



2023-24
ANNUAL REPORT

ACKNOWLEDGMENT OF COUNTRY

Port of Townsville Limited acknowledges the Wulgurukaba people as the traditional Custodians of Gurambilbarra, the Country on which the Port of Townsville operates.

'Wulgurukaba' means 'canoe people', a name that underscores their connection to the sea, rivers and waterways of our region. It is a connection that we share and hope to strengthen in generations to come.

Likewise, we acknowledge the Bindal people, traditional custodians of the western banks of Ross River, which form our Port limits, and the Nywaigi people, traditional custodians of the area where the Port of Lucinda is located.

Finally, we acknowledge the Traditional Owners of the lands from which products come to our Ports and the waterways that connect us. Our natural resources are drawn from lands and waterways long cared for by First Nations people and we thank them for their contribution to our nation.

We pay our respects to Elders past, present and emerging and to all First Nations people across our hinterland areas.

THIS REPORT

This Annual Report presents the Port's performance results for 2023-24 as well as details about strategic initiatives that we are pursuing to ensure we continue to deliver world class port facilities and services, and seamless maritime connections for Northern Australia.

PUBLIC AVAILABILITY

An online version of this Annual Report, and our past Annual Reports, can be found on our website at www.townsvilleport.com.au

INTERPRETER SERVICE ANNOUNCEMENT

We are committed to providing accessible services to stakeholders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding this Annual Report, you can contact us on +61 7 4781 1500 or by email to community@townsvilleport.com.au

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MESSAGE FROM THE CHAIRPERSON

I am pleased to share our performance results and review of operations for the year ended 30 June 2024, highlighting our progress against our strategic objectives and reflecting on the challenges and opportunities that lie ahead.

Our financial performance remained strong in 2023-24 with a net profit after tax of \$17.92 million, and over the past 12 months we continued to deliver our measured ongoing investments that are key enablers of improved efficiencies and that underpin growth into the future.

Already the country's largest exporter of base metals, the Port of Townsville is in a prime position to support the global ambition to decarbonise. The world's energy transition presents North Queensland's rich hinterlands with unprecedented opportunities for expanding critical minerals and metals exports, and unrivalled wind and solar precincts along the north-western corridor can power a new generation of renewable energy exports for the region.

Strategic foresight in planning for and obtaining approvals for future port developments mean we are well positioned to rapidly respond to these opportunities and embark upon an exciting new chapter in the Port's history. The Townsville Port Expansion will ultimately see the creation of six new berths, 150 hectares of land and channel widening and deepening to facilitate strong forecast trade growth over the next 30 years, subject to business cases for delivery of each stage.

The first stage of this expansion is our emblematic \$251 million Townsville Port Channel Upgrade project, which after five years of construction, will reach completion late 2024. This will enable access for larger container ships, complementing our recent \$70 million investment into new container handling capabilities, including a post-panamax ship-to-shore crane and cargo handling terminal. Townsville is the freight hub for Northern Australia, and these investments are part of our strategy to ensure Townsville offers a competitive and resilient freight gateway for Northern Australia.

Widening of our channels will also catalyse growth in cruise ship visits, bringing increased passenger numbers and boosting economic and tourist activity for the city. Our forward bookings are our strongest yet, including larger cruise ships arriving from the summer 2024 season. The region has an incredible opportunity to carve out a niche in this rapidly growing market.

As a modern city-port, it is important to effectively plan the redevelopment of waterfront lands to ensure port operations are protected in the long-term while creating active and distinctive experiences to connect and engage the community and visitors with the waterfront. We have worked closely with Townsville City Council and key stakeholders to ensure integrated planning outcomes.

Central to our purpose and place is our commitment to ensuring that our operations and developments are sustainable and responsible. Our 30-year strategic plan sets out our sustainability objectives (including environmental, social and governance) and initiatives across four priority areas: Prosperity, Planet, Community and People.

I would like to thank our shareholding Ministers, their teams and departments for their ongoing support for our strategy and future development plans.

I take this opportunity to convey my appreciation to my fellow Board members for their knowledge, dedication and diverse perspectives which have enriched our deliberations and decision-making processes. We welcomed new Directors John Lee, Jody Currie and David Waters who were appointed to the Board in October 2023, and the reappointment of Connie Navarro in October 2023 and Danielle O'Toole in June 2024.

On behalf of the Board, thank you to the Executive Leadership Team and employees for delivering another year of strong results, and for your resolute focus and perseverance to prepare our ports for the opportunities and growth ahead.



Ann Sherry AO
Chairperson

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

The year 2024 marks 160 years since our founding, over which time we have delivered more than just port infrastructure and services. Our operations and investments drive economic prosperity for Northern Queensland. We connect the region's abundant resources and agricultural commodities with global markets, import essential goods for our communities and industries, enable strategic defence capability and cultivate tourism opportunities.

We are pleased to deliver another strong operating result for the year of \$17.92 million (2023: \$17.55 million). Total trade throughput grew 5 per cent from last year to 7.2 million tonnes with solid growth in containers, mineral and metals imports, sugar exports, general cargo imports and exports, cattle exports and a historic record year for motor vehicle imports.

In a major milestone we completed dredging works on our \$251 million Channel Upgrade in March 2024. A total of 3.4 million cubic metres of material was removed and placed within a new 60-hectare reclamation area. The overall project will be completed in the second half of 2024, with Townsville to welcome larger ships from November 2024. The ability to receive larger ships opens significant opportunities for North Queensland as an attractive gateway for containerised freight and hub for cruise tourism and defence capabilities.

We are well advanced with our program of optimisation works to improve berths, create additional laydown areas and upgrade our road network to provide greater capacity, efficiencies and reliability for our customers, and these will continue over the course of the next 12 months.

Townsville welcomed 16 cruise ships this year bringing around 18,000 passengers and crew, with record forward bookings, including larger liners, for future years.

We will continue to advance our sustainability objectives, including environmental, social and governance, ensuring these reflect the expectations of shareholders, stakeholders and align with regulatory requirements and government policy objectives.

We are committed to delivering our Safety Refresh, with further initiatives to be implemented in the coming year as we strive towards our goal of Zero Harm at all our workplaces. We believe every injury is preventable and have more work to do to ensure everyone goes home healthy, safe and well every day.

We are also continuing to invest in technology, systems and processes to enhance productivity of our operations and improve the way we plan for and perform work in the future.

The future growth potential for the region in base and critical minerals, renewable energy, advanced manufacturing, defence and cruise cannot be underestimated. We enter the next year expansion focused on driving the Outer Harbour Development, our next phase of port development that will position Northern Queensland to capitalise on the rapid transformation of the global economy and the abundance of opportunities this presents.

Thank you to the Board for your leadership and guidance, and to our shareholding Ministers and departments for supporting our direction.

Our customers are the cornerstone of any of our achievements, and we are most appreciative of your engagement and support and look forward to continuing to partner with you to ensure our infrastructure and services enable your growth and success. We take pride in our purpose of delivering prosperity for our communities and value for our customers and shareholders through world-leading sustainable operations.

I am deeply grateful to our incredibly dedicated and talented people who go above and beyond to create solutions and drive forward our ambitious agenda to be Australia's Port for the Future.



Ranee Crosby
Chief Executive Officer

KEY PERFORMANCE RESULTS

PERFORMANCE INDICATORS	2022-23 ACTUAL	2023-24 ACTUAL	MOVEMENT FROM ACTUAL (FROM 2022-23)	
Operating Revenue (\$M)	89.47	98.25	8.78	↑
Operating Expenditure (\$M)	60.95	68.25	7.3	↑
Trade Income (\$M)	66.88	75.49	8.61	↑
Property & Facilities Income (\$M)	14.30	16.25	1.95	↑
EBIT (\$M)	28.52	30.00	1.48	↑
NPAT (\$M)	17.55	17.92	0.37	↑
Dividend (\$M)	15.68	15.27	-0.41	↓
Return on Assets EBIT (%)	3.18	3.16	-0.02	↓
Return on Equity (%)	2.62	2.59	-0.03	↓
Current Ratio	1.43	1.02	-0.41	↓
Interest Cover Ratio (EBIT)	7.19	6.65	-0.54	↓
Debt to Debt + Equity Ratio	0.14	0.21	0.07	↑
Capital Investments (\$M)	65.17	74.31	9.14	↑
NON-FINANCIAL MEASURES				
Trade Throughput (million tonnes)	6.81	7.17	0.36	↑
Vessels to Port	549	604	55	↑
Reportable Security Incidents	0	0	0	-
Reportable Environmental Incidents	19	17	-2	↓
Lost Time Injury Frequency Rate	9.8	9.3	-0.5	↓
Customer Satisfaction Rating	94%	94%	0	-
Community Satisfaction Rating	86.5%	88.83%	2.33	↑
Employee Engagement Rating	83%	72%	-11	↓
Full-Time Equivalents	145.75	173.1	-27.35	↑

ABOUT US

Port of Townsville Limited (the Port) owns and operates the ports of Townsville and Lucinda in North Queensland.

The Port has been actively shaping the future of Townsville and North Queensland for 160 years.

The goods that flow through our ports are grown, mined, manufactured and used to better the lives of more than 800,000 people across a vast catchment area, spanning from Hinchinbrook to the Burdekin and west to Mount Isa.

More than \$10 billion worth of goods cross our wharves each year.

TOWNSVILLE PORT

The Port of Townsville is Australia's largest port for zinc, lead, copper, sugar and fertiliser. Additionally, we handle more motor vehicles and containerised goods than any other port in Northern Australia. Townsville is one of the country's most diverse ports, linking more than 30 different commodities to 130 ports in over 40 countries.

The Port of Townsville is linked by existing road and rail connections to the North-West Minerals Province, one of the world's largest base-metals provinces and home to vast deposits of rare earth minerals critical to manufacturing renewable technologies powering our future.

It is also an increasingly strategic forward mounting location in Australia's Defence capabilities, as well as an important tourism enabler due to its modern dedicated cruise ship terminal.

The Port of Townsville is a key element in the growth and development of Northern Australia and is a designated "Priority Port" in Queensland under the *Sustainable Ports Development Act 2015* (Qld).

LUCINDA PORT

The Port of Lucinda is situated approximately 100 kilometres north of Townsville and is primarily dedicated to the export of raw sugar from the Herbert River sugar-growing district. As one of Queensland's six bulk sugar terminals, the Port of Lucinda's main role is to receive, store and export raw sugar to domestic and international markets. It also services nearby islands with regular general cargo barge services.

Our core business functions as set out in our constitution and the *Transport Infrastructure Act 1994* (Qld) are to:

- establish, manage and operate effective and efficient port facilities and services;
- make land available for the establishment, management and operation of effective and efficient port facilities and port services by other persons, or other purposes consistent with the operation of our ports;
- provide for ancillary services or works necessary or convenient for the effective and efficient operation of our ports;
- keep appropriate levels of safety and security in the provision and operation of our port facilities and port services;
- provide other services incidental to the performance of our other functions, or likely to enhance the usage of our ports;
- perform any other functions and exercise any other powers conferred on us under the *Transport Infrastructure Act 1994* (Qld) (TI Act), the *Government Owned Corporations Act 1993* (Qld) (GOC Act) and Regulations or another Act or under our Statement of Corporate Intent (SCI) or Corporate Plan;
- provide port services and ancillary services whether in or outside our ports, whether in or outside Australia and whether for another port or for other parties; and
- carry out any activity that is incidental to the attainment of the objects set out above.

PORT OF TOWNSVILLE LIMITED

Australia's leading exporter of copper, zinc, lead, fertiliser, sugar, molasses and the largest container and automotive port in Northern Australia



8
berths

6
cargo cranes

>30
commodities

4
dry bulk
shiploaders

360ha
of land or
storage area

400m²
of adjacent
waterways

130+ Port connections to **>40** countries

>7 million tonnes of trade

70%
of Northern Australia's
population serviced

8,000
jobs in the region
supported by port activities

\$10 billion AUD
value of trade
each year

\$1 million
community support
over the last decade

Strategic Defence port for
Australian and allied navies

cruise berth and
Quayside Terminal

Channel Upgrade

(stage 1 of PEP)

channel widened to accommodate vessels up to 300m long and
60 hectares of land reclaimed from the dredge material

PORT OF LUCINDA

5.7km
single trestle jetty
and conveyor to an offshore berth
and shiploader

60ha
of land or
storage area

onshore **fully enclosed** sugar
handling and storage facilities

OUR STRATEGIC DIRECTION

Vision
Australia's Port for the Future

Mission
Creating prosperity for our communities and value for our customers and shareholders through world-leading sustainable operations

Values

Partnerships
We build meaningful and lasting relationships

Opportunities
We continuously innovate

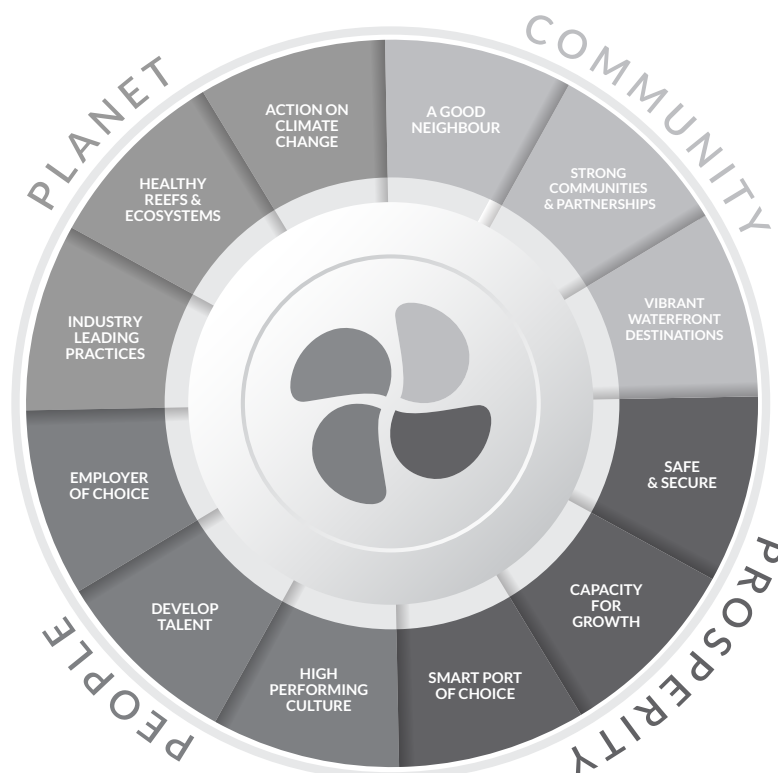
Respect
We respect each other

Trust
We do the right thing

Our 12 strategic objectives across our four priority areas of Prosperity, Planet, Community and People provide the foundations and balanced approach for our strategic direction.

We are focussed on a sustainable future, including:

- Generating prosperity for our region and value for our customers and shareholders through our growth and diversification of trade and business opportunities and ensuring that infrastructure and services across the supply chain are efficient, safe and secure, reliable and cost competitive.
- Protecting and improving our natural environment by taking action on climate change, showcasing industry leading practices, and partnering to support healthy reefs and ecosystems.
- Creating positive outcomes for our communities, creating vibrant waterfront destinations, giving back, building strong partnerships and being a valued neighbour improving connectivity and liveability.
- Providing a great place to work, developing the capability of our people and a high performing culture to ensure we are well positioned to achieve our long-term strategic objectives and continue to attract, retain and develop our top talent.



SUSTAINABILITY

The formulation of Port Vision 2050 in 2020 was guided by the United Nations' Sustainable Development Goals (SDGs) and a comprehensive stakeholder materiality assessment, which integrated perspectives from staff, stakeholders and the community.

In early 2024, the Queensland Government published the 2023 Queensland Sustainability Report (2023 QSR), outlining its strategic priorities for managing sustainability risks and opportunities. This report details key policies aimed at fostering a resilient and sustainable future, aligning with emerging best practices in sustainability reporting both in Australia and globally. Development of the report has taken into consideration the International Financial Reporting Standards (IFRS) S1 General Requirements for Disclosure of Sustainability-related Financial Information and S2 Climate-related Disclosures.

The 2023 QSR identifies key priorities across three main areas:

- **Environment:** Addressing climate change transition, physical impacts and opportunities, and natural capital.
- **Social:** Promoting more jobs in more industries, better services, and protecting Queenslander's lifestyle.
- **Governance:** Focusing on economic and fiscal performance.

Our strategy aligns with these priorities, positioning the Port to contribute effectively to Queensland's sustainability targets and policies, as well as the broader global agenda. By prioritising stakeholder concerns, the Port is committed to delivering sustainable prosperity for the region.

This annual report is organised into four sections: Prosperity, Planet, Community, and People. These sections collectively provide a comprehensive overview of the Port's sustainability efforts in 2023-24.

Looking ahead, the Port remains dedicated to advancing its sustainability objectives, encompassing Environmental, Social, and Governance (ESG) aspects. Furthermore, the Port will continue to collaborate with the Queensland Government to ensure a consistent reporting approach that adheres to both national and international standards.

PROSPERITY

TRADE

Total trade through our ports for 2023-24 was 7,168,150 tonnes, comprising 6,651,588 tonnes through the Port of Townsville and 516,562 tonnes through the Port of Lucinda.

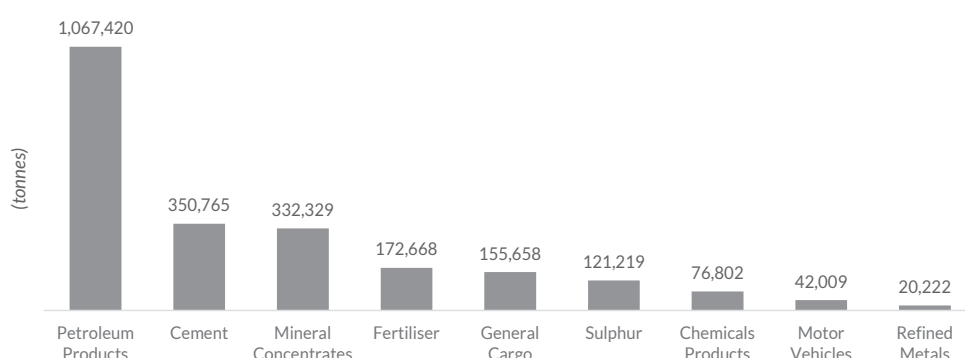
The increase in volume of 356,953 tonnes (5 per cent) compared to the previous year was mainly attributable to recovery in mineral ores and concentrate imports and a record-breaking year for sugar exports.

Being the largest container port in Northern Australia, Port of Townsville handles an increasingly diverse range of containerised cargo. Container volumes grew 16 percent to 52,168 Twenty-foot Equivalent Units (TEUs) compared to the previous year. Motor vehicle imports reached a historical record of 21,693 units, up 20 per cent on the previous year.

