trading a diverse range of products. These include imported vehicles, containerised cargo, bulk cargoes, livestock, general cargo, lead and zinc concentrates, nickel ore, cement, fertilizer, oil, gas, timber, and more.

These products traded through the Port of Townsville extend their sphere of influence to the central, north-west and far northern economies. Every day in North Queensland the general population benefits from the Port. This includes cars, fuel, food, and so forth.

The Townsville/North Queensland region is one of the fastest growing regions in the fastest growing state.

Townsville is the largest exporter of molasses and sugar in Queensland, which produces 95 per cent of Australia's sugar. Australia is the world's third largest exporter of sugar behind Brazil and the European Union. Around 85 per cent of Australia's raw sugar production is exported each year.

WMC Fertilizer exports the largest volume of chemicals from Queensland, through the Port of Townsville.

# Port Infrastructure, Services, and Management



## ENGINEERING

This year Townsville Port Authority undertook capital infrastructure works of about \$2 million and just under \$9 million of maintenance works. This included a comprehensive dredging campaign at a cost of \$2.2 million. Dredging of the inner harbour swing basin and silt trench was undertaken for the first time in over ten years and successfully removed about 185,000m<sup>3</sup> to the sea dump.

After obtaining the necessary approvals from the Environmental Protection Agency, the Authority removed approximately 6,500m<sup>3</sup> of dredge material between the Dean Street Bridge and the Townsville Motor Boat and Yacht Club during May and June 2005 at a cost of \$170,000.

In 2004/2005, approximately 60,000m<sup>3</sup> of contaminated material dredged from the inner harbour was stabilised and relocated on behalf of third parties within the Port community. The material was treated with lime and cement to provide chemical and geotechnical stability and was deposited in a purpose made pond, which was lined with a clay layer at the top and bottom to stop leaching of metals. The total cost of this project was approximately \$1.5 million.

Repairs to piles at berth 1, the oil tanker berth, were completed at a cost of \$3 million. Fender systems on berths 2, 3, 7, and

9 were upgraded at a cost of approximately \$1.4 million to improve navigational safety and operational efficiency.

## SECURITY

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

The process has involved comprehensive consultation with the Port community and other industry working groups. All Port users are participating with the introduction of the new security measures.

Security measures now functioning as part of everyday business include; waterside patrols, identification and management of issues, implementation of procedures to protect critical infrastructure from external threats, increased security awareness, and annual audits.

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

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



# Our Future...



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

Increasingly, major industry and expanded local business opportunities are expressing an interest in Townsville due to the long term sustainability offered by the city. With an efficient deep-water port, diversity of economy, government investment and the social infrastructure to support a growing city, Townsville offers an attractive alternative to other business centres. Preliminary assessments of recent business enquiries indicate that trade throughput at the Port of Townsville may increase from about 10 million tonnes to as much as 32 million tonnes in the next 15 years.

## TRADE AND INDUSTRY

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

The future year will be focused on continued support and active participation in the development of the proposed Eastern Access Corridor and Townsville State Development Area; identifying and pursuing trade growth opportunities; pursuing opportunities to maximise the potential of Port-owned land and infrastructure; and further developing competitive pricing where commercially feasible to attract new or increased trade.

## COMMUNITY

The Port will commence an educational alliance with a local school called the 'Port of Townsville School Education Program'. This will educate students on Port operations and the marine environment.

The Authority will expand external communications through additional targeted publications, and a Port information series aimed at educating the wider community, including Port customers and local industries, on the Port's functions, roles, powers, and operations.

The Authority will redevelop the external website to improve its appearance, functionality, and usability. The external website is an important communication tool which plays a major role in promoting and informing stakeholders, and also facilitates doing business with ease for our customers.

## PLANNING AND ENVIRONMENT

The Authority is seeking to further establish effective land use planning controls to ensure an appropriate balance between the economic advantages of development with its social and environmental implications, and the promotion of consistent, predictable decision-making. These include:

- the implementation of the Strategic Transport Plan;
- a review of the Port of Townsville Land Use Plan and development of associated guidance material;
- implementation of Stage 3 of the Authority's Environmental Park;
- public dissemination of environmental research and monitoring initiatives;
- continued development and implementation of research and monitoring initiatives;
- a continued commitment to local post-graduate research.

## PORT INFRASTRUCTURE, SERVICES, AND MANAGEMENT

The Authority will focus on the introduction of the Maritime Security Identification Card (MSIC), identify potential MSIC holders and list these in a security access database. The Authority will also identify operational issues and implement solutions as a result of the introduction of the MSIC.

Townsville Port Authority will remove approximately 200,000m<sup>3</sup> of material from the outer harbour and 160,000m<sup>3</sup> from the Platypus Channel. This project is expected to cost approximately \$2.2 million.

Approximately \$5.5 million will be allocated for an upgrade to Berth 4 which will improve navigational safety and provide additional wharf and storage space. The Authority is also examining options on berth 6.

# Our Financials at a Glance...



**TOWNSVILLE PORT AUTHORITY  
STATEMENT OF FINANCIAL PERFORMANCE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005**

	2005 \$	2004 \$
<i>Total Revenue from Ordinary Activities</i>	416,197	27,181,151
<i>Total Expenses from Ordinary Activities Excluding Borrowing Costs</i>	11,231,027	23,393,362
<i>Borrowing Costs Expense</i>	1,007,425	1,136,506
PROFIT / (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE / (INCOME TAX REVENUE)	(11,822,255)	2,651,283
Income Tax Revenue (Income Tax Expense) relating to Ordinary Activities	(1,451,551)	(1,419,439)
NET PROFIT / (LOSS)	(13,273,806)	1,231,844

**TOWNSVILLE PORT AUTHORITY  
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2005**

<b>CURRENT ASSETS</b>		
Cash Assets	-	6,872,375
Receivables	-	3,387,334
Other	-	151,573
<b>TOTAL CURRENT ASSETS</b>	<b>-</b>	<b>10,411,282</b>
<b>NON-CURRENT ASSETS</b>		
Property, Plant and Equipment	164,527,706	122,533,930
Deferred Tax Assets	484,019	453,082
Other	-	4,817
<b>TOTAL NON-CURRENT ASSETS</b>	<b>165,011,725</b>	<b>122,991,829</b>
<b>TOTAL ASSETS</b>	<b>\$165,011,725</b>	<b>\$133,403,111</b>
<b>CURRENT LIABILITIES</b>		
Payables	-	2,904,565
Interest-bearing Liabilities	-	2,065,684
Current Tax Liabilities	576,057	779,902
Provisions	-	1,502,006
<b>TOTAL CURRENT LIABILITIES</b>	<b>576,057</b>	<b>7,252,157</b>
<b>NON-CURRENT LIABILITIES</b>		
Payables	-	-
Interest-bearing Liabilities	-	15,665,602
Deferred Tax Liabilities	1,720,266	1,726,089
Provisions	-	469,943
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,720,266</b>	<b>17,861,634</b>
<b>TOTAL LIABILITIES</b>	<b>\$2,296,323</b>	<b>\$25,113,791</b>
<b>NET ASSETS</b>	<b>\$162,715,402</b>	<b>\$108,289,320</b>
<b>EQUITY</b>		
Contributed Equity	98,935,028	98,935,028
(Accumulated Losses)	-	(11,617,842)
Reserves	-	20,972,134
<b>TOTAL EQUITY</b>	<b>\$98,935,028</b>	<b>\$108,289,320</b>



**PORT of TOWNSVILLE**

Nexus North Queensland

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