



PORT OF TOWNSVILLE LIMITED ACN 130 077 673

FORECAST REPORT 2011-2012

INTRODUCTION

The Corporation achieved another record trade result during 2010-2011. Environmental performance continued to be positive, with no environmental compliance breaches reported and ISO14001 certification maintained. The Corporation also improved on its safety performance, with a number of new safety management initiatives implemented and certification to AS4801 maintained.

Works on the Townsville Marine Precinct (TMP) Project commenced in 2010-2011 and will continue into 2011-2012. The Corporation will also continue to investigate other major projects to support future growth of the region, including the Townsville Inner Harbour Expansion Project (see below for more information), the Environmental Impact Statement for the Port Expansion Project and Berth 10 Stages B and C and projects identified in the Townsville Port Urban Waterfront Master Plan.

Favourable trade and financial performance is anticipated to continue during 2011-2012 with the Corporation forecasting throughput of 12.50 million tonnes at the Ports of Townsville and Lucinda. Particular focus will be placed on improvements in financial, safety and environmental performance, community reinvestment and stakeholder relationships. The Corporation will work in partnership with its customers and stakeholders to facilitate and deliver port and rail infrastructure required to support anticipated trade growth opportunities.

	Forecast for 2011-2012*	Explanation
EBIT (\$M) (earnings before interest and tax)	\$26.81	Improved trade income is forecast from increased trade throughput. Receipt of funding for Berth 10 (Cruise and Military Terminal) has a significant positive impact on the Corporation's EBIT.
Total Trade Throughput (million tonnes)	12.50	Record trade throughput is forecast, which is being driven predominantly by growth in minerals exports and imports and agricultural exports.

STRATEGIC PRIORITIES FOR 2011-2012

The Corporation's 2011-2012 strategic priorities target improvements and growth in five core areas: –

- financial management and sustainable profit growth;
- port facilities and operational services;
- facilitation in trade growth;
- corporate citizenship and environmental responsibility; and
- people, safety and corporate culture.

The Corporation will continue to implement strategies that increase growth and diversify trade, and increase revenue to improve profitability and maximise value to shareholders.

The provision of port facilities, infrastructure and services is a core function of the Corporation. The Corporation will implement strategies aimed at ensuring its facilities are consistently reliable, safe and secure and meet customer requirements now and into the future.

The Corporation will implement strategies aimed at building and strengthening partnerships with current and potential customers through a shared understanding of business drivers and values to maximise and grow trade and business opportunities. The Corporation will also explore opportunities to improve customer service, community/stakeholder support and consultation.

The Corporation will implement initiatives aimed at reinvesting in the community within which it operates whilst at the same time ensuring that impacts on adjoining land uses and environment are managed and minimised.

The Corporation will ensure it provides an equitable and safe work environment for its employees and aim to attract, retain and develop motivated, skilled and high-performing people committed to achieving the Corporation's business objectives.

MAJOR PROJECTS FOR 2011-2012

Construction of Stage 1 of the Townsville Marine Precinct Project, located at the mouth of Ross River in Townsville, will be completed in late 2011. This project will deliver a best practice marine facility that will consolidate, and provide for future growth in the local industrial and commercial marine and fishing industries.

The Corporation will also commence the Townsville Port Inner Harbour Expansion Project (Berths 8 and 10A upgrades). Berth 10A will provide a multi-use cruise, military and commercial vessel facility. The upgrade of Berth 8 will enable existing Berth 7 operations to relocate and provide capacity for growth in mineral concentrate exports. Berth 8 works are expected to be completed in June 2012 and Berth 10A in June 2013.

Planning and environmental approvals are expected to be obtained for the Berth 10B and 10C inner harbour works to meet medium term general cargo growth requirements and the Port Expansion Project to meet long term bulk trade growth requirements.

MARKET ENVIRONMENT FOR 2011-2012

2010-2011 was a record trade throughput year for the Corporation, reflecting strong growth in the mining and agricultural sectors in the region. This favourable performance is anticipated to continue during 2011-2012, with throughput expected to increase due to a number of new mining operations commencing and a number of existing customers and projects expanding and diversifying, particularly in the area of bulk minerals exports.