There were several highlights compared to last year:

- Refined metal imports were up 248 per cent and exports increased by 15 per cent.
- Mineral ores and concentrate imports grew 162 per cent.
- Live cattle exports grew 68 per cent.
- General cargo exports rose 48 per cent.
- Fertiliser imports increased 42 per cent.
- Sugar exports were up 16 per cent.
- Motor vehicle imports grew 20 per cent.

IMPORTS



In 2023-24, imports through the Port of Townsville totalled 2,339,103 tonnes, a 10 per cent increase compared to the previous year.

Mineral concentrate imports increased by 205,550 tonnes (162 per cent) compared to the previous year, totalling 332,329 tonnes. The increase was mostly the result of copper and zinc concentrate imports, as miners substituted a shortfall in domestic feedstock overseas, and as Sun Metals newly expanded zinc refinery climbed to full capacity.

Refined metal imports were up 248 per cent on last year to total 20,222 tonnes. This spike was due mainly to a key mining client commencing copper anode imports to compensate for decreased domestic feedstock.

Fertiliser imports increased 42 per cent compared to 2022-23, as global fertiliser prices settle to pre-Ukraine war levels and demand grows (excluding phosphates). Fertiliser imports grew by 51,495 tonnes in 2023-24, compared to 2022-23 as ammonium sulphate (Gran-Am) and mixtures of urea continue to increase year-on-year.

This financial year was the biggest year on record for motor vehicle imports with 3,566 more cars imported this year, compared to last financial year (20 per cent increase). Continuing strong demand for new cars drove motor vehicle imports to complete the year at 21,693 units.

Containerised cargo represented 9 per cent of the total tonnage at the Port, compared to 7 per cent last financial year. Imports of containers increased by 23 per cent respectively compared to the previous year. The increase in imported TEUs was mainly due to growth in general cargo, chemical products and fertilisers and an influx of empty containers to facilitate the significant increase in containerised exports.

General Cargo imports decreased 25,999 tonnes (14 per cent) compared to the previous year, finishing the year with 155,658 tonnes. While animal feedstuffs contributed largely to general cargo imports this financial year, (103 per cent increase) it was not enough to tip the scales, as a drop in manufactured goods saw a 16 per cent decline, compared to the previous year.

Aqua culture feeds in break bulk increased 263 per cent compared to 2022-23 with ~19,000 tonnes imported for local prawn farms. Additional General Cargo commodities like iron and steel, commercial and industrial tyres, and tubes, pipes and hoses, were all substantially below last year's figures, reflecting decreased mining activity in the North West Minerals Province and above-trend construction cost escalation, slowing down private and public sector projects.

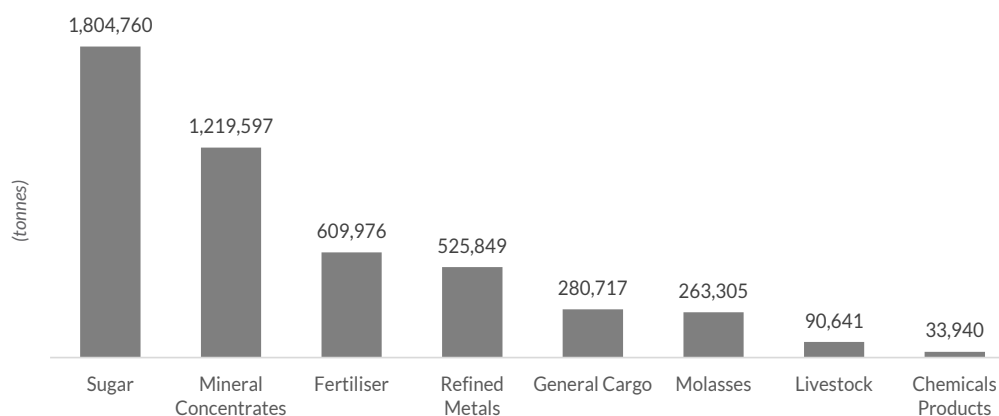
Imports of sulphur surpassed budget by 21 per cent with a 13 per cent increase (~14,000 tonnes) on the previous year.

Overall petroleum imports decreased 1 per cent compared with the previous year, finishing with 1,067,420 tonnes. These results reflected a 9,631 tonne decrease on 2022-23 figures as Australian petrol sales declined and a combination of global factors drove crude oil prices up 14.38 per cent since the beginning of 2024.

Cement decreased by 15 per cent compared to the previous year, with 350,765 tonnes imported in 2023-24. The drop in volume was mainly caused by a prolonged shut-down of mines in the North West Minerals Province triggered by heavy rains and road closures early in 2024.

The Port of Lucinda did not receive imports.

EXPORTS



Exports totalled 4,829,047 tonnes across Townsville and Lucinda ports. This figure is 148,290 tonnes ahead of last financial year.

Sugar and general cargo exports were 248,504 tonnes and 91,160 tonnes ahead of last financial year respectively, while livestock experienced the highest growth of 68 per cent compared to the previous year.

Sugar exports had its best year on record, with a total of 1,804,760 tonnes across the Ports of Lucinda and Townsville. Raw sugar prices dipped in the second half of the financial year from a 12-year peak reached last November but remained historically high. Consequently, favourable nearby futures contracts motivated sugar exporters to sell and ship product from Townsville in 2023-24.

Molasses exports attained 105 per cent against the annual budgeted figures, reaching 263,305 tonnes.

The Port of Townsville exported 182,844 head of cattle in 2023-24, with a near even split across Vietnam (50 per cent) and Indonesia (49 per cent). Live cattle exports surged 68 per cent compared to 2022-23, with 90,641 tonnes recorded, showing strong growth across key markets in Indonesia and Vietnam. With cattle prices stabilising, national herd numbers reaching a plateau and Indonesia lifting its ban on Australian cattle, the Australian live cattle export industry benefitted from a combination of favourable conditions this financial year.

Exported container TEUs increased 11 per cent to 25,125 primarily due to refined minerals and metals: a total of 13,899 TEUs with refined zinc exports in containers doubling in volume (134 per cent increase), compared with the previous year. Refined copper exports in containers increased 10 per cent compared to 2022-23.

General cargo exports finished 48 per cent ahead of last financial year, with 280,717 tonnes recorded. Phosphate rock continues to be a large contributor of general cargo exports since ramping up production in 2023. The new commodity finished this financial year with more than double the volume recorded in the first year of export, with an 85,000 tonne increase. Scrap metals increased 10 per cent compared to last year with large quantities of scrap iron exported to steel makers in Bangladesh. Livestock feedstuff exports increased 26 per cent compared to last year as more fodder was exported in bulk on livestock vessels.

Mineral ores and concentrate exports decreased by 7 per cent and refined mineral and metal exports increased by 15 per cent compared to last financial year. Glencore's scale down of three copper mines and Lady Loretta zinc mine, ahead of their closure in 2025, drove a decline in mineral concentrates exports by 93,640 tonnes, compared to last year.

Refined minerals and metals increased 68,578 tonnes compared to the previous year, reflecting the ramp-up of Sun Metals recently expanded zinc refinery. Refined zinc and lead performed well with a 44 per cent and 33 per cent increase respectively, while refined copper was 11 per cent below the previous year.

Significant shut-down time for weather and maintenance of Incitec Pivot's Phosphate Hill production plant meant fertiliser exports were 212,617 tonnes below last year's results. The full year results for fertiliser exports finished at 609,976 tonnes.

Chemical product exports finished 34 per cent ahead of 2022-23, at 33,940 tonnes for 2023-24.

SHIPPING

2023-24 ARRIVALS TO PORT	
Cargo Vessels	542
Navy Vessels	26
Cruise Vessels	16
Other Vessels	7
Lucinda	13
Total	604

In 2023-24, our ports received 591 vessels to Townsville and 13 vessels in Lucinda, equating to 1,373 pilotage movements.

The Port also provides pilotage services to the Port of Abbot Point on behalf of Maritime Safety Queensland (MSQ), where 733 vessel movements were conducted during the 2023-24 financial year.

Pilotage Safety Management Systems continue to be revised with MSQ to support continuity in standard operating procedures across the state. The Port is engaged with MSQ and other ports via the Pilotage Review Improvement Program and this is ongoing. The Port has been training three new pilots this financial year as part of succession planning arrangements. In line with the Channel Upgrade, pilots have been training to achieve level 1A licences enabling pilotage of the larger vessels that will call at Townsville Port from 2025.

PLANNING & DEVELOPMENT

Northern Queensland is home to some of the nation's most significant emerging opportunities that will fuel economic growth for decades to come spanning critical minerals, mining and processing, agriculture, renewable energy transmission and generation and advanced manufacturing. We also have an important role in servicing the largest city in Northern Australia and the communities across Northern Queensland with essential everyday goods. The Port is delivering and planning for a number of key projects that are essential for facilitating the imports and exports to enable over \$30 billion worth of new projects in the region.

To facilitate this growth, efficient and expanded port capacity is vital. The Port has in place Commonwealth and Queensland regulatory approvals for a \$1.6 billion Port Expansion plan to cater for trade growth for decades to come, including creation of 6 new berths, 150 hectares of new land reclamation and channel widening and deepening. Stages of development are delivered in line with trade demand.

CHANNEL UPGRADE PROJECT

Our \$251 million channel widening, which is the first stage of this expansion plan, is well progressed and will be completed by the end of 2024.

Hall Contracting's mechanical backhoe dredge, Woomera, the largest dredge of its kind in Australia, widened the 14.9 kilometre shipping channels, from 92 metres to 180 metres at the inshore (Port) end, tapering to 120 metres at the seaward end. Upon project completion, larger ships up to 300 metres in length will be able to safely access the port, instead of bypassing Townsville. All dredged material was brought back to land for beneficial reuse in the 62 hectare reclamation area. Dredging commenced on 15 March 2022 and continued until 27 March 2024 when dredging works for the channel widening reached practical completion.

In October 2023, CivilPlus Constructions, a local Townsville company, was awarded the contract to shorten the eastern breakwater, to allow dredging to take place at the harbour entrance. CivilPlus Constructions commenced shortening the eastern breakwater on 1 November 2023 removing about 22,000 tonnes of rock to shorten the wall by about 50 metres. The beginning of 2024 provided challenges with inclement weather including two tropical cyclones forcing channel widening to be suspended for a number of days. Dredging commenced at the harbour entrance to Ross Creek on 12 February 2024, which was the final area to complete. The dredging campaign was finalised on 27 March 2024, with a total of 3,316,834 cubic metres of dredge material removed from the channels.

Work continued on the reclamation area, with a certificate of practical completion issued on 20 June 2024. Additional rock is being placed around the perimeter of the 2.2 kilometres rock wall to provide additional protection from storm surges, with work commencing on 7 May 2024, with an anticipated completion in late 2024.

Since early works began in 2019, the project has supported 2,041 jobs as of 30 June 2024, including 5.5 per cent First Nations people and 10.6 per cent trainees and apprentices. Of the total workforce, 64 per cent reside in the Townsville Local Government Area, with another 26 per cent residing elsewhere in Queensland. The dredging contract supported more than 70 full-time employees. In line with Queensland Government procurement policies, the Channel Upgrade project applies weighting for local business benefit.

The project has a number of management plans relating to dredging and associated construction activities, which have been approved by the Federal Department of Climate Change, Energy, the Environment and Water. These are reviewed and updated as required and are available on the Port's website.

An Independent Technical Advisory Committee (ITAC), with experts from across Australia, was established in 2018. The ITAC provides technical and scientific advice and provided input on the development of monitoring programs, management plans and other mitigation strategies. The ITAC is comprised of an Independent Chair and technical/scientific specialists covering the following fields:

- marine water quality;
- coral ecosystems;
- seagrass ecosystems;
- marine megafauna;
- coastal hydrodynamics and sediment transportation; and
- dredging operations.

The ITAC continued to hold quarterly formal meetings and public information sessions and out of session discussions as required.

The Port committed \$17 million for environmental monitoring and management programs throughout the Channel Upgrade project including those covering water quality, dolphins, turtles, corals, seagrass and shorebirds.

The Port has conducted extensive community consultation and stakeholder engagement activities to ensure the public is informed about activities associated with the Channel Upgrade project. Throughout 2023-24 the Port continued to update the public via our Community Liaison Group (CLG), public ITAC sessions, newspaper advertising, direct emails, port tours and presentations, and social media. In September 2022 the Port developed a public water quality monitoring dashboard, which displays real-time water quality data from six sites of interest around Cleveland Bay. The dashboard, and other environmental monitoring plans and reports, are available on the Port's website.

The project is a key initiative of the Townsville City Deal and is funded by the State Government (\$105 million), Federal Government (\$75 million) and the Port of Townsville (\$71 million).

OUTER HARBOUR DEVELOPMENT

This year we have continued to progress investigations towards the next stage of our port expansion, the \$690 million Outer Harbour Development which involves construction of two common-user berths, seawalls and associated infrastructure. Feasibility studies, market sounding and completion of the business case for the Outer Harbour Development will be completed in the coming year to support the investments required to facilitate these nationally significant projects and investments in Northern Queensland.

MOTOR VEHICLE & GENERAL CARGO LAYDOWN AREA

Construction of the new \$3.6 million cargo laydown area commenced in June 2022 and was completed in September 2023.

The project involved the infilling of a previous dredge pond, drainage, lighting, upgrade of road connections and road base and sealing of the 20,000 square metre area. The creation of the additional laydown area will ensure that adequately serviced port land is available to facilitate growth in motor vehicle imports and project cargo, in particular renewable energy projects in the region.

RENEWABLE ENERGY LAYDOWN PRECINCT

Over the last 12 months we have completed a business case for the construction of a \$47 million Renewable Energy Laydown Precinct. Pending approval of the business case, construction will commence late 2024 and will be completed mid-2025. The project involves the creation of a 15 hectare laydown area and transport upgrades to cater for wind turbine imports and other renewable energy project cargo imports for the region.

PORT LAND USE AND DEVELOPMENT PLANNING

The Port's Land Use Plans are statutory instruments prepared under the *Transport Infrastructure Act 1994* to ensure land use and development on Strategic Port Land is managed proactively within the ports of Townsville and Lucinda. The new draft Lucinda Land Use Plan was open for public consultation from 4 May 2022, to 29 June 2022, to be finalised early 2024-25. The new draft Townsville Land Use Plan also follows, incorporating the Priority Port of Townsville Master Plan into the new statutory plan, to be released for public consultation early 2024-25 and finalised by end of 2024.

DIGITISATION AND INNOVATION

DIGITAL TWIN - PORT DEVELOPMENT PLAN

In response to a rapidly evolving economy, future planning for the port's development has become more critical than ever. The emergence of new industries such as renewable energy and sustainable fuels, new minerals projects, and an increased Defence presence in the region necessitate a flexible approach to future development.

The Port Development Plan is dynamic and adaptive, working in conjunction with the Port's Geographic Information System (GIS) database. This Plan provides essential guidance for the design, scheduling, and delivery of port infrastructure, ensuring alignment with our commitments.

ENTERPRISE RESOURCE PLANNING

In FY24, the Port commenced a significant project to implement a new Enterprise Resource Planning (ERP) system, with an important investment toward uplifting our digital capability across FY24 to FY26. This initiative marks a crucial step in our modernisation journey, aimed at enhancing operational efficiency, streamlining processes, and equipping our employees with modern tools to excel in their roles. The positive progression of this project underscores our commitment to driving better decision-making and achieving operational excellence, ensuring we remain agile and resilient in meeting the evolving demands of our industry.

CYBER SECURITY AND SMART PORT STRATEGY

In FY24, the Port launched the Smart Port Strategy, a three-year plan focused on establishing robust cyber foundations and evolving into a digitally empowered, sustainable, and globally connected port. Our digital transformation is guided by the Smart Port Maturity Model, which outlines a structured progression through four maturity levels. To safeguard the Port's data, we utilise both the traditional layered security model and zero trust architecture, adhering to ISO 27001 standards and the National Institute of Standards and Technology (NIST) frameworks.

Throughout FY24, we made significant progress in several key areas: identifying and securing information, creating enterprise certificate authority servers for zero trust architecture initiatives, conducting user awareness training and phishing simulations, enhancing endpoint protection and vulnerability management, extending the Microsoft Defender platform to mitigate compromised credentials, and maturing our incident response plans and procedures.

HEALTH AND SAFETY

Maintaining a safe work environment is the responsibility of all port users, customers and contractors. The Port, focused on becoming a zero-harm workplace, is working towards our goal of providing a work environment free from workplace injury and illness. We recognise that this can only be achieved through the participation, cooperation, and commitment of everyone in the workplace.

- **Safety Management System** - The Port has in place a Safety Management System which has been independently certified to ISO45001. The Port continues to demonstrate its commitment to best practice workplace safety practices, with recertification achieved in August, 2023.
- **Health and Safety Committee** - The Port's Health and Safety Committee, consisting of eight employee representatives, continued to promote safety in the workplace. During 2023-24, the committee met on four occasions and contributed to consultative processes for a number of safety policy and procedure reviews including implementation of Zero Harm Commitments.
- **Psychosocial Hazards** - The Port has continued to develop and implement a number of initiatives to ensure that psychosocial risks and hazards in the workplace are effectively identified and managed. Several key activities undertaken this year include Foster Inclusion for Leaders, Cultural Awareness, Mental Health First Aid and Care Factor training, Wellbeing seminars and RU OK day initiatives.

During 2023-24, we maintained a focus on proactive workforce engagement, refining in field safety observations, reviewing risk management of high-risk work activities, and continued supporting managers and supervisors in the effective use of the incident management system. Part of working with our operational teams has included training to effectively report, make safe and control hazards. As part of ongoing improvement opportunities, we completed a review on the Health and Safety Management System and implemented a standard management system. This has included ongoing work to automate the reporting dashboard and moving to electronic forms where possible, including the use of an electronic Take 5.

With several projects starting over the year, we have implemented a standard approach to safety expectations when engaging a principal contractor working under their own Safety Management Systems.

The number of events and lost time injuries has decreased slightly compared to last year.

HEALTH AND SAFETY STATISTICS	2022-23	2023-24
Total number of events reported (includes incidents & near miss)	73	67
Number of Lost Time Injuries	3	3
Number of Recordable Injuries (includes Lost Time Injuries)	5	5
Lost Time Injury Frequency Rate (LTIFR)	9.8	9.3
Total Recordable Injury Frequency Rate (TRIFR)	16.5	15
Random Drug and Alcohol tests completed	100	69

COMPLIANCE WITH INJURY MANAGEMENT REQUIREMENTS

In accordance with the *Workers' Compensation and Rehabilitation Act 2003* (Qld), the Port has developed return to work programs for all employees who have sustained a workplace injury. The programs are designed to support an employee's recovery and achieve a positive and timely return to work. This framework is extended to employees returning from non-work-related injuries to ensure that they can safely engage in their roles. The programs are regularly monitored and updated on a case-by-case basis.

SECURING OUR OPERATING ENVIRONMENT

Being Security Regulated Ports, both Townsville and Lucinda port operations are subject to the provisions of the *Maritime Transport and Offshore Facilities Security Act 2003* (Cth) (MTOFSA), the *Maritime Transport and Offshore Facilities Security Regulations 2003* (Cth) (MTOFSR) and *Security of Critical Infrastructure Act 2018* (Cth) (SOCI).

Security measures include:

- background checks;
- CCTV;
- controlled access to the port;
- controlled access to berths;
- identification and establishment of Restricted Zones; and
- application of penalties for security breaches and reporting of security incidents.

The Port's Maritime Security Plans (MSPs) establish robust controls for Waterside Restricted Zones (WRZs) and Landside Restricted Zones (LRZs) for the ports of Townsville and Lucinda. Through the MSPs there are legislatively directed positions such as Port Security Officer (PSO), Port Facility Security Officer (PFSO) and the designation of deputies. These positions are listed in each MSP and have been accepted by the Department of Home Affairs.

One of our top priorities this year has been enhancing our security measures to protect our facilities, assets and personnel from potential cyber security threats. As a result, we have strengthened our already advanced access control systems, surveillance technologies and protocols to align with the requirements of the *Security of Critical Infrastructure Act 2018* (Cth) (SOCI) and safeguard our operational efficiency.

In alignment with our MSP the Port is required to hold a Port Security Committee meeting annually. The security committee is made up of the Port's key personnel, port users and relevant government agencies and entities.

Through continuous engagement we have strengthened our partnerships with port users, law enforcement agencies and government entities. Through this engagement we ensure currency with all government security requirements and best practices.

As a key component of the Port stakeholder engagement, we are committed to providing messaging around security to all staff, users, customers, contractors and visitors to our port that security is everyone's responsibility. By pushing this messaging, we can better identify and address security incidents and enhance our preparedness as a port facility.

In addition to its obligations under MTOFSA and MTOFSR, the Port is subject to a number of other legislative requirements including, but not limited to, the *Security Providers Act 1993* (Qld), *Transport Infrastructure Act 1994* (Qld) and *Transport Infrastructure (Public Marine Facilities) Regulations 2011* (Qld).

The Port maintains all required registers and licences to ensure compliance with the Acts and Regulations that it is subject to, and regularly undergoes audits relating to these requirements. We continuously assess the port security standards to meet the ongoing requirements and changes to ensure compliance.

Looking ahead, we will continue to prioritise the security and resilience of our infrastructure, technology and port facilities to support and protect the growth of our port.

PLANET

ENVIRONMENT

PERFORMANCE AND COMPLIANCE

The ports of Townsville and Lucinda are located within the Great Barrier Reef World Heritage Area (GBRWHA). Our mission is to create prosperity for the community, customers, and shareholders through world-leading sustainable operations. The Port operates within this sensitive environment under an Environmental Management System certified to ISO 14001:2015.

Operations at the ports of Townsville and Lucinda comprise a mix of activities undertaken or controlled by the Port, lessees/tenants and contractors. These operations are governed by strict environmental regulations, approvals and licensing requirements.

The Port has in place an agreement with Townsville City Council for trade waste at the port of Townsville. There were six notifiable events from tenant operations during the last financial year where requirements under this agreement were not met. Detailed investigations were conducted, improvement opportunities were identified and implemented, and this will remain an area of focus for 2024-25.

There were 11 notifiable incidents associated with contractor operations during works on the Port's Channel Upgrade Project. Nine of these involved minor spills to water, one was due to a barge listing event and one related to tailwater from a barge. All incidents were promptly reported to relevant authorities, and the Port worked collaboratively with the contractor to investigate root causes and ensure corrective actions were implemented.

MONITORING

The Port undertakes comprehensive monitoring programs within and surrounding the port of Townsville, including real-time air and water quality monitoring, and sampling of groundwater, stormwater, marine water, and sediment.

Three port-boundary air monitoring stations at the Coast Guard, Lennon Drive, and Environmental Park sites record air quality data, which is publicly available on the Department of Environment and Science and Innovation website. These stations house sophisticated instruments to detect and analyse air quality parameters, providing real-time data to port customers and supporting continuous improvement during cargo loading and unloading. Monthly air quality dashboards and the Boundary Air Monitoring Plan are available on the Port's website.

MAINTENANCE DREDGING

In 2023, the region experienced a prolonged period of high cloud cover and wind between July and October, causing an increase in turbidity and low light in Cleveland Bay. In response to these natural stressors, the Port voluntarily implemented additional controls to minimise the potential for dredging associated turbidity.

In 2023-24, the Port continued its investigation into a potential alternative options for the dredge material placement area for sea placement considering operational, navigational safety, and environmental factors, alongside stakeholder consultations. This investigation will continue into 2024-25, including finalising the options analysis to determine the net benefit of proposed alternative placement sites in the short and longer term.

Following the success of a beneficial reuse of dredge material trial in 2022-23 with local partners, the Port is currently planning a small beneficial reuse project on port land in 2024-25 with saline dredge material and organic material to produce a soil suitable for use in port parklands and tree planting activities. In the 2024-25 the Port will investigate the current regulatory constraints/barriers relating to beneficial reuse of dredge material beyond port land and liaise with regulatory bodies in relation to developing pathways to drive beneficial reuse of dredge material.

CLEVELAND BAY SEAGRASS MONITORING

Seagrasses are key indicators of water quality changes, making them ideal for monitoring the overall health of the marine environment in Townsville. The Port has partnered with James Cook University's TropWATER team since 2007 to survey seagrass in Cleveland Bay. As part of the Channel Upgrade project, the frequency of these surveys increased to twice yearly from 2019, assessing the condition and species of over 25,000 hectares of seagrass meadows.

The 2023 seagrass annual report showed that overall seagrass conditions were satisfactory. Seven of the 12 meadows were in a satisfactory or better condition while five meadows were in a poor condition. While an extensive footprint was present, declines in meadow biomass and/or area between October 2022 and October 2023 were recorded across most meadows. Declines are explained by local environmental conditions including above average rainfall, river flow input, tidal exposure and sustained periods of low light. The seagrass report 2023 is available on the Port's website, ([Monitoring in Cleveland Bay - townsville-port.com.au](https://www.portoftownsville.com.au)) and data from this program informs the Dry Tropics Partnership for Healthy Waters report card.

PLANET INITIATIVES

TREE PLANTING

In 2023-24, 2,529 stems (trees, shrubs, grasses) were planted as part of the Port's one million tree program, bringing the cumulative total to 11,505. Tree planting events involved the local South Townsville community, secondary college, port staff, port customers and local conservation group.

LITTER

Litter baskets installed in 2021 captured 11,099 pieces of litter in 2023-24, preventing it from entering stormwater drains and the ocean. The Port held a Clean Up Australia event in late March 2024 and collected 2,996 pieces of litter weighing 165kg with the support of several port customers providing a cumulative total of 29,280 pieces of litter collected since 2021. Additionally, the Port has recycled 17.2kg of nitrile gloves used for environmental sampling utilising TerraCycle's Zero Waste boxes. The Port also recycled an additional 22 hard hats weighing 9kg using the TerraCycle Zero Waste boxes.

HEALTHY WATERS PARTNERSHIP FOR THE DRY TROPICS

The Port continues to host the Healthy Waters Partnership for the Dry Tropics, bringing together over 20 organisations to produce an annual Townsville Dry Tropics Waterways Report Card. The 2023 Waterways Report Card will be publicly released in July 2024. The Port extended its hosting arrangement of the Partnership to June 2026.

BIOSECURITY

In 2023-24, the Port continued its participation in the state-wide marine biosecurity program, Queensland Seaport eDNA Surveillance (Q-SEAS), using DNA analysis to detect invasive marine pest species. The Port has formalised an agreement to continue the program in the FY25. Port of Townsville is also collaborating with a JCU Research Student on a research project relating to marine pests, looking at developing artificial intelligence to identify marine pests to assist small island developing states which also has the potential to improve early detection methods in Australian ports.

The Port continued its partnership with Biosecurity Queensland and the Purple Hive Project in 2023-24 to monitor for the pest Varroa mite, utilising artificial intelligence for real-time detection. The Port of Townsville was identified as a critical partner due to its status as a high-risk pathway for bee pests entering Queensland.

A mosquito management program was implemented on the land behind berths at the Port of Townsville in 2023-24 to complement Australian Biosecurity efforts on the berths themselves in reducing the risk of our native mosquitoes entering vessels and introduced species arriving off ships. Reports from biosecurity agencies indicate that our program is having a significant positive impact on mosquito populations.

The Port works closely with all levels of government to minimise the impact of pest species and raise awareness within the port community. This year the Port supported Townsville City Council's Yellow Crazy Ant Management Program by facilitating a surveillance inspection. The survey did not find any yellow crazy ants and a good range of native ants was found which is the best first line of defence against the introduction of this species.

COMMUNITY

The Port of Townsville has been a cornerstone of the North Queensland community since its inception and is committed to upholding the region's wonderful way of life by contributing proactively to its economic and social wellbeing.

Our communities are diverse and widespread, comprising port users and touchpoints across the entire supply chain, neighbouring residents and businesses operating near our ports and the broader communities that feel the ripple effects of our trade, operations and initiatives.

COMMUNITY INITIATIVES

MARITIME MUSEUM OF TOWNSVILLE

The Port is a major sponsor of the Maritime Museum of Townsville. In 2023-24 \$50,000 was contributed to the museum, which plays an important role in showcasing and preserving the rich maritime history of Townsville. The Museum features an exhibition dedicated to the port's significant contribution to the rise of the city of Townsville, which was launched in August 2021. The Rise of our Port City exhibition uses immersive technologies including virtual reality, an interactive table and ship simulator. This exhibit is particularly important with 2024 marking 160 years since the founding of Townsville port.

PORT TOURS

The Port hosted 37 tours for schools, community groups, business organisations and stakeholder groups to showcase operations, developments and sustainability practices and the industries in the region.

COMMUNITY LIAISON GROUP (CLG)

The CLG provides a valuable interface between the Port and a range of stakeholders including members with interests in marine tourism and recreation, conservation, town planning and representatives of South Townsville, Magnetic Island and indigenous communities. The Port hosted four CLG meetings throughout the financial year.

NEIGHBOURHOOD BREAKFAST BARBECUE

The Port held its third annual, free breakfast barbecue exclusively for residents in neighbouring South Townsville. The event included tree-planting, face-painting, a barbecue breakfast by Townsville South State School P&C, virtual reality experiences, a coffee van and a chance for neighbouring residents to take a drive-through tour of the port of Townsville.

CRUISE AND QUAYSIDE TERMINAL

2023-24 CRUISE SEASON

Townsville was proud to welcome 16 vessels carrying a combined 18,000 passengers and crew. The visits injected approximately \$4 million into business across Townsville and surrounding regions. The Port of Townsville is proud to host one of the warmest welcomes of any cruise destination in Australia, activating Quayside Terminal with market stalls, live music, a pop-up café, free WIFI and wildlife encounters.

CRUISE ATTRACTION

As work is finalising on the Channel Upgrade project, the Port has continued engaging cruise lines and shipping agents about its readiness to warmly welcome larger cruise ships up to 300 metres long. The Port has record forward cruise ship bookings in the years ahead, and will welcome 22 ships with 22,850 passengers and 11,627 crew in 2024-25.

RECONCILIATION

RECONCILIATION ACTION PLAN (RAP)

The Port received conditional endorsement of its RAP from Reconciliation Australia during 2023-24. A First Nations artist has been commissioned by the Port to complete the artwork for the RAP with completion expected in early 2024-25.

NATIONAL RECONCILIATION WEEK

The Port held an All Staff Lunch to mark Reconciliation Week on 29 May 2024. This year's special guest was Brenton Creed, a Wulgurukaba Traditional Owner, who delivered the Welcome to Country and presented to our staff the importance of reconciliation. Staff were also gifted reconciliation lapel pins which features the Australian, Aboriginal and Torres Strait Islander flags.

CULTURAL AWARENESS TRAINING

In March 2024 we held a series of cultural awareness workshops for all employees to understand cultural responsibilities of First Nations employees and stakeholders. This training is an action under both the Port's draft Reconciliation Action Plan and the Port's published Diversity, Equity and Inclusion Strategy.

QUAYSIDE TERMINAL

Quayside Terminal is one of Townsville's larger event venues, as well as being a gateway for cruise passengers and a Defence processing facility. Quayside Terminal was utilised as an events venue throughout the financial year, playing host to 13 Port-run events such as media events, training, meeting and staff engagement activities, and 24 external events such as weddings, formals, galas and expos. During 2023-24 solar panels were installed on the terminal as part of the Battery and Solar Project. Terminal transport upgrades are underway to improve capacity and efficiency for larger cruise ships which will be completed by November 2024.

INDUSTRY INVESTMENT

As a major driver of economic growth in the region, the Port maintained its commitment to industry bodies and organisations that promote the advancement of North Queensland and the ports and shipping industry, including:

- Ports Australia (\$42,700)
- Townsville Enterprise Limited (\$38,840)
- Dry Tropics and Wet Tropics Healthy Waterways Partnership (\$20,000)
- Mount Isa to Townsville Economic Development Zone (MITEZ) (\$21,000)
- Queensland Ports Association (\$9,900)
- Australian Cruise Association (\$5,885)
- PIANC Australia Inc (\$1,850)
- Townsville Chamber of Commerce (\$1,500)
- Security Providers Association (\$1,299)

PARTNERSHIPS, SPONSORSHIPS AND DONATIONS

- Maritime Museum of Townsville (\$50,000)
- Townsville Enterprise Limited's Green Energy & Critical Minerals Forums (\$6,547)
- Tangalooma Ecomarines Foundation (\$4,545)
- Pricey's Great Northern Lights (\$3,500)
- AgForce Queensland Regional Events (\$3,000)
- Townsville Enterprise Limited's North West Road Trip (\$2,000)
- Townsville Enterprise Limited's Future Leaders Program (\$2,000)
- James Cook University Academic Prizes (\$1,800)
- Townsville City Council 2023 Mayor's Christmas Appeal (\$1,000)

COMMUNITY FUND

The Port's \$50,000 Annual Community Fund supports eligible not-for-profit organisations and community groups to complete projects and initiatives that align with the Port's four key sustainability pillars: Planet, Community, People and Prosperity.

In 2024, 57 applications were received from across Townsville, Magnetic Island, Charters Towers, Mount Isa and the Burdekin. Projects contributing toward creating diverse and inclusive communities, wellbeing and conservation were the presiding themes among the 10 successful recipients.

Recipients of the 2024 Community Fund paid in the 2023-24 financial year included:

- Magnetic Island Men's Shed (\$7,592)
- Brighter Lives Townsville Hospital Foundation (\$7,500)
- Wulguru United Football Club (\$7,039)
- TropWATER (\$5,700)
- Coastal Dry Tropics Landcare (\$5,612)
- Belgian Gardens State School (\$5,396)
- Coral Sea Outrigger Canoe Club (\$3,940)
- Townsville Hike and Explore Group (\$3,023)
- North Queensland Wildlife Care (\$2,479)
- Jubilee Bowls Club (\$1,047)

FORUMS & EVENTS

The Port hosts, attends and participates in forums and events each year, promoting and developing opportunities across trade and operations, environmental sustainability and community benefit. Some of these included:

- Port Advisory Body Meetings
- Cargo Facilitation Working Group
- Planning and Environment Working Group
- NQH2 (North Queensland Hydrogen Consortium) Meetings
- Independent Technical Advisory Committee Meetings
- Community Liaison Group Meetings
- Technical Advisory Consultative Committee Meeting for Maintenance Dredging
- Australian Cruise Association Conference
- Local Marine Advisory Committee
- Queensland Ports Association Meetings
- Ports Australia Meetings
- Healthy Waters Partnership for the Dry Tropics Management Committee and Partner Meetings
- Wet Tropics Waterways Partner Meetings
- Dry Tropics NRM Regional Pest Management Group
- 2024 Mining and Critical Minerals Forum
- Department of State Development Townsville Industry Breakfasts
- MITEZ General Meetings
- North West MPX Mining Conference and Expo
- 2024 Townsville North Queensland Green Energy Futures Forum

The Port held one corporate event that cost more than \$5,000.

EVENT	DATE	TOTAL COST
Employee End of Year Function	2 December 2023	\$11,213

The End of Year function for employees serves as an important event to boost morale and recognise the team's combined effort throughout the calendar year.

COMMUNITY SERVICE OBLIGATIONS

No Community Service Obligation payments were received from the Queensland Government this financial year.

PEOPLE

Around the world, ports, governments, communities, and individuals are re-imagining the way we live, work and play.

EMPOWERING OUR WORKFORCE AND COMMUNITY

At the Port, our people are our greatest asset. As of 30 June 2024, we employed 179 individuals (173.1 full-time equivalents) across a wide range of disciplines, including pilotage, engineering, planning, maintenance, marine services, governance and legal, customer relations, trade and property, strategy and sustainability, and corporate and commercial services. The average age of our employees is 50, with 50 per cent aged over 50. The average length of service is 6.68 years, with 59 per cent having served less than five years.

We are committed to fostering a dynamic, inclusive, and resilient workforce that drives our success and growth. Our People Strategy and Diversity, Equity, and Inclusion (DEI) Strategy are the cornerstones of this commitment, ensuring that our workforce is well-supported, equipped with the necessary resources, and motivated to excel. Notably, 80.6 per cent of employees feel the Port is an inclusive workplace, reflecting our ongoing efforts to create a supportive environment.

Male Employees (%)	61%
Female Employees (%)	39%
Average Age of Employees	50
Over 50 years (%)	50%
Women Grade 5 or Above	42 (57%)
Women Working in Senior and Middle Management	41%
Female Representation on Board (%)	71%
Average Length of Service	6.68 years
% Employees <5yrs	59%

EMPLOYER OF CHOICE

We are committed to being an employer of choice by fostering a fair, transparent, and engaging workplace. Our People Strategy, launched in FY24, focuses on attracting, developing, and retaining the talent essential to our success. We made significant progress in enterprise bargaining, with employees agreeing to four-year terms that provide stability and clear guidelines on wages, progression, and employment conditions. Additionally in August 2023, our DEI Plan was endorsed, which includes a DEI Baseline Report and an action plan that commenced implementation in February 2024. We have seen continued positive momentum, with women now representing 39 per cent of our workforce, 57 per cent holding Grade 5 or above positions, and 41 per cent in senior and middle management roles. Additionally, 89.9 per cent of employees have completed Cultural Awareness training, and 88.1 per cent believe their leader cares about their well-being. These achievements underscore our commitment to creating a supportive and inclusive workplace.

HIGH PERFORMING CULTURE

We are dedicated to fostering a high-performing culture that drives excellence and innovation. Our efforts are focused on creating an environment where employees feel valued, supported, and motivated to excel. The Succession Planning Framework was approved in August 2023, with implementation aligned to the FY24 and FY25 People Strategy. Cultural Awareness workshops were launched to deepen understanding of First Nations cultural responsibilities, with over 70 per cent employee participation. We established strong partnerships with local community organisations and diversity-focused groups, enhancing our DEI objectives. Ongoing training to promote diversity and inclusion included workshops on unconscious bias and inclusive leadership, with a 25 per cent increase in training sessions conducted. We actively supported a diverse range of entry pathways, while also participating in careers expos to engage with future talent.

DEVELOP TALENT

Developing our talent is crucial to our long-term success. We focus on providing opportunities for growth and development across all levels of the organisation. Enhanced recruitment strategies led to a positive increase in applications, ensuring we attract top talent. Streamlined onboarding processes reduced the average time to full productivity by 15 per cent. Over 50 employees participated in leadership development programs, focusing on strategic thinking, decision-making, and effective communication. Expanded learning opportunities saw a 30 per cent increase in participation across compliance, professional development, well-being, and leadership training. Furthermore, the 2023-24 performance appraisal cycle was implemented to support effective performance management and career planning. We offered multiple development opportunities, including 20 unique step-up leadership opportunities.

GOVERNANCE



BOARD OF DIRECTORS

The Port's Board of Directors is comprised of seven non-executive Directors as at 30 June 2024 who were appointed by the Governor in Council in accordance with the GOC Act. Directors' names and tenure details during the 2023-24 financial year are shown below:

NAME	POSITION	INITIAL APPOINTMENT	LAST RE-APPOINTED	APPOINTMENT EXPIRY
Ms Ann Sherry AO	Chairperson	1 October 2021		30 September 2025
Ms Connie Navarro	Director	1 October 2020 – 30 September 2023	1 October 2023	30 September 2027
Ms Danielle O'Toole	Director	1 October 2021 – 31 May 2024	1 June 2024	31 May 2028
Mr David Waters	Director	1 October 2023		30 September 2027
Ms Jody Currie	Director	1 October 2023		30 September 2027
Mr John Lee	Director	1 October 2023		30 September 2027
Ms Vanessa (Fernandes) Sullivan	Director	13 October 2022		30 September 2025
The Honourable Mike Reynolds AM	Director	16 December 2016	1 October 2019	30 September 2023

The Port's Directors are paid fees for their services, set by shareholding Ministers. The payment of fees is in line with the Department of the Premier and Cabinet approved Remuneration procedures for part-time Chairs and Members of Queensland Government Bodies. In accordance with the disclosure requirements for GOCs, details of Directors' remuneration for the reporting period are located on page 62 and 63 of this report.

The Board has an approved Disclosure of Interests Policy to ensure the independence of Directors is appropriately assessed and any potential conflicts are identified, disclosed, and managed. It is considered by the Board that none of the Directors' interests disclosed during the reporting period interfered with the ability of those Directors to act in the Port's best interests. Disclosure of interests is further dealt with in the Disclosure of Interests Policy found on website at <https://www.townsville-port.com.au/corporate/governance/>

BOARD COMMITTEES

The Port has three Board Committees that report to the Board, namely:

1. Audit and Risk Committee

Effective 1 January 2024

Chair – Ms Vanessa (Fernandes) Sullivan

Members – Ms Danielle O'Toole and Ms Connie Navarro

Effective from 1 July 2023 to 31 December 2023

Chair – Ms Vanessa (Fernandes) Sullivan

Members – Ms Danielle O'Toole and Ms Ann Sherry

The primary objective of the Audit and Risk Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities in respect to the quality and integrity of financial reporting, the performance of the external audit, effectiveness and objectivity of the internal audit plan, and oversight of the internal control system for financial reporting, accounting records, business risks and compliance activities.

2. Sustainability Committee

Effective 1 January 2024

Chair – Mr David Waters

Members – Ms Jody Currie and Ms Vanessa (Fernandes) Sullivan

Effective 1 July 2023 – 31 December 2023

Chair – Ms Ann Sherry AO

Members – Ms Danielle O'Toole, The Honourable Mike Reynolds (1 July 2023 - 11 August 2023) and Ms Vanessa (Fernandes) Sullivan (from 11 August 2023)

The primary objective of the Sustainability Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities for sustainability and ensuring frameworks, policies, practices and targets are aligned with the Port's goal of being a sustainable organisation for the long-term. This encompasses governance of board and executive functions, people and culture, safety and security, environment, community engagement and social responsibility.

3. Strategy, Innovation and Development Committee

Effective 1 January 2024

Chair – Ms Connie Navarro

Members – Ms Ann Sherry AO and Mr John Lee

Effective 1 July 2023 – 31 December 2023

Chair – Ms Connie Navarro

Members – Ms Ann Sherry AO and Ms Vanessa (Fernandes) Sullivan

The primary objective of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities by reviewing and providing advice in respect to the Port's strategy, innovation and development frameworks.

The qualifications of Directors on each Board Committee are detailed on page 31-33 of this report. Board Committee Charters can be viewed on the Port's website at <https://www.townsville-port.com.au/corporate/governance/>

BOARD EVALUATIONS

A performance evaluation of the Chief Executive Officer and senior executives occurred during the financial year. The performance evaluation was conducted in accordance with the Queensland Government Policy for Government Owned Corporation Chief and Senior Executive Employment Arrangements and key performance criteria approved by the Board.

The Port has in place a corporate governance framework which provides for regular Board evaluations in accordance with the Port's Performance Review Framework.

This review process enables the Board to review individual and whole-of-board performance against duties and responsibilities with a view of focusing on key performance objectives and identifying areas for improvement.

The Chairperson also continuously monitors the performance of individual Directors, the Board and Board sub-committees. The evaluation process focuses on:

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

The Board may from time to time seek an independent appraisal of its performance if it is deemed an independent review would facilitate a more effective evaluation process.

DIRECTOR INDEPENDENCE

The Board has adopted a Disclosure of Interests Policy to ensure the independence of Directors is appropriately assessed and any potential conflicts are identified, disclosed and managed.

The Board has also adopted an Insider Trading Policy which ensures that Directors, senior executives, and employees do not use inside information acquired through their position in the Port to deal in securities or gain a personal benefit. This includes trading through a family member or through a trust or company over which a director, senior executive or employee has influence and control.

Directors are required to disclose any direct or indirect interest they have at the commencement of their appointment as a director by submitting a Statement of Interests Form to the Chairperson or Chief Executive Officer as appropriate.

In accordance with the requirements of the *Corporations Act 2001* (Cth), if a Director has a direct or indirect interest in a matter being considered, or about to be considered by the Board, the Director is also required to disclose the nature of the interest to the Board as soon as practicable after the relevant facts come to the Director's knowledge.

The Board also regularly assesses the ongoing independence of each Director and the Board generally to ensure they continue to exercise unfettered and independent judgment. This ensures the interests of the shareholding Ministers, and the public are properly protected and that individual vested interests do not have the opportunity to influence decision-making against the interests of the Port as a whole.

The assessment of the independence of a Director, including materiality thresholds, is a matter for the Board to determine on a case-by-case basis from the perspective of both the Port and the relevant Director, having regard to the Director's individual circumstances. The Board has arrangements in place for determining materiality thresholds and for assessing a Director's independence in light of interests disclosed by them.

It is considered by the Board that none of the Directors' interests disclosed during the reporting period interfered with the ability of those Directors to act in the Port's best interests.

On this basis, all members of the Board are considered to be independent.

Disclosure at a meeting of the Board is further dealt with in the Port's Disclosure of Interests Policy found under the Corporate Governance section of the Port's website at <https://www.townsville-port.com.au/corporate/right-to-information/>

INDEPENDENCE ADVICE

Directors are permitted, after discussion with the Chairperson and Chief Executive Officer, to obtain independent professional advice at the Port's expense should they have concerns in relation to a particular issue being considered by the Board. Such advice, once obtained, is made available to all other Directors.

SHAREHOLDING MINISTERS

The Port's shareholding Ministers are identified as Key Management Personnel (KMP). All Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers are disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements as from 2016-17, which are published as part of Queensland Treasury's Report on State Finances.

The Port's shareholding Ministers are identified as part of the Port's key management personnel. For the 2023-24 reporting period, these Ministers are, or were:

- the Honourable Cameron Dick MP, Deputy Premier, Treasurer and Minister for Trade and Investment
- the Honourable Bart Mellish MP, Minister for Transport and Main Roads and Minister for Digital Services
- the Honourable Mark Bailey MP, Minister for Transport and Main Roads and Minister for Digital Services (1 July 2023 – 17 December 2023)

DIVIDEND POLICY

The GOC Act requires the Board to recommend the payment of a dividend. The Port's dividend policy considers the return its shareholders expect on their investment.

Provision is made for the amount of any dividend, being appropriately determined or recommended by Directors, on or before the end of the financial year but not distributed at balance date. Directors recommended payment of a final dividend of 100 per cent (2023: 100 per cent) of net profit after tax, excluding the effects of asset revaluations. The final dividend amounts to \$15,266,517 (2023: \$15,678,676).

SHAREHOLDERS

The Board is responsible to the Port's two shareholding Ministers, the Honourable Cameron Dick MP (Deputy Premier, Treasurer and Minister for Trade and Investment), and the Honourable Bart Mellish MP (Minister for Transport and Main Roads and Minister for Digital Services).

The Port is required by the GOC Act to develop a five year Corporate Plan and an annual Statement of Corporate Intent (SCI) (including an annual Employment and Industrial Relations Plan), which are submitted to shareholding Ministers for approval prior to the commencement of each financial year.

Business performance reports are provided to the Board and shareholding Ministers on a quarterly and annual basis so the Port's performance against agreed targets can be monitored. Moreover, the annual reports are published so the Port's performance can be communicated to other stakeholders. This annual report provides an overview of the Port's performance against its SCI for the 2023-24 reporting period.

RISK MANAGEMENT

The Port has an approved Enterprise Risk Management Framework consistent with AS ISO 31000:2018. The framework has been communicated to all employees and is displayed on the Port's intranet for easy accessibility.

The Audit and Risk Committee monitors and provides oversight on the integrity and effectiveness of the Port's internal control structure for the management of risk. Management regularly report to the Audit and Risk Committee on risk management, and all material business risks are reviewed and monitored by the Board. The Audit and Risk Committee also provide assurance to the Board on any significant risk areas, as required.

The Port's financial statements and reports are prepared in accordance with the provisions of the *Financial Accountability Act 2009* (Qld), and prescribed accounting standards. The Audit and Risk Committee oversees, assesses and enhances the systems of internal control and the internal audit function.

Internal auditors are contracted to carry out the Port's internal audit function. During the reporting period, audits were conducted by internal auditors in respect of payroll and payroll processes. All opportunities for improvement identified from these audits are currently being addressed to improve operational processes and practices. The Audit and Risk Committee provide monitoring and oversight on the implementation of all internal audit recommendations and action items.

The external audit function is carried out by the Queensland Audit Office. The Auditor-General reports to Parliament as the state's independent external auditor of GOCs.

BUSINESS MANAGEMENT SYSTEMS

The Port maintained external certification of its integrated management system during the reporting period, which includes Quality (ISO 9001:2015), Information Security (ISO 27001:2013), Occupational Health and Safety (ISO 45001:2018) and Environment (ISO 14001:2015).

PRIVACY

The Port has an approved Privacy Policy consistent with the *Privacy Act 1988* (Cth). The Privacy Policy is communicated and accessible to all employees and is also available on the Port's website at <https://www.townsville-port.com.au/corporate/governance/>. The Port did not have any data breaches during the reporting period.

RELEASE OF INFORMATION

The Right to Information and Information Privacy regime requires GOCs to provide greater proactive and routine disclosure of information to the public and gives individuals the right to apply for access to information held by GOCs. Consistent with the legislation, the Port has a publication scheme and disclosure log on its website which outlines a number of policies and procedures publicly available and requests for information. This information is located on the Port's website at <https://www.townsville-port.com.au/corporate/right-to-information/>.

The Port did not receive or process any Right to Information or Information Privacy applications during the reporting period.

PUBLIC INTEREST DISCLOSURES

The Port has a Public Interest Disclosure (Whistleblowers) Policy, which sets out mechanisms for reporting, investigating, and providing protection in regard to public interest disclosures. This policy is available on the website at <https://www.townsville-port.com.au/corporate/governance/>. The Port did not receive any actual or purported public interest disclosures during the reporting period.

OVERSEAS TRAVEL

The Port did not fund any overseas travel during the 2023-24 financial year.

SUMMARY OF DIRECTIONS AND NOTIFICATIONS

As per s120 (1) (e) of the *GOC Act*, the GOCs are to: include particulars of any directions and notifications given to the GOC's board by the shareholding Ministers that relate to the relevant financial year.

During financial year 2023-24 Port of Townsville were given the following directions and notifications:

Notifications

- Nil

Directions

- No directions were issued to Port of Townsville during the financial year 2023-24.

FINANCIAL STATEMENTS

For the year ended 30 June 2024

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Directors' Report

for the year ended 30 June 2024

Port of Townsville Limited
Annual Financial Statements
2023-2024

The Directors present their report together with the financial statements of Port of Townsville Limited (the Port) for the year ended 30 June 2024 and the auditor's report thereon.

DIRECTORS

The names and details of the Directors of the Port in office during the financial year and up to the date of this report are as follows:

Ms Ann Sherry AO (Chairperson)	Ms Connie Navarro	Ms Danielle O'Toole
Mr David Waters (Appointed 1 October 2023)	Professor Jody Currie (Appointed 1 October 2023)	Mr John Lee (Appointed 1 October 2023)
Ms Vanessa (Fernandes) Sullivan	Honourable Mike Reynolds CBE, AM, BSW, MAICD (Term expired 30 September 2023)	

PRINCIPAL ACTIVITIES

The Port's primary role is to facilitate trade growth through the provision and commercial management of efficient and effective port services.

The Port's core business functions are to:

- act commercially and optimise the value of the business whilst endeavouring to achieve sustained long-term business growth;
- establish, manage and operate effective and efficient port facilities and services at its ports;
- make land available for:-
 - the establishment, management and operation of effective and efficient port facilities and port services at its ports by other persons; or
 - other purposes consistent with the operation of its ports;
- provide or arrange for the provision of ancillary services or works necessary or convenient for the effective and efficient operation of its ports;
- keep appropriate levels of safety and security in the provision and operation of the port facilities and port services;
- provide other services incidental to the performance of the Port's other functions, or likely to enhance the usage of its ports;
- perform any other functions and exercise any other powers conferred on the Port under the *Transport Infrastructure Act 1994* (Qld), the *Government Owned Corporations Act 1993* (Qld) and Regulations or another Act or under the Port's Statement of Corporate Intent or Corporate Plan;
- provide port services and ancillary services:
 - whether in or outside its ports; and
 - whether in or outside Australia; and
 - whether for another port or for other parties; and
- carry out any activity that is incidental to the attainment of the functions set out above.

REVIEW OF OPERATIONS

A continued focus on revenue diversification and cost management delivered profit from continuing operations before income tax expense at \$25.48 million (2023: \$24.55 million). The Port's operating result for the year after income tax was \$17.92 million, an increase of 2.11% on the previous year (2023: \$17.55 million). Total trade throughput for the year increased by 5.23% on the previous year to 7.17 million tonnes (2023: 6.81 million tonnes), with growth across mineral and metal imports, sugar exports, general cargo imports and exports, containerised trade, cattle exports and motor vehicle imports.

The \$251 million Townsville Channel Upgrade Project is well advanced, with dredging to widen the sea channels completed in March 2024, and works on the new 62 hectare reclamation area to be completed late in 2024. Widening of the channels to cater for larger ships will ensure North Queensland remains a competitive trade gateway for imports and exports and will also enable Townsville to attract larger cruise ships to support growth of the local tourism industry. The project is being funded by the Port (\$71 million), the Queensland Government (\$105 million) and the Federal Government (\$75 million) under the Townsville City Deal. Access for larger ships can be expected by the end of 2024, with the first larger cruise ship bookings confirmed from January 2025.

The Port maintained external certification of its Integrated Business Management Systems for the Ports of Townsville and Lucinda to international standards (Environment AS/NZS ISO14001:2015, Safety OHSAS 18001:2007 and AS4801:2001, Quality ISO9001:2015 and Information Security ISO/IEC 27001:2013). Our sustainability objectives, including environmental, social and governance, will continue to be advanced, ensuring these reflect the expectations of shareholders, stakeholders and align with regulatory requirements and government policy objectives.

Below is a summary of the Port's underlying ratios over the past 2 years:

		2024	2023
Return on Assets	Net Profit After Tax / Total End of Year Assets	1.88%	1.86%
Return on Equity	Net Profit After Tax / Total End of Year Equity	2.63%	2.50%
Interest Cover Ratio	Earnings Before Interest and Tax / Total Finance costs (inclusive of capitalised costs)	5.85	7.19
Debt to Equity	Total Debt / Total Equity	0.21	0.14

DIVIDENDS

Directors recommend payment of a final dividend of 100% of adjusted profits (2023: 100%). The final dividend amounts to \$15,266,517 (2023: \$15,678,676).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the Port that occurred during the financial year.

Directors' Report

for the year ended 30 June 2024

Port of Townsville Limited
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MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There has not been any matter or circumstance that has arisen since 30 June 2024 that has significantly affected, or may significantly affect:

- the Port's operations in future financial years, or
- the results of those operations in future financial years, or
- the Port's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Further information on likely developments in the operations of the Port, and the expected results of operations, has been included in the Port's Annual Report.

ENVIRONMENTAL REGULATION

The operations of the ports of Townsville and Lucinda, which are both located in the Great Barrier Reef World Heritage Area, are subject to significant regulation under both Commonwealth and State environmental legislation. There are many environmental regulations under legislation, including master planning requirements for Townsville Port and licence requirements relating to dredging, potential water, air, noise and land pollution, and waste management that apply to operations at both ports.

Environmental stewardship and sustainability of operations is a key priority for the Port. The Port operates under an Environmental Management System certified to ISO14001:2015 which is audited annually, with a more comprehensive external recertification audit required every three years. In 2023-2024, the external surveillance audit and third party internal audit of the system found no minor or major non-conformances and no opportunities for improvement identified.

It is noted that sustainability and Environmental, Social and Governance reporting frameworks are changing and that the Port is engaging with the Queensland Government on a consistent reporting approach in line with national and international standards for future reporting.

INFORMATION ON DIRECTORS

The following information is current at the date of this report.

Ms Ann Sherry AO, Non-Executive Chairperson

Appointment 1 October 2021, Term of Office - to 30 September 2025

EXPERIENCE AND EXPERTISE

Ann is one of Australia's leading business executives with a career that spans Government, Banking and Cruise Tourism. She is an active philanthropist with a passion for improving opportunities and removing barriers for women in STEM and sport, and supporting opportunities for Indigenous Australians.

Ann is the Chair of UNICEF Australia, Enero Group, the Port of Townsville, Queensland Airports Limited and Circa. She is the Chancellor of Queensland University of Technology, a Non-executive Director of National Australia Bank and a Member of Sydney Harbour Federation Trust.

Beginning her working life as a Radiographer, Ann became First Assistant Secretary of the Office of the Status of Women in Canberra before moving to the banking sector initially in HR roles, then in CEO roles with Westpac NZ, the Bank of Melbourne and most recently with Carnival Australia.

The Australian Government awarded Ann the Centenary Medal in 2001 and in 2004 she was awarded an Order of Australia. In 2015 Ann was named as the overall winner of the Australian Financial Review 100 Women of Influence Award.

Ann holds a Bachelor of Arts majoring in Economics and Politics from the University of Queensland (UQ), a Graduate Diploma in Industrial Relations from the Queensland University of Technology (QUT) and has completed Executive Programs at Duke University, University of California Los Angeles (UCLA) and the International Institute for Management Development (IMD).

SPECIAL RESPONSIBILITIES

Chair of the Board

1 July 2023 to 31 December 2023 Member of the Audit and Risk Committee

Member of the Strategy, Innovation and Development Committee

1 July 2023 to 31 December 2023 Chair of the Sustainability Committee

Ms Connie Navarro, Non-executive director

Initial appointment 1 October 2020, Last re-appointment 1 October 2023, Term of Office - to 30 September 2027

EXPERIENCE AND EXPERTISE

Connie is a legal practitioner with over 20 years' experience in the legal industry. Connie is a born and bred North Queenslander and an advocate for rural and regional development. Connie is the Director of Connie Navarro Legal.

With extensive experience and expertise in the areas of commercial, property and business law, Connie has a particular focus on agribusiness, mining, energy and resources, infrastructure and major projects.

Connie holds a Bachelor of Economics - Bachelor of Laws with Honours from James Cook University and is admitted in the High Court of Australia, Supreme Court of Queensland and Supreme Court of Northern Territory. Connie is also a Graduate from the Australian Institute of Company Directors.

SPECIAL RESPONSIBILITIES

Chair of the Strategy, Innovation and Development Committee

Member of the Audit and Risk Committee

Directors' Report

for the year ended 30 June 2024

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Ms Danielle O'Toole, Non-executive director

Appointed 1 October 2021, Last re-appointment 1 June 2024, Term of Office - to 31 May 2028

EXPERIENCE AND EXPERTISE

Danielle is a civil geotechnical engineer with over 30 years' experience in the development and delivery of a wide range of multi-disciplined civil, mining and environmental infrastructure projects.

Danielle holds a Bachelor of Engineering (Civil) and Master of Engineering Science (Research) from the University of Queensland, is a Fellow of Institute of Engineers Australia, Registered Professional Engineer of Queensland and Graduate from the Australian Institute of Company Directors. She is also a professional member of the Australian Institute of Mining and Metallurgy and is a Technical Director at SLR Consulting – a global environmental and advisory solutions firm.

While Danielle is a proud Queenslander, and has called Townsville home with her family since 2013, she has had the opportunity to live and work in multiple locations throughout Africa, as well as closer to home in Western Australia. This international career journey has seen Danielle become a specialist in mine waste engineering, as well as a recognised and respected dams engineer.

SPECIAL RESPONSIBILITIES

Member of the Audit and Risk Committee

1 July to 31 December 2023 Member of the Sustainability Committee

Mr David Waters, Non-executive director

Appointed 1 October 2023, Term of Office - to 30 September 2027

EXPERIENCE AND EXPERTISE

David is an experienced senior executive with a proven record in leading human resources functions across the Queensland public sector for the past 15 years.

Born and raised in Townsville, David returned 'home' in 2022 to take up the role of Director Human Resources with James Cook University. He has previously held roles as Chief Human Resources Officer with the Department of Health and Department of Transport and Main Roads, and most recently Executive Director, Human Resources at Metro South Hospital and Health Service. David has had earlier careers as a Journalist and Union Official.

David holds a Bachelor of Arts (Government and Economics) from the University of Queensland and Bachelor of Business (Economics and Human Resources) from Queensland University of Technology (QUT). He is a Professional Certified Member with the Australian HR Institute and a Graduate of the Australian Institute of Company Directors.

SPECIAL RESPONSIBILITIES

Chair of the Sustainability Committee

Professor Jody Currie, Non-executive director

Appointed 1 October 2023, Term of Office - to 30 September 2027

EXPERIENCE AND EXPERTISE

Jody is a Professor of Practice at the Queensland University of Technology in the Health Faculty. Jody has over 20 years' experience in health, housing and human service delivery, with a particular focus on vulnerable families and Aged Care, working in several executive positions in both the community and government sector. Jody is a Yugambah person from South East Queensland and has family connections to Palm Island.

Jody was most recently Chief Executive Officer of the Aboriginal and Torres Strait Islander Community Health Service (ATSICHS) Brisbane. She established ATSICHS Brisbane as a Nationally Registered Early Childhood Education provider, a Nationally Registered Housing Provider, and a Registered National Disability Insurance Scheme Provider.

Jody is a member to the Federal Government's National Aged Care Advisory Council and currently a Non Executive Director on Cape York Partnership, Brisbane North Primary Health Care Network, Opera Queensland, Hearing Australia and TAFE QLD and has expertise in workforce strategy, government and stakeholder engagement.

SPECIAL RESPONSIBILITIES

Member of the Sustainability Committee

Mr John Lee, Non-executive director

Appointed 1 October 2023, Term of Office - to 30 September 2027

EXPERIENCE AND EXPERTISE

John has enjoyed a highly successful career leading both private sector organisations and government departments. He has extensive experience in the Transport, Tourism, and the Sport sectors. He was recently appointed the Chief Commercial Officer of Egis who are a global transport, engineering and advisory company. He also Chaired the NSW Bus Industry Taskforce and a strategic advisor to the Australian Olympic Committee.

Prior to his role as the Director-General of the Department of Tourism, Innovation and Sport in Queensland, John was actively involved in sport including his time as a Board member of the North Queensland Cowboys NRL Club.

John holds a Bachelor of Education (Health) from the University of Wollongong and is a Graduate of the Australian Institute of Company Directors.

SPECIAL RESPONSIBILITIES

Member of the Strategy, Innovation and Development Committee

Directors' Report

for the year ended 30 June 2024

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Ms Vanessa (Fernandes) Sullivan, Non-executive director

Appointed 13 October 2022, Term of Office - to 30 September 2025

EXPERIENCE AND EXPERTISE

Vanessa is an experienced Board member for large corporations, driving market based ESG projects, leading the energy transition and driving strong environmental and social outcomes.

Vanessa's Board and executive experience demonstrate deep financial, commercial and strategic skills including both corporate and government experience in regulated and competitive markets.

Vanessa's current roles include: Non-Executive Director with ASX-listed AGL Energy; Chair of AGL's Safety and Sustainability Committee; Chair of Centacare, a disability and domestic violence support provider in South East Queensland with 3,000 staff and a member of a Griffith University Business School Advisory Board.

Vanessa holds a Bachelor of Economics with Honours, Graduate Diploma of Applied Finance and is a Graduate of the Australian Institute of Company Directors.

SPECIAL RESPONSIBILITIES

Chair of the Audit and Risk Committee
Member of the Sustainability Committee

1 July 2023 to 31 December 2023 Member of the Strategy, Innovation and Development Committee

During the year and through to the date of the report, the following director(s) retired or their Term of Office expired:

Honourable Mike Reynolds CBE, AM, BSW, MAICD Non-executive director

Appointed 16 December 2016, Term of Office - to 30 September 2023

EXPERIENCE AND EXPERTISE

Mike has extensive experience as a Chairman, Deputy Chairman and Director of the Boards of Corporations, Statutory Authorities and not-for-profit companies.

Mike was a Councillor with the Townsville City Council from 1973 to 1989, serving as Mayor of Townsville (1980-1989) and Deputy Mayor (1976-1980). He was the State Member for Townsville (1998-2009), serving as Parliamentary Secretary to the Premier (1998-2001), Minister for Emergency Services and Minister Assisting the Premier in North Queensland (2001-2004), Minister for Child Safety (2004-2006) and Speaker of Queensland Parliament (2006-2009).

He is also the former Chairman of professional dance company DanceNorth (2010-2013), Chairman of Townsville Port Authority (1990-1996), Chairman of ACT Vocational Training Authority (1992-1995) and Deputy Chairman of North Queensland Electricity Board (1979-1988).

Mike was an Adjunct Professor at the Public Policy Institute at the Canberra Campus of the Australian Catholic University (2012-2013) and is the Australian Patron of Youth With a Mission Medical Ships Australia (2009-2023). Mike is a non-executive Director with North and West Remote Health (2012 to 2023).

In 1985, Mike was awarded Membership of the Order of Australia (AM) for his service to Local Government and the Townsville community. In 2018, Mike was awarded a Commander of the British Empire (CBE) for promoting relations between Queensland and Papua New Guinea, including as Mayor of Townsville and as Patron of YWAM Medical Ships Program.

SPECIAL RESPONSIBILITIES

Member of the Sustainability Committee

COMPANY SECRETARY

Mr David Sibley

David was appointed as Company Secretary in January 2016 after being employed with the Port for more than ten years. Over the last 30 years David has worked across financial and corporate management within government, profit and not-for-profit entities. He has been responsible for formulating and implementing long term strategic, operational, and financial plans; commercialising government service units, and improving bottom line results in both non-profit and for-profit entities.

He has extensive experience in change management and is the General Manager Strategy, Finance and Governance at the Port.

David holds a Bachelor of Commerce from James Cook University and is a Certified Practising Accountant with Fellow Status.

Mr Ken Veness

Ken was appointed as Company Secretary in October 2021. Ken commenced his local government leadership career after 19 years working within the metals distribution industry in senior business and operational management roles. Having now been a senior leader in local government in many areas over 13 years, he has recently held senior leadership roles within procurement.

Ken has managed and led operational departments and locations within the metals distribution industry and more recently in local government.

Examples of leadership roles in local government include: leading finance departments, landscaping and management of open space, policy and strategy development and more recently procurement.

Ken has completed a Bachelor of Commerce degree and a number of Diploma's including: Horticulture, Local Government Administration and Procurement.

Directors' Report

for the year ended 30 June 2024

Port of Townsville Limited
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MEETINGS OF DIRECTORS

The number of meetings of the Port's Board of Directors and of each Board Committee held during the year ended 30 June 2024, and the number of meetings attended by each Director were:

Director	Board Meetings		Audit & Risk Committee		Sustainability		Strategy, Innovation & Development	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Ms Ann Sherry AO	5	5	2	2	2	2	3	2
Ms Connie Navarro	5	5	2	2	N/A	N/A	3	3
Ms Danielle O'Toole	5	4	4	4	2	2	N/A	N/A
Mr David Waters	3	3	N/A	1*	1	2**	N/A	1*
Professor Jody Currie	3	3	N/A	N/A	1	1	N/A	1*
Mr John Lee	3	3	N/A	N/A	N/A	1*	2	2
Ms Vanessa (Fernandes) Sullivan	5	5	4	4	2	2	1	1
Honourable Mike Reynolds CBE, AM, BSW, MAICD	2	1	N/A	N/A	1	1	N/A	N/A

* Attendance as observer only

** Attendance as observer for 1 meeting

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Note 4(E) of the financial statements provides detailed disclosures relating to the remuneration of key management personnel. The term key management personnel refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Port, directly or indirectly, including any director (whether executive or otherwise) of the Port.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the year, a policy was held to insure all Directors and Officers of the Port against liabilities incurred in their capacity as Director or Officer. The provisions of this policy prohibit the disclosure of the nature of the liabilities insured. The *Corporations Act 2001* (Cth) does not require disclosure of this information in these circumstances.

INDEMNIFICATION AND INSURANCE OF AUDITORS

The Port has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the Port has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

DIRECTORS' SHAREHOLDING

No Directors held any beneficial interest in the shares of the Port. All issued shares are held by the shareholding Ministers on behalf of the Queensland Government.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* (Cth) for leave to bring proceedings on behalf of the Port, or to intervene in any proceedings to which the Port is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Port with leave of the Court under section 237 of the *Corporations Act 2001* (Cth).

AUDITOR'S INDEPENDENCE DECLARATION

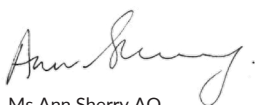
The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out over the page.

ROUNDING OF AMOUNTS

The Port is of a kind referred to in Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements and Directors' Report. Amounts in the financial statements and Directors' Report have been rounded off to the nearest dollar in accordance with that Legislative Instrument.

This Director's Report is signed in accordance with a resolution of the Directors.

This report is made in accordance with a resolution of Directors on 28 August 2024.



Ms Ann Sherry AO
Chairperson
28 August 2024



Ms Vanessa (Fernandes) Sullivan
Director
28 August 2024

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Port of Townsville Limited

This auditor's independence declaration has been provided pursuant to s. 307C of the *Corporations Act 2001*.

Independence declaration

As lead auditor for the audit of Port of Townsville Limited for the financial year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



Bhavik Deoji
as delegate of the Auditor-General

28 August 2024

Queensland Audit Office
Brisbane

Annual Financial Statements

for the year ended 30 June 2024

Port of Townsville Limited
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PURPOSE AND SCOPE

Port of Townsville Limited (the Port) is a company limited by shares, incorporated and domiciled in Australia and is a Government Owned Corporation (GOC) reporting under the *Government Owned Corporations Act 1993* (Qld). Its registered office and place of business is:

Port of Townsville Limited
Benwell Road
Townsville QLD 4810.

The Port is required to comply with the requirements of the *Corporations Act 2001* (Cth). Under the terms of Section 118 of the *Government Owned Corporations Act 1993* (Qld), specified sections of the *Financial Accountability Act 2009* (Qld) apply as if the Port were a statutory body. The Port is responsible as a port authority under the *Transport Infrastructure Act 1994* (Qld) for the management and control of the port of Townsville and port of Lucinda.

These Statements have been prepared:-

- to satisfy the provisions of the *Corporations Act 2001* (Cth), the *Financial Accountability Act 2009* (Qld) and other prescribed requirements; and
- to communicate information concerning the Port's financial performance for the year and its financial position at year end to a variety of information users including:-
 - its shareholding Ministers - Deputy Premier, Treasurer and Minister for Trade and Investment, and Minister for Transport and Main Roads and Minister for Digital Services;
 - users and potential users of the port of Townsville and port of Lucinda;
 - the community in general; and
 - other interested parties.

A description of the nature of the Port's operations and its principal activities is included in the Directors' Report which is not part of these financial statements.

The Statements are general purpose in nature and provide a full presentation of all of the financial activities of the Port. Amounts shown in the financial statements may not add to the correct subtotal or totals due to rounding.

Statement of Comprehensive Income

for the year ended 30 June 2024

Port of Townsville Limited
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	Notes	2024 \$	2023 \$
REVENUES			
User Charges	2(A)	91,736,420	81,179,663
Interest Received		1,380,785	884,664
Other Revenue	2(A)	1,338,982	4,725,960
Reversal of Prior Year Decrement	2(A)	-	366,352
Fair Value Gains on Investment Properties	3(I)	3,795,034	2,311,545
		98,251,221	89,468,184
EXPENSES			
Employee Related Expenses	2(B)	24,055,974	20,741,560
Supplies and Services	2(B)	24,942,234	21,698,207
Depreciation and Amortisation Expense	2(B)	16,114,198	15,361,599
Finance Costs	2(B)	4,512,218	3,967,081
Other Expenses	2(B)	3,144,814	3,150,799
Asset Revaluation Decrement	3(F)	-	-
		72,769,438	64,919,246
OPERATING RESULT BEFORE INCOME TAX EXPENSE		25,481,783	24,548,938
Income Tax Expense	2(C)	(7,558,743)	(6,995,735)
OPERATING RESULT FOR THE YEAR		17,923,040	17,553,203
OTHER COMPREHENSIVE INCOME			
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO OPERATING RESULT:			
Increase / (Decrease) in Revaluation Surpluses (net of tax effect)	3(F)	(23,179,539)	30,186,754
TOTAL COMPREHENSIVE INCOME		(5,256,499)	47,739,956

The above statement should be read in conjunction with the accompanying notes forming part of the financial statements.

Statement of Financial Position

as at 30 June 2024

Port of Townsville Limited
Annual Financial Statements
2023-2024

	Notes	2024 \$	2023 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3(A)	15,267,200	32,540,384
Trade and Other Receivables	3(B)	25,092,944	20,997,287
GOC Advance Facility	3(C)	440,597	4,082,853
Current Tax Receivable	2(C)	-	-
Other Current Assets	3(D)	2,572,652	2,177,511
Inventories	3(E)	537,554	546,975
TOTAL CURRENT ASSETS		43,910,947	60,345,010
NON-CURRENT ASSETS			
Property, Plant and Equipment	3(F)	843,208,379	817,090,908
Intangibles	3(G)	999,783	1,221,773
Investment Properties	3(I)	63,327,604	59,532,570
Right of Use Assets	3(J)	4,119,051	3,932,253
TOTAL NON-CURRENT ASSETS		911,654,817	881,777,504
TOTAL ASSETS		955,565,764	942,122,515
CURRENT LIABILITIES			
Trade and Other Payables	3(K)	13,978,692	14,452,965
Lease Liabilities	3(J)	445,311	380,792
Current Tax Liabilities	2(C)	2,515,742	2,330,962
Provisions	3(M)	15,307,729	15,743,418
Employee Benefits	3(N)	4,689,776	4,217,014
Contract and Other Current Liabilities	3(O)	6,009,610	4,950,753
TOTAL CURRENT LIABILITIES		42,946,860	42,075,904
NON-CURRENT LIABILITIES			
Trade and Other Payables	3(K)	2,000,000	2,000,000
Borrowings	3(L)	141,137,543	96,137,543
Lease Liabilities	3(J)	3,743,463	3,581,883
Deferred Tax Liabilities	2(C)	67,358,961	77,733,834
Employee Benefits	3(N)	856,548	626,434
Contract and Other Non-Current Liabilities	3(O)	16,329,156	18,250,666
TOTAL NON-CURRENT LIABILITIES		231,425,671	198,330,360
TOTAL LIABILITIES		274,372,531	240,406,265
NET ASSETS		681,193,233	701,716,250
EQUITY			
Contributed Equity	3(P)	247,879,706	247,879,706
Accumulated Surplus		168,535,243	165,878,720
Asset Revaluation Surplus	3(Q)	264,778,284	287,957,824
TOTAL EQUITY		681,193,233	701,716,250

The above statement should be read in conjunction with the accompanying notes forming part of the financial statements.

Statement of Changes in Equity

for the year ended 30 June 2024

Port of Townsville Limited
Annual Financial Statements
2023-2024

	Notes	2024 \$	2023 \$
CONTRIBUTED EQUITY			
Balance at beginning of the year		247,879,706	217,879,706
Shares Issued		-	30,000,000
Balance at the end of the year	3(P)	247,879,706	247,879,706
ACCUMULATED SURPLUS			
Balance at beginning of the year		165,878,720	163,982,674
Operating result for the year		17,923,040	17,553,203
Transfer from reserves on disposal / derecognition of property, plant and equipment		-	30,740
Deferred tax adjustment for disposals of property, plant and equipment		-	(9,222)
Dividends provided for	3(R)	(15,266,517)	(15,678,676)
Balance at the end of the year		168,535,243	165,878,720
ASSET REVALUATION SURPLUS			
Balance at beginning of the year		287,957,824	257,771,070
Property, plant and equipment revaluation increment / (decrement) - gross		(33,113,627)	43,154,674
Deferred tax adjustment for assets		9,934,088	(12,937,180)
Transfer to accumulated surplus on disposal/derecognition of property, plant and equipment		-	(30,740)
Balance at the end of the year	3(Q)	264,778,284	287,957,824

The above statement should be read in conjunction with the accompanying notes forming part of the financial statements.

Statement of Cash Flows

for the year ended 30 June 2024

Port of Townsville Limited
Annual Financial Statements
2023-2024

	Notes	2024 \$	2023 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		97,347,432	91,915,101
Payments to Suppliers and Employees		(62,422,946)	(53,744,460)
GST (paid)/received from the Australian Taxation Office		(195,757)	52,087
Interest Received		1,380,785	884,664
Finance Costs		(4,463,476)	(3,904,549)
Income Tax Equivalents (paid)/received from Queensland Treasury		(7,814,749)	(6,388,565)
Net Cash Inflow (Outflow) from Operating Activities		23,831,289	28,814,278
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for Property, Plant and Equipment		(74,312,869)	(65,167,046)
Proceeds from Sale of Property, Plant and Equipment		344,027	-
Redemption of Advances to Queensland Treasury		3,642,256	25,821,887
Net Cash Inflow (Outflow) from Investing Activities		(70,326,586)	(39,345,159)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		45,000,000	-
Payment of Lease Liabilities		(99,211)	(253,208)
Capital Issue		-	30,000,000
Dividends Paid		(15,678,676)	-
Net Cash Inflow (Outflows) from Financing Activities		29,222,113	29,746,792
Net (Decrease) / Increase in Cash and Cash Equivalents		(17,273,184)	19,215,912
Cash and Cash Equivalents at Beginning of the Financial Year		32,540,384	13,324,472
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	3(A)	15,267,200	32,540,384

Notes to the Statement of Cash Flows

Reconciliation of Operating Result from Continuing Operations After Income Tax Expense to Net Cash Inflow from Operating Activities			
Operating Result for the Year		17,923,040	17,553,206
Depreciation and Amortisation	2(B)	16,114,198	15,361,599
(Gain) / Loss on Disposal of Non-Current Assets		(340,235)	76,334
Net Revaluation Increments - Non-Current Assets		(3,795,034)	(2,677,896)
Changes in Assets and Liabilities			
(Increase) / Decrease in Trade and Other Receivables		(4,184,254)	(3,169,343)
(Increase) / Decrease in Other Assets		(395,141)	(548,483)
Increase / (Decrease) in Trade and Other Payables		(1,914,626)	1,401,725
Increase / (Decrease) in Provisions		679,347	209,967
Increase / (Decrease) in Current and Deferred Tax balances		(256,006)	607,170
Net Cash Inflow from Operating Activities		23,831,289	28,814,279
Reconciliation of Liabilities Arising From Financing Activities			
Opening Balance		100,100,218	100,170,304
Cash Flows:			
Proceeds from borrowings		45,000,000	-
Repayment of borrowings/payments of leases		(99,211)	(253,208)
Non Cash Changes			
Revaluation Adjustments		389,829	163,459
Other Adjustments		(64,519)	19,663
Closing Balance		145,326,317	100,100,218

The above statement should be read in conjunction with the accompanying notes forming part of the financial statements.

Notes to the Financial Statements

for the year ended 30 June 2024

Port of Townsville Limited
Annual Financial Statements
2023-2024

NOTE 1. BASIS OF FINANCIAL STATEMENT PRESENTATION

(A) GENERAL

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

These financial statements are of Port of Townsville Limited as an individual entity, the Port has no subsidiaries.

The financial statements were authorised for issue by the Directors on 28 August 2024. The Directors have the power to amend and reissue the financial statements.

These general purpose financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth), *Government Owned Corporations Act 1993* (Qld), Australian Accounting Standards, other authoritative pronouncements and interpretations issued by the Australian Accounting Standards Board. The Port is a for profit entity for the purpose of preparing the financial statements.

(B) PRESENTATION AND MEASUREMENT MATTERS

Historical cost convention

These financial statements have been prepared under the historical cost convention, except where otherwise stated.

Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Port's functional currency.

Rounding of Amounts

The Port is of a kind referred to in Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements and Directors' Report. Amounts in the financial statements and Directors' Report have been rounded off to the nearest dollar in accordance with that Legislative Instrument.

Current/Non-Current Classification

Assets and liabilities are classified as either 'current' or 'non-current' in the statement of financial position and associated notes. Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the department does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

All other assets and liabilities are classified as non-current.

(C) STATEMENT OF COMPLIANCE

The financial statements comply with the requirements of the *Corporations Act 2001* (Cth), *Government Owned Corporations Act 1993* (Qld), Australian Accounting Standards, other authoritative pronouncements and interpretations issued by the Australian Accounting Standards Board.

Standards applied for the first time

No new accounting standards or interpretations that apply to the Port for the first time in 2023-2024 had any material impact on the financial statements.

Standards early adopted

The Port has not adopted any standards early for 2023-2024.

Standards and Interpretations in issue not yet adopted

The Port has not early adopted any other Australian Accounting Standards and Interpretations that have recently been issued or amended and are not yet effective for the annual reporting period ended 30 June 2024. The Port does not expect there to be any significant impact from these amendments.

Title	Effective Date
AASB 2022-5 Lease Liability in a Sale and Leaseback Amendments <i>The Port does not expect there to be any impact from these amendments.</i>	1 January 2024
AASB 2022-6 and AASB 2023-3 Non-Current Liabilities with Covenants <i>The Port is currently evaluating the interpretation of AASB 2021-5, and does not foresee significant impacts from these amendments.</i>	1 January 2024
AASB 2023-1 Supplier Finance Arrangements <i>The Port does not expect there to be any impact from these amendments.</i>	1 January 2024

(D) CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires the determination and use of certain management judgements, estimates and assumptions that affect the application of policies and resulting reported amounts. The Directors evaluate estimates and associated assumptions incorporated into the financial statements based on historical knowledge, best available current information, and other factors that are considered relevant. Such estimates, judgements and underlying assumptions assume a reasonable expectation of future events and are based on current trends and economic data. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates significant to the financial statements are disclosed in the following notes:

Valuation of property, plant and equipment	Note 3(F)	Employee Benefits	Note 3(N)
Valuation of investment properties	Note 3(I)	Loss Allowance	Note 3(B)
Depreciation and Assessment of Useful Lives	Note 2(B), 3(F)	Income Tax Equivalents and Deferred Taxes	Note 2(C)
Lease Liabilities and Right of Use Assets Terms	Note 3(J)	Contract and Other Liabilities	Note 3(O)

Notes to the Financial Statements

for the year ended 30 June 2024

Port of Townsville Limited
Annual Financial Statements
2023-2024

2024
\$

2023
\$

NOTE 2. OUR FINANCIAL PERFORMANCE

(A) REVENUE

Revenue arises mainly from the user charges collected from the customers in relation to use of port facilities. User charges and fees are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. Generally, the performance obligation in relation to the customer contracts are satisfied over time and not a specific point in time, since the customer simultaneously receives and consumes the benefits provided by the entity's performance as the services are provided.

Revenue is recognised for the major business activities as follows:

USER CHARGES

Cargo Charges / Berthage / Charges for Services

Cargo charges, berthage revenue and charges for services are recognised over time as and when the port related services are provided to the customers. Customers are typically invoiced after the services are provided for an amount that is calculated on a schedule of rates that is aligned with the stand alone selling prices for each performance obligation. Payment is received following invoice on normal commercial terms. The transaction price is allocated to each performance obligation based on the stand-alone selling price. Revenue from take or pay arrangements is recognised when the minimum annual obligation can be measured reliably, after year end.

Properties and Facilities

Revenue from property and facilities is recognised when entitlement to payment arises under the rental agreement. Monies received in advance at the end of the financial year are recognised as a liability. Rental revenue from investment property is recognised as income on a periodic straight line basis over the lease term.

Pilotage Transfer Service Revenue

Pilotage Transfer Service Revenue is recognised on completion of the Marine Pilot transfer operation to / from each vessel.

INTEREST RECEIVED

Interest income is recognised when it is probable that the economic benefits will flow to the Port and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(i) USER CHARGES

Cargo Charges	38,239,033	34,977,056
Berthage	14,864,535	12,936,205
Properties and Facilities	16,247,075	14,303,240
Charges for Services	13,523,167	11,152,908
Pilot Transfer Service	8,862,610	7,810,255

91,736,420 81,179,663

(ii) OTHER REVENUE

	2024 \$	2023 \$		
Proceeds - Sale of Property, Plant & Equipment & Investment Properties	344,027	-		
Carrying Value of Disposed Property, Plant & Equipment	(730)	-		
Gain on Sale of Property, Plant & Equipment	343,297	-	343,297	-
Works Undertaken on Behalf of Other Parties			20,241	17,859
R&D Tax Refunds			-	1,242,236
Settlement Proceeds			-	1,932,124
Bad Debts Recovered			1,443	659,320
Other Revenue			974,001	874,421

1,338,982 4,725,960

(iii) REVERSAL OF PRIOR YEAR WRITE-DOWNS ON ASSETS

Infrastructure	-	528
Land	-	365,824

- 366,352

Additional detail of asset revaluations can be found in Note 3(F) for Property, Plant and Equipment.

Notes to the Financial Statements

for the year ended 30 June 2024

Port of Townsville Limited
Annual Financial Statements
2023-2024

2024
\$

2023
\$

NOTE 2. OUR FINANCIAL PERFORMANCE (continued)

(B) EXPENSES

(i) EMPLOYEE RELATED EXPENSES

Employee related expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, WorkCover premiums and superannuation.

Salaries & Wages	17,943,472	15,701,524
Annual Leave	1,256,433	986,971
Long Service Leave	503,907	368,792
Superannuation	2,493,381	2,074,163
Payroll Tax	945,408	781,580
Fringe Benefits Tax	153,566	170,900
Workers Compensation	281,738	222,762
Other Employee Related Expenses	478,069	434,868
	24,055,974	20,741,560

	2024 \$	2023 \$		
(ii) SUPPLIES AND SERVICES				
Payments to Contractors (other than those for Maintenance of Assets or Dredging below)			3,776,355	4,081,900
Payments to Consultants				
Professional/Technical	2,980,728	2,232,007		
Human Resource Management	220,826	27,329		
Finance/Accounting	290,095	90,470		
	3,491,649	2,349,807	3,491,649	2,349,807
Insurance			4,860,211	4,034,292
Maintenance of Assets			2,225,732	2,841,356
Dredging			4,020,358	2,658,418
Reclassified Work in Progress			9,411	283,356
Lease Payments			229,315	193,497
Utilities and Services			1,772,041	1,780,500
Information Technology			1,717,317	1,385,104
Other Supplies and Services			2,839,845	2,089,976
			24,942,234	21,698,207

Lease payments include lease rentals for short-term leases, leases of low value assets and variable lease payments. Refer to Note 3(J) for breakdown of lease expenses and other lease disclosures.

(iii) DEPRECIATION AND AMORTISATION

Depreciation				
Channels and Swing Basins	1,824,979	1,696,878		
Wharves	5,535,214	5,125,678		
Breakwaters	1,078,657	1,002,943		
Buildings	737,538	692,529		
Infrastructure	4,076,510	3,979,406		
Small Boat Harbours	203,902	189,590		
Plant and Equipment	2,232,379	2,230,493		
Amortisation				
Intangibles	221,990	235,859		
Leases	203,029	208,223		
			16,114,198	15,361,599

Notes to the Financial Statements

for the year ended 30 June 2024

Port of Townsville Limited
Annual Financial Statements
2023-2024

2024	2023
\$	\$

NOTE 2. OUR FINANCIAL PERFORMANCE (continued)

(iv) FINANCE COSTS

Finance costs directly attributable to the acquisition, construction or production of qualifying assets that take more than 12 months to prepare for their intended use or sale are added to the cost of those assets. Financing costs that cannot be directly attributable to a qualifying asset are recognised in the statement of comprehensive income in the period they were incurred.

Loan Interest	4,025,787	3,100,409
Interest on Lease Liabilities	204,250	127,374
Competitive Neutrality Fee	893,380	739,298
Capitalised Finance Costs	(611,199)	-
	4,512,218	3,967,081

The capitalisation rate used to determine the amount of finance costs to be capitalised is the weighted average interest rate applicable to the Port's outstanding borrowings during the year, in this case 1.04%, (2023 - 0.00%).

	2024	2023		
	\$	\$		
(v) OTHER EXPENSES				
Proceeds from Sale of Property, Plant & Equipment	-	-		
Carrying Value of Disposed Property, Plant & Equipment	(3,062)	(76,334)		
Loss on Sale of Property, Plant & Equipment	(3,062)	(76,334)	3,062	76,334
Land Tax			2,847,091	2,859,653
Other Expenses			294,661	214,813
			3,144,814	3,150,799

(C) TAXATION

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

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax equivalent assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on the tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the Port has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax liabilities in relation to investment properties that are measured at fair value is determined assuming the property will be recovered entirely through sale.

(i) INCOME TAX EQUIVALENTS

Income tax equivalents expense		
Current Tax Expense / (Benefit)	8,094,142	6,102,956
Deferred Tax Expense / (Benefit)	(440,785)	892,779
Under/(Over) Provision in Prior Years	(94,614)	-
	7,558,743	6,995,735

Notes to the Financial Statements

for the year ended 30 June 2024

Port of Townsville Limited
Annual Financial Statements
2023-2024

	2024 \$	2023 \$
NOTE 2. OUR FINANCIAL PERFORMANCE (continued)		
Income Tax Equivalents Expense is attributable to:		
Profit from Operations	7,653,357	6,995,735
Under/(Over) Provision in Prior Years	(94,614)	-
	7,558,743	6,995,735
Deferred Income Tax (Revenue) Expense included in Income Tax Expense comprises:		
Decrease/(Increase) in Deferred Tax Assets	(926,653)	226,382
(Decrease)/Increase in Deferred Tax Liabilities	1,367,438	(1,119,161)
	440,785	(892,779)
Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable		
Profit from Operations before Income Tax Expense	25,481,783	24,548,938
Tax at the rate of 30% (2023 - 30%)	7,644,535	7,364,681
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	8,822	(368,946)
Other	-	-
	7,653,357	6,995,735
Under/(Over) Provision in Prior Years	(94,614)	-
Asset Disposal Adjustment	-	-
Income Tax Equivalents Expense	7,558,743	6,995,735
Amounts Recognised Directly in Equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in the statement of comprehensive income but directly debited or credited to equity.		
Current tax - credited directly to equity	-	9,222
Net deferred tax - debited/(credited) direct to equity as a result of net increment in Revaluation Surpluses	9,934,088	(12,946,402)
	9,934,088	(12,937,180)
(ii) DEFERRED TAXES		
Deferred Tax Assets		
The balance comprises temporary differences attributable to:		
<u>Amounts recognised in the statement of comprehensive income</u>		
Allowance for doubtful debts	7,269	12,696
Accrued payables	95,290	938,644
Provision for annual leave	552,500	465,566
Provision for long service leave - current	854,433	799,538
Provision for long service leave - non current	256,964	187,930
Accrued employee benefits	11,540	8,104
Lease Liabilities	1,256,632	1,188,803
Deferred grant revenue	5,040,000	5,400,000
Total Deferred Tax Assets	8,074,628	9,001,281
Set-off of deferred tax liabilities pursuant to set-off provisions	(8,074,628)	(9,001,281)
Net Deferred Tax Assets	-	-
Movements:		
Opening balance at 1 July	9,001,281	8,774,899
Credited / (charged) to the statement of comprehensive income	(926,653)	226,382
As at 30 June	8,074,628	9,001,281

Notes to the Financial Statements

for the year ended 30 June 2024

Port of Townsville Limited
Annual Financial Statements
2023-2024

	2024 \$	2023 \$
NOTE 2. OUR FINANCIAL PERFORMANCE (continued)		
Deferred tax assets expected to be recovered within 12 months	2,014,626	2,698,786
Deferred tax assets expected to be recovered after more than 12 months	6,060,002	6,302,495
	8,074,628	9,001,281
Deferred Tax Liabilities		
The balance comprises temporary differences attributable to:		
<u>Amounts recognised in the statement of comprehensive income</u>		
Accrued Trade Receivables	437,354	2,132,306
Property, Plant and Equipment	(48,414,260)	(25,861,284)
Property, Plant and Equipment (revaluation component)	123,410,495	110,464,093
Total Deferred Tax Liabilities	75,433,589	86,735,115
Set-off of deferred tax liabilities pursuant to set-off provisions	(8,074,628)	(9,001,281)
Net Deferred Tax Liabilities	67,358,961	77,733,834
Movements:		
Opening balance at 1 July	86,735,115	72,669,552
Charged/(credited) to the statement of comprehensive income	(1,367,438)	1,119,161
Charged/(credited) to equity	(9,934,088)	12,946,402
As at 30 June	75,433,589	86,735,115
The Deferred tax liability includes amounts recognised directly in equity as follows:		
Revaluation of Property, Plant and Equipment	113,476,407	123,410,495
Deferred tax liabilities expected to be recovered within 12 months	437,354	2,132,306
Deferred tax liabilities expected to be recovered after more than 12 months	74,996,235	84,602,809
	75,433,589	86,735,115
(iii) INCOME TAX EQUIVALENTS REFUNDS		
The Port is subject to the National Tax Equivalents Regime (NTER) and as an NTER entity, the Port is liable to pay instalments of its expected income tax equivalent liability for the current income year. The Port pays monthly instalments for the income tax year with the final payment/refund occurring in the following December after year end.		
(iv) CURRENT TAX ASSETS AND LIABILITIES		
Opening balance at 1 July	(2,330,962)	(2,616,572)
Tax paid / (refunded) in respect of prior years	2,236,348	526,518
Over/(Under) provision of tax in prior years	-	-
Current Tax Provision	(7,999,528)	(6,102,956)
Tax paid in respect to current year	5,578,400	5,862,047
Tax Receivable / (Tax Liability) Closing balance at 30 June	(2,515,742)	(2,330,962)

Notes to the Financial Statements

for the year ended 30 June 2024

Port of Townsville Limited
Annual Financial Statements
2023-2024

	2024	2023
	\$	\$

NOTE 3. OUR FINANCIAL POSITION

(A) CASH AND CASH EQUIVALENTS

For cash flow statement and statement of financial position presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within financial liabilities in current liabilities on the statement of financial position.

Cash at Bank and On Hand	15,267,200	32,540,384
	15,267,200	32,540,384

INTEREST RATE RISK EXPOSURE

The Port's exposure to interest rate risk is discussed in Note 4(D). The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above. The Port's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out in Note 4(D).

(B) TRADE AND OTHER RECEIVABLES

Trade and other receivables are measured at amortised cost which approximates their fair value at reporting date. Trade receivables are due for settlement no more than 30 days from the date of recognition for the Port's debtors, and no more than 30 days for other debtors. If a contractual arrangement exists, settlement is in accordance with the contractual terms.

The collectability of trade receivables is reviewed on an ongoing basis. The simplified approach to the impairment of trade receivables has been elected, as receivables do not contain a significant finance component. A provision matrix is used to assess the expected credit losses of trade receivables.

The Port has undergone an analysis of historical credit losses for a period of 36 months prior to 30 June 2024. The historical loss rates have been deemed immaterial.

A specific loss provision is recognised for individual trade receivables when there is objective evidence the amount due will not be able to be collected under the original terms of receivables. When a trade receivable for which a loss allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

Trade and Other Receivables	25,117,175	21,039,608
Loss Allowance	(24,231)	(42,321)
	25,092,944	20,997,287

Due to the short term nature of the current receivables, their carrying value is assumed to be the same as their fair value.

The ageing of trade receivables is as follows:

0 - 30 days	20,775,441	17,707,654
30 - 60 days	1,584,884	317,491
60 - 90 days	368,258	344,300
over 90 days	2,364,361	2,627,842
	25,092,944	20,997,287

LOSS ALLOWANCE

As at 30 June 2024 current trade receivables of the Port with a nominal value of \$24,231 (2023: \$42,321) were impaired and fully provided for.

Opening Balance	42,321	928,387
Additional loss allowance	24,231	-
Reversal of previous provision	-	(725,252)
Receivables written off as uncollectable	(42,321)	(160,814)
	24,231	42,321

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Port does not hold any collateral in relation to these receivables.

Notes to the Financial Statements

for the year ended 30 June 2024

Port of Townsville Limited
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2024	2023
\$	\$

NOTE 3. OUR FINANCIAL POSITION (continued)

(C) GOC ADVANCE FACILITY

In conjunction with the *Code of Practice for Government Owned Corporations' Financial Arrangements* 2017, an Advance Facility was established with Queensland Treasury and Queensland Treasury Corporation, which accrues interest on daily balances. The cash pooling arrangement operates as a receivable for the Port and a payable by Queensland Treasury. Due to the short term nature of GOC advance facility, their carrying value is assumed to be the same as their fair value.

(D) OTHER CURRENT ASSETS

When payment is made before the goods and/or services have been acquired, or before the particular period of time to which the payment relates has elapsed, a prepayment is to be recognised. Prepayments are amounts paid in advance for goods or services to be received or consumed in later periods. For recognition purposes, prepayments for items less than \$5,000 need not normally be recognised as a current asset. Rather, items below this threshold may be recognised as an expense immediately.

The main types of prepayments made by the Port are part payments, up front payments for goods and services, and insurance premiums.

(E) INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on first-in first-out principle. Net realisable value is determined on the basis of the Port's normal selling pattern.

(F) PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION EXPENSE

INITIAL RECOGNITION

The cost model of accounting is used for all acquisitions of assets, being fair value of the assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisitions. Assets acquired at no cost or for nominal considerations are recognised at their fair value at date of acquisition.

Where assets are constructed by the Port, the cost at which they are recorded includes the cost of materials, direct labour and other costs directly attributable to the assets and where appropriate, finance costs.

Property, plant and equipment items with a cost or value in excess of the thresholds in the following table are recognised as an asset. All other items of property, plant and equipment are expensed on acquisition.

Asset Class	\$	Asset Class	\$
Channels and Swing Basins	10,000	Buildings	10,000
Land	1	Infrastructure	10,000
Wharves	10,000	Small Boat Harbours	10,000
Breakwaters	10,000	Plant and Equipment	5,000

The Port has a comprehensive annual maintenance program for its major plant and equipment and infrastructure assets, and subsequent costs will be included in the asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Port and the cost of the item can be measured reliably. All other repairs and maintenance that merely restores original service potential (arising from ordinary wear and tear etc) are charged to the statement of comprehensive income during the financial period in which they are incurred.

SUBSEQUENT RECOGNITION

Subsequently, channels and swing basins, wharves, buildings, infrastructure, small boat harbours and facilities, breakwaters and land are measured at fair value. Fair value is estimated using an income approach based on discounted cash flows. The net present value of the cash flows of the asset group are allocated across the individual assets in the group. Valuations are undertaken annually to ensure that the carrying amount of the assets does not differ materially from that which would be determined using fair value at the end of the reporting period. Key assumptions and inputs made in assessing fair value are discussed below.

Increases in the carrying amounts arising on revaluation of channels and swing basins, freehold land, wharves, buildings, infrastructure, small boat harbours and breakwaters are credited, net of tax, to asset revaluation surplus in shareholders' equity on a pro rata basis. To the extent that the increase reverses a decrease previously recognised in the statement of comprehensive income, the increase is first recognised in the statement of comprehensive income. Decreases that reverse previous increases of the same asset are first charged against revaluation surplus directly in equity to the extent of the remaining surplus attributable to the asset. All other decreases are charged to the statement of comprehensive income.

For assets that are revalued using the income based approach, any accumulated depreciation and accumulated impairment losses are eliminated against the gross amount of the asset prior to restating for the revaluation. This is referred to as the net method and is utilised as the income based approach does not reflect replacement costs or assessment of remaining useful lives, and the net method of revaluation provides more meaningful reported asset figures.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A revaluation decrement is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash inflows which are largely independent of the cash flows from other assets or groups of assets (cash generating units).

Notes to the Financial Statements

for the year ended 30 June 2024

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	2024	2023
	\$	\$

NOTE 3. OUR FINANCIAL POSITION (continued)

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income. When revalued assets are sold or derecognised, it is the Port's policy to transfer the amounts included in the asset revaluation surplus in respect of those assets to accumulated surplus.

Fair Value

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date under current market conditions (an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the Port include, but are not limited to, published sales data for land and buildings.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the Port include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the Port's assets/liabilities, internal records of recent construction costs (and/or estimates of such costs) for assets' characteristics/functionality, and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Port recognises transfers into and transfers out of fair value hierarchy levels at the end of the reporting period. There were no transfers during the year.

Channels and swing basins, wharves, buildings, small boat harbours and facilities, infrastructure, breakwaters and land are categorised as Level 3 at 30 June 2024.

The fair value of each asset group has been determined using an income based model. Management reviews and updates estimates of future cash flows in the model annually. The net present value of the cash flows of the asset group are allocated across the individual assets in the group. Changes in the economic environment can cause fluctuations in fair value between periods and as a result, valuations are undertaken annually to ensure that the carrying value of the assets does not differ materially from that which would be determined using fair value at the end of the reporting period.

This section explains the judgements and estimates made in determining the fair values of channels and swing basins, wharves, buildings, small boat harbours and facilities, infrastructure, breakwaters and land assets. The following table summarises the quantitative information about the significant unobservable inputs used in the Level 3 measurements.

Unobservable Input	Input	Relationship of unobservable input to fair value
Discount Rate	8.30%	The higher the discount rate the lower the fair value
CPI/Inflation	2.50%	The higher the CPI rate the higher the fair value
Terminal Value	EBIT multiple (13.5)	The higher the terminal value the higher the fair value
Forecast Trade	Maximum volumes of 20.5 million tonnes	The higher the trade forecast the higher the fair value
Other Revenue	As per Approved Budget, inflation thereafter	The higher the revenues the higher the fair value
Expenses	As per Approved Budget, inflation thereafter	The higher the expenses the lower the fair value
Capital Expenditure	Limited to replacement of existing assets	The higher the capital expenditure the lower the fair value

The income based valuation was undertaken by the Port as at 30 June 2024 using the following key assumptions:

- Detailed cash flow projections are prepared consisting of projections of nominal after tax cash flows up to and including the year ending 30 June 2024. The future cash flows are denominated in Australian dollars and are projected on a nominal, ungeared, post-tax basis over the expected useful lives of the assets (100 years). Mid of period discounting (to discount future cash flows to their net present value) has been adopted.
- The Port has established the cash generating units of Shipping Operations, Property Management, Port of Lucinda and Pilot and Security Services. Direct revenues and costs are apportioned utilising the most appropriate allocation method for that type of expenditure e.g. the written down value of relevant assets or proportional revenue received.

Notes to the Financial Statements

for the year ended 30 June 2024

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2024
\$

2023
\$

NOTE 3. OUR FINANCIAL POSITION (continued)

- Forecast revenue assumptions have been based on customer contracts (where applicable), advice from customers, assessment of feasibility of new trades or increases in capacity of supporting infrastructure, global market conditions for commodities and long-term historical trade patterns. However, forecast trade is limited to capacity of existing infrastructure and volumes subsequent to that are assumed to be constant.
- Determined charges for revenues are based on current established rates, budget rates for the first five year period and increased at a rate of inflation of 2.50% thereafter.
- Expenditure cash flows are based on prudent and efficient operating costs which are assumed to be largely fixed in nature due to the underlying nature of maintenance required on port assets remaining constant, irrespective of volumes.
- Net cash flows assume a discount rate equal to the relevant Corporate Weighted Average Cost of Capital (WACC), with a CPI of equivalent to the RBA average inflation target being utilised for cash flow growth rates (2.50%). This is due to the correlating relationship between WACC and CPI.
- An annually reviewed weighted depreciation rate on WDV is used to calculate depreciation by asset category.
- Due to the nature of the Port's long life assets, the period of assessment covers the maximum life of existing assets of 100 years. Terminal value calculations are also calculated over several periods to determine possible variations.
- Future capital expenditure beyond that already approved in the budget has been limited to the replacement of existing assets, noting the \$251 million Channel Capacity Upgrade project is included. No revenue has been included that would necessitate the expansion of port facilities nor would require additional expenditure above what has been included.
- Working capital balances are assumed to increase in line with the general growth of revenues and expenditures.
- Tax calculations in the cash flow projections assume a corporate tax rate of 30%.
- Assets are not valued above their recoverable value.

Overall sensitivity analysis of the inputs:

- A 1% change in the trade projection results in 2.24% change in fair value.
- An independent change in either CPI or WACC of 1% can affect total non-current asset values by up to 21%, but an increase of 1% in both indices has a sensitivity of 20%.
- A 1% change in depreciation impacts fair value by 0.024%.

2023-2024 Carrying Amounts		\$ Gross / Fair Value	\$ Accumulated Depreciation	\$ Carrying Amount
Channels and Swing Basins	At Fair Value 2024	157,148,020	-	157,148,020
	At Fair Value 2023	169,728,033	-	169,728,033
Land	At Fair Value 2024	80,623,380	-	80,623,380
	At Fair Value 2023	85,600,435	-	85,600,435
Wharves	At Fair Value 2024	159,971,874	-	159,971,874
	At Fair Value 2023	173,735,483	-	173,735,483
Breakwaters	At Fair Value 2024	46,569,432	-	46,569,432
	At Fair Value 2023	51,499,145	-	51,499,145
Buildings	At Fair Value 2024	17,799,618	-	17,799,618
	At Fair Value 2023	19,515,184	-	19,515,184
Small Boat Harbours	At Fair Value 2024	7,757,103	-	7,757,103
	At Fair Value 2023	8,339,688	-	8,339,688
Infrastructure	At Fair Value 2024	85,082,127	-	85,082,127
	At Fair Value 2023	90,040,131	-	90,040,131
Plant and Equipment	At Cost 2024	45,645,356	18,244,947	27,400,409
	At Cost 2023	44,918,242	16,718,120	28,200,123
*Capital Works in Progress	At Cost 2024	260,856,416	-	260,856,416
	At Cost 2023	190,432,685	-	190,432,685
Total 2024		861,453,326	18,244,947	843,208,379
Total 2023		833,809,028	16,718,120	817,090,908

Notes to the Financial Statements

for the year ended 30 June 2024

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2024
\$

2023
\$

NOTE 3. OUR FINANCIAL POSITION (continued)

*Capital Works in Progress

Harbour Works (includes Inner Harbour works, Outer Harbour Development and Channel Upgrade Project)	252,214,663	186,687,241
Port Developments (includes East Port and Townsville Waterfront Developments)	6,705,009	2,915,203
Equipment	1,936,744	830,241
	260,856,416	190,432,685

Assessment of Useful Lives

The useful life of an asset is the period in which an asset is expected to be available for use by the Port. The estimation of an asset's useful life requires professional judgement based on management's experiences with similar non-current assets in a similar environment. Changes in these estimates could change significantly as a result of impacts of use or technical innovations or technical and economic obsolescence.

Useful lives and depreciation rates are reviewed at least annually and if necessary adjusted so that they reflect the most recent assessment of the useful life of the depreciable asset, having regard to such factors as asset usage and the rate of technical and economic obsolescence.

Carrying Amounts that could have been recognised if Property, Plant and Equipment were carried at cost

If items of property, plant and equipment that have been revalued were stated on the historical cost basis, the carrying amounts would be as follows:

Channels and Swing Basins	78,127,420	78,976,681
Land	25,989,466	25,989,466
Wharves	91,538,561	94,726,135
Breakwaters	11,847,541	12,103,837
Buildings	13,512,685	14,126,501
Small Boat Harbours	4,585,089	4,701,366
Infrastructure	63,527,087	63,229,608
	289,127,849	293,853,593

RECONCILIATION OF CARRYING AMOUNTS

	\$	\$	\$	\$	\$	\$	\$	\$
	Carrying Amount at 1 July 2023	Additions	Disposals & Derecognitions	Transfers	Revaluations Recognised in Statement of Comprehensive Income	Recognised in Revaluation Surplus	Depreciation Expense	Carrying Amount at 30 June 2024
Assets at Fair Value								
Channels and Swing Basin	169,728,033	-	-	-	-	(10,755,034)	(1,824,979)	157,148,020
Land	85,600,435	-	-	-	-	(4,977,055)	-	80,623,380
Wharves	173,735,483	-	-	-	-	(8,228,396)	(5,535,214)	159,971,874
Breakwaters	51,499,145	-	-	-	-	(3,851,056)	(1,078,657)	46,569,432
Buildings	19,515,184	-	-	(80,941)	-	(897,088)	(737,538)	17,799,618
Infrastructure	90,040,131	-	-	3,144,820	-	(4,026,315)	(4,076,510)	85,082,127
Small Boat Harbours	8,339,688	-	-	-	-	(378,683)	(203,902)	7,757,103
Assets at Cost								
Plant & Equipment	28,200,123	-	(3,792)	1,436,457	-	-	(2,232,379)	27,400,409
- transfers to / from Intangibles	-	-	-	-	-	-	-	-
Capital Works in Progress	190,432,685	74,924,068	-	(4,500,337)	-	-	-	260,856,416
	817,090,908	74,924,068	(3,792)	-	-	(33,113,627)	(15,689,178)	843,208,379

Notes to the Financial Statements

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2023-2024

2024
\$

2023
\$

NOTE 3. OUR FINANCIAL POSITION (continued)

	\$	\$	\$	\$	\$	\$	\$	\$
2022-2023	Carrying Amount at 1 July 2022	Additions	Disposals & Derecognitions	Transfers	Revaluations Recognised in Statement of Comprehensive Income	Recognised in Revaluation Surplus	Depreciation Expense	Carrying Amount at 30 June 2023
Assets at Fair Value								
Channels and Swing Basin	159,511,232	-	-	-	-	11,913,678	(1,696,877)	169,728,033
Land	78,394,236	-	-	-	365,823	6,840,376	-	85,600,435
Wharves	166,348,688	-	(5,275)	17,141	-	12,500,607	(5,125,678)	173,735,483
Breakwaters	48,887,221	-	-	-	-	3,614,867	(1,002,943)	51,499,145
Buildings	18,022,246	-	-	806,874	-	1,378,593	(692,529)	19,515,184
Infrastructure	86,697,585	-	-	1,000,255	529	6,321,167	(3,979,406)	90,040,131
Small Boat Harbours	7,943,892	-	-	-	-	585,386	(189,590)	8,339,688
Assets at Cost								
Plant & Equipment	28,843,842	-	(62,485)	1,125,707	-	-	(2,230,493)	28,200,123
- transfers to / from Intangibles	-	-	-	523,552	-	-	-	-
Capital Works in Progress	128,275,754	65,106,911	-	(2,949,977)	-	-	-	190,432,685
	722,924,698	65,106,911	(67,760)	523,552	366,352	43,154,674	(14,917,515)	817,090,908

(G) INTANGIBLES

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably.

Intangible assets will be measured at cost unless the asset is acquired for no cost or for a nominal amount and then the asset's fair value is deemed to be its cost, and will be subject to amortisation.

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Port intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Opening balance at 1 July	1,221,773	1,929,621
Acquisitions	-	60,135
Transfers to/from property plant and equipment or assets held for sale	-	(523,552)
Disposals	-	(8,572)
Amortisation	(221,990)	(235,859)
Closing balance at 30 June	999,783	1,221,773

(H) DEPRECIATION / AMORTISATION OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLES

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 port commencing from the time the asset is held ready for use. The useful life over which assets are depreciated and the level at which assets are recognised are significant estimates and judgements. Complex assets are disaggregated into identifiable components.

Computer hardware is included in plant and equipment and is currently depreciated over its expected useful economic life of three years. Associated communications costs such as cabling and leased lines for the Port's wide area network are fully expensed in the year the costs are incurred. Computer software is to be classified as an intangible asset unless it is integral to the related hardware then it will be classified as plant and equipment.

Notes to the Financial Statements

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2024
\$

2023
\$

NOTE 3. OUR FINANCIAL POSITION (continued)

Depreciation / Amortisation Rates used for each class of depreciable assets are:

	Range		Average	
	2024	2023	2024	2023
Channels and Swing Basins	0.94%-0.96%	0.94%-0.96%	0.94%	0.94%
Wharves	1.19%-8.37%	1.19%-8.37%	3.03%	3.05%
Breakwaters	1.00%-2.15%	1.00%-2.15%	1.31%	1.31%
Buildings	1.52%-10.98%	1.52%-10.98%	3.61%	3.50%
Infrastructure	0.78%-14.53%	0.78%-19.98%	2.83%	2.83%
Small Boat Harbours	1.90%-2.59%	1.90%-2.59%	2.24%	2.24%
Plant and Equipment	0.10%-33.33%	0.10%-33.33%	11.18%	10.48%
Intangibles	8.85%-20.00%	8.85%-33.33%	12.66%	15.74%

(I) INVESTMENT PROPERTIES

Investment properties, mainly consisting of buildings and vacant land, are held for either long term rental yields or capital accretion and is not occupied by the Port (including property under construction for such purposes). This category does not include property used in the provision of services and supporting infrastructure for Port customers. Investment properties are carried at fair value, representing open market value determined annually by external valuers. Changes in fair values are recognised in the statement of comprehensive income.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

When the use of a property changes such that it is transferred to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognised in the statement of comprehensive income to the extent that the gain reverses a previous loss, with any remaining gain recognised directly in the statement of comprehensive income. Any loss is presented in the revaluation surplus in equity to the extent that an amount had previously been included in the revaluation surplus relating to the specific property, with any remaining loss recognised immediately in the statement of comprehensive income.

An investment property is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal of an investment property is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

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.

VALUATION BASIS

Fair value estimates for investment properties are in Level 2 for Investment Lands having being based on significant professional judgement at the time using the market based approach; and Level 3 for Investment Buildings due to the specialised nature of the assets and significant professional opinion required.

The Port obtains independent valuations for its investment properties at least every five years with independent desktop valuations between. At the end of each reporting period the Port updates the assessment of the fair value of each property, taking into account the most recent independent valuations including desktop valuations. The Port determines a property's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the Port considers information from a variety of sources including:

- Current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.
- Capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

Current year revaluations have been based on desktop assessments made by Jones Lang Lasalle Public Sector Valuations Pty Ltd, with relevant indices applied for the period 30 June 2023 to 30 June 2024. Valuation conclusions were reached after reviewing recent market activity by the Port, town planning schemes and assessment of the overall health of the Australian and Queensland economies taking into account specific industry conditions likely to impact on asset prices. Qualitative research indicated that the Port investment property values increased on average 6.4% over the last 12 months (2023: 4.2%)

Limited comparisons can be made between the general industrial land market and the Port's land market. The Port market is characterised by leasehold land occupied by trade orientated companies. Land values are driven by site rental levels and lease terms, and while there has been a deterioration in the mining industry and broader economy, the limited availability of land for development has helped to support land values.

Notes to the Financial Statements

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2023-2024

2024
\$

2023
\$

NOTE 3. OUR FINANCIAL POSITION (continued)

Land

Opening balance at 1 July	39,072,425	37,522,950
Net gain / (loss) from fair value adjustment	1,953,621	1,549,475
Closing balance at 30 June	41,026,046	39,072,425

Buildings

Opening balance at 1 July	20,460,145	16,938,075
Acquisitions	-	2,760,000
Net gain / (loss) from fair value adjustment	1,841,413	762,070
Closing balance at 30 June	22,301,558	20,460,145

Work in Progress

Opening balance at 1 July	-	2,760,000
Transferred to Investment Buildings	-	(2,760,000)
Closing balance at 30 June	-	-

Total Investment Properties Closing balance at 30 June	63,327,604	59,532,570
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Amounts recognised in the Statement of Comprehensive Income for Investment Properties

Rental income	1,970,395	2,476,031
Direct operating expenses from property that generate rental income	(1,140)	(36,304)
Direct operating expenses from property that did not generate rental income	(76,774)	(255,021)
Net gain / (loss) from fair value adjustment	3,795,034	2,311,545

Comprehensive Income	5,687,515	4,496,250
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(J) LEASES

AMOUNTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION FOR LEASES

Right of Use Assets

Opening balance at 1 July	3,932,253	3,977,016
Depreciation	(203,029)	(208,223)
Valuation adjustment	389,827	163,460
Closing balance at 30 June	4,119,051	3,932,253

Lease Liabilities

Current	445,311	380,792
Non-Current	3,743,463	3,581,883

AMOUNTS RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME FOR LEASES

Depreciation charge of right of use assets	203,030	208,223
Interest expenses (included in Finance costs)	204,250	127,374
Expenses relating to leases of low-value and short term assets (included in Supplies and Services)	229,315	193,497
	636,595	529,094

Notes to the Financial Statements

for the year ended 30 June 2024

Port of Townsville Limited
Annual Financial Statements
2023-2024

2024	2023
\$	\$

NOTE 3. OUR FINANCIAL POSITION (continued)

The Port measures right-of-use assets from concessionary leases at cost on initial recognition, and measures all right of use assets at cost subsequent to initial recognition.

The Port has elected not to recognise right-of-use assets and lease liabilities arising from short-term leases and leases of low value assets. Short term leases are those with a lease term of 12 months or less. An asset is considered low value where it is expected to cost less than \$10,000 when new. Lease payments are recognised as expenses on a straight-line basis over the lease term.

Where a contract contains both a lease and non-lease components such as asset maintenance services, the Port allocates the contractual payments to each component on the basis of their stand-alone prices. However, for leases of plant and equipment, the Port will elect not to separate lease and non-lease components and instead accounts for them as a single lease component.

When measuring the lease liability, the Port uses its incremental borrowing rate as the discount rate where the interest rate implicit in the lease cannot be readily determined, which is the case for all of the Port's leases. To determine the incremental borrowing rate, the Port uses loan rates provided by Queensland Treasury Corporation that correspond to the commencement date and term of the lease.

The Port has a number of lease agreements with the Department of Resources for use of government land. The leased land includes land under water, which is used by the Port for port and transport related purposes only.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the Port's incremental borrowing rate. When adjustments to lease payments take effect, the lease liability is reassessed and adjusted against the right of use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period.

Given the nature of the leases (held in perpetuity), there is no depreciation charge associated with these assets, with the exception of one parcel which is expected to be converted to freehold in the next 2 years.

(K) TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Port prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within the terms set by the supplier. The carrying amount approximates fair value due to their short term nature and is therefore measured at amortised cost and not discounted.

CURRENT

Trade Payables	13,718,966	14,259,179
Competitive Neutrality Fee	256,026	184,318
Retention	3,700	9,468
	13,978,692	14,452,965

Non-Current amounts represent security deposit paid by lessee on commencement of a lease, which can be called upon if the lessee defaults on their obligations under the lease. The security deposit is not non-refundable and if it is not called upon during the lease, it is to be returned to the lessee once the lease expires. The current lease term is until 31 December 2027.

NON-CURRENT

Retention	2,000,000	2,000,000
	2,000,000	2,000,000

(L) BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Port has an unconditional right to defer settlement for the liability for at least 12 months after the year end date.

The Port borrows from Queensland Treasury Corporation using a Portfolio Linked Loan product. A Portfolio Linked Loan is linked to a portfolio largely comprised of fixed funding instruments with various maturities. Portfolio Linked Loans provide a stable interest rate with maturing fixed rate instruments progressively refinanced at prevailing market rates.

Information pertaining to any associated risks for borrowings can be found in Note 4(D).

Notes to the Financial Statements

for the year ended 30 June 2024

Port of Townsville Limited
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2023-2024

2024
\$

2023
\$

NOTE 3. OUR FINANCIAL POSITION (continued)

LOAN COVENANTS

Under the terms of the borrowing facilities with Queensland Treasury Corporation, the Port is required to comply with the following financial covenants:

- The EBIT Interest Coverage of greater than or equal to 2.50 times.
- A Total Debt to Total Capital ratio of no more than 40%.

The Port has complied with these covenants throughout the reporting period.

NON-CURRENT

Borrowings	141,137,543	96,137,543
------------	-------------	------------

(M) PROVISIONS

Provisions are recognised when there is a present legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events and it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

CURRENT

Fringe Benefits Tax	41,212	64,742
Dividend	15,266,517	15,678,676
	15,307,729	15,743,418

Movements in Provisions

Movements in each class of provision during the financial year are set out below:

	Dividend \$	Fringe Benefits Tax \$
CURRENT		
Carrying amount at start of year	15,678,676	64,742
<u>Charged/(credited) to the statement of comprehensive income</u>		
- additional provisions recognised	15,266,517	153,566
Amounts transferred/reclassified	-	-
Amounts used during the period	(15,678,676)	(177,096)
Carrying amount at end of year	15,266,517	41,212

(N) EMPLOYEE BENEFITS

CURRENT

Employee Benefits - Long Service Leave	2,848,110	2,665,126
Employee Benefits - Annual Leave	1,841,666	1,551,888
	4,689,776	4,217,014

NON-CURRENT

Employee Benefits - Long Service Leave	856,548	626,434
	856,548	626,434

Notes to the Financial Statements

for the year ended 30 June 2024

Port of Townsville Limited
Annual Financial Statements
2023-2024

	2024	2023
	\$	\$

NOTE 3. OUR FINANCIAL POSITION (continued)

Amounts not expected to be settled within the next 12 months

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service, or are expected to reach this threshold in the next 12 months. The non-current portion represents entitlements of those employees that have not yet reached, or are expected to reach, the required period of service in the next 12 months.

Short Term Obligations

Liabilities for wages and salaries, including non-monetary benefits expected to be settled wholly within 12 months of the reporting date are recognised as current liabilities in respect of employees services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised as a provision. All other short-term employee benefit obligations are presented as trade payables.

Sick leave is not provided for on the grounds that it is non-vesting and, on average, no more than the annual entitlement is taken each year.

Other Long-Term Employee Benefit Obligations

The liabilities for long service leave are those not expected to be settled wholly within 12 months after the end of period in which the employees render the related service. They are recognised in provisions and measured as the present value of the expected future payments to be made in respect of services provided by the employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service and includes related on-costs. Expected future payments are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that match, as closely as possible, the estimated future cash flows.

The current portion of long service leave has been calculated on employees with greater than ten years service. Long service leave provision is presented as current if the Port does not have an unconditional right to defer settlement for at least 12 months, otherwise they are presented as non-current.

Retirement Benefit Obligations

A number of employees of the Port are members of the defined benefit fund managed by QSuper. The defined benefit fund was open to many employees across Queensland State Government departments, agencies and government business enterprises. The Port's obligation is limited to its contribution to QSuper. The Treasurer of Queensland, based on advice from the State Actuary, determines employer contributions, and the amount of this contribution is recognised as an expense. No liability is recognised for accruing superannuation benefits, as this liability is held on a whole-of-Government basis and reported in the whole-of-Government financial statements, prepared in terms of AASB 1049 Whole of Government and General Government Sector Financial Reporting.

(O) CONTRACT AND OTHER LIABILITIES

Contract and Other Liabilities include amounts in relation to shipping activities where the performance obligations have not been satisfied, in addition to revenue received in advance relating to long term advances received on contracts for which the deliverables and obligations have not yet been achieved and operating lease revenue on investment properties. The revenue received is recognised as deferred income and is recorded as revenue when the future service or performance to which it relates has been provided. Material contracts included in the statement of financial position totals are detailed below:

- The Berth 10 upgrade project provides a dedicated facility for military vessels. In 2010-2011, the Department of Defence contributed \$30 million towards future licence fees in respect to the new facility to ensure access over 25 years. The licence fees are to be recognised as revenue on a straight line basis over a period of 25 years. The revenue is recognised from completion of the Berth 10 upgrade, which was October 2013. The balance at reporting date is \$16,800,000 (\$1,200,000 current, \$15,600,000 non-current).

In addition, there is a lease arrangement in place for a staging area to accommodate Defence equipment when vessels are in port. The payment in advance of \$1,822,000 covers the period 2011 to 2031 for this staging area. The balance at reporting date is \$854,167 (\$125,000 current, \$729,167 non-current).

- The Townsville Dry Tropics Partnership for Healthy Waters is a waterways focused initiative made up of stakeholders from industry, scientific research, education, community and all levels of government.

The Partnership produces Report Cards and scientific summaries that provide our community with an independent picture of the ecological, social and economic health of our waterways and reef in the Dry Tropics region. The Report Card will help guide future planning and investment into waterway, marine catchment and reef health.

In 2021-2022, the Port signed on to host the initiative with funding received of \$980,454, to be spent on activities over the next four years. The Port recently committed to a further two years, with the hosting arrangement now ending June 2026. The balance at reporting date is \$680,456 (current).

Notes to the Financial Statements

for the year ended 30 June 2024

Port of Townsville Limited
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2023-2024

2024	2023
\$	\$

NOTE 3. OUR FINANCIAL POSITION (continued)

(P) CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Authorised capital - 500,000,000 ordinary shares of \$1 each	500,000,000	500,000,000
Issued capital		
Opening balance at 1 July - 247,879,706 (2023: 217,879,706) ordinary shares of \$1 each fully paid	247,879,706	217,879,706
Issue of shares	-	30,000,000
Amount at the reporting date - 247,879,706 (2023: 247,879,706) ordinary shares of \$1 each fully paid	247,879,706	247,879,706

ISSUED CAPITAL - ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Port in proportion to the number of and amounts paid on the shares held.

CAPITAL RISK MANAGEMENT

The Port's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Port may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(Q) RESERVES

ASSET REVALUATION SURPLUS

The property, plant and equipment revaluation surplus is used to record increments and decrements on the revaluation of non-current assets, as described in Note 3(F).

Balances of Asset Revaluation Surplus by category are as follows:

Channels and Swing basins	80,058,251	87,586,775
Land	39,019,899	42,503,837
Wharves	66,725,820	72,485,698
Breakwaters	33,130,777	35,826,516
Buildings	8,065,837	8,693,799
Small Boat Harbours	2,935,025	3,200,103
Plant and Equipment	249,835	249,835
Infrastructure	32,478,226	35,296,646
Land and Buildings transferred to Investment Properties	2,114,614	2,114,615
	264,778,284	287,957,824

(R) DIVIDENDS

Provision is made for the amount of any dividend, being appropriately determined on or before the end of the financial year but not distributed at balance date. Directors recommended payment of a final dividend of 100% (2023: 100%) of net profit after tax, excluding the effects of asset revaluations. The final dividend amounts to \$15,266,517 (2023: \$15,678,676). All dividends are unfranked.

Dividends provided for or paid	15,266,517	15,678,676
Dividends per share	0.062	0.063

Notes to the Financial Statements

for the year ended 30 June 2024

Port of Townsville Limited
Annual Financial Statements
2023-2024

	2024	2023
	\$	\$

NOTE 4. OTHER

(A) 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. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flows.

(B) COMMITMENTS

Capital Expenditure Commitments (Non-recoverable GST inclusive)

Capital expenditure contracted for at the reporting date but not recognised as a liability is as follows:

Not later than one year	23,297,166	65,873,011
Later than one year but not later than five years	-	4,048,692
	<u>23,297,166</u>	<u>69,921,703</u>

Operating Commitments (Non-recoverable GST inclusive)

Operating Expenses contracted for at the reporting date but not recognised as a liability are as follows:

Not later than one year	5,067,850	4,325,097
Later than one year but not later than five years	21,370	153,866
	<u>5,089,220</u>	<u>4,478,963</u>

Future Minimum Lease Commitments Receivable (GST Inclusive)

Future minimum lease amounts receivable under non-cancellable operating leases at balance date. These are the undiscounted lease amounts to be received on an annual basis for the following periods:

Not later than one year	15,918,905	15,477,335
Later than one year but not later than five years	62,730,507	66,054,445
	<u>78,649,412</u>	<u>81,531,780</u>

The Port leases significant assets to third parties under operating leases with varying terms. The method of calculation of amounts receivable under these leases also varies depending on the terms and conditions of the lease, with the majority being a fixed amount that is reviewed annually.

(C) CONTINGENT ASSETS/LIABILITIES

There were no known contingent assets/liabilities of a significant nature at 30 June 2024 (2023: Nil).

Notes to the Financial Statements

for the year ended 30 June 2024

Port of Townsville Limited
Annual Financial Statements
2023-2024

2024
\$

2023
\$

NOTE 4. OTHER (continued)

(D) FINANCIAL RISK MANAGEMENT

The Port has exposure to credit risk, liquidity risk, market risk and interest rate risk from its use of financial instruments. This note presents information about the Port's exposure to each of these risks, its objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Port, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Port's activities. The Port, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee oversees how management monitors compliance with the Port's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Port. The Audit and Risk Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes reviews of risk management controls and procedures, and reports the results to the Audit and Risk Committee.

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 loss allowance, as disclosed in the statement of financial position and notes to the financial statements. The Port has major customers, of which the top 10 contribute 59% of revenue. When necessary, the Port will establish a loss allowance that represents estimates of possible incurred losses of trade and other receivables, and is shown in Note 3(B).

LIQUIDITY RISK

The Port is exposed to liquidity risk in respect of its payables and borrowings from Queensland Treasury Corporation for capital works. The Port manages liquidity risk through the use of a liquidity management strategy which aims to reduce the exposure to risk by ensuring the Port has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring maximum levels of cash are at hand to match the expected duration of various employee and supplier liabilities. Funding arrangements are in place with Queensland Treasury Corporation which will allow sufficient funding to cover planned requirements within the Port's corporate planning period.

The following table sets out the liquidity risk of financial liabilities held by the Port.

2024		Payable In 1-5 years	> 5 years	Total Contractual Cash Flows	Carrying Amount
	< 1 year				
Payables	15,978,692	-	-	15,978,692	15,978,692
Borrowings	5,356,170	22,384,414	141,137,543	168,878,127	141,137,543
2023		Payable in 1-5 years	> 5 years	Total Contractual Cash Flows	Carrying Amount
	< 1 year				
Payables	14,452,965	2,000,000	-	16,452,965	16,452,965
Borrowings	3,143,699	12,632,473	96,137,543	111,913,714	96,137,543

The Port has available a business card facility with a limit of \$175,000. Loan facilities as shown in Note 3(L) are provided by Queensland Treasury Corporation. New borrowings are subject to the approved Loan Program with the sanction of the Treasurer of Queensland. The Port has a Working Capital Facility available with Queensland Treasury Corporation, total available funds are \$30 million.

MARKET RISK

As the Port does not trade in foreign currency, the Port is not materially exposed to changes in commodity prices. The Port is exposed to interest rate risk through its borrowings from Queensland Treasury Corporation and cash deposited in interest bearing accounts. The Port does not undertake any hedging in relation to interest rate risk and manages its risk as per the liquidity risk management strategy.

Notes to the Financial Statements

for the year ended 30 June 2024

Port of Townsville Limited
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2023-2024

2024
\$

2023
\$

NOTE 4. OTHER (continued)

INTEREST RATE RISK

The Port'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.

Fixed Rate Maturing In:	0-1 Years		1-5 Years		Over 5 Years	
	2024	2023	2024	2023	2024	2023
Financial Assets						
Cash on Hand	-	-	-	-	-	-
Cash at Bank	15,266,700	32,539,884	-	-	-	-
Receivables	-	-	-	-	-	-
GOC Advance Facility	-	-	-	-	-	-
Financial Liabilities						
Payables	-	-	-	-	-	-
Borrowings	5,356,170	3,143,699	22,384,414	12,632,473	141,137,543	96,137,543

	Non Interest Bearing		Carrying Amount as per Balance Sheet		Weighted Average Book Rate	
	2024	2023	2024	2023	2024	2023
Financial Assets						
Cash on Hand	500	500	500	500		
Cash at Bank	-	-	15,266,700	32,539,884	4.32%	2.55%
Receivables	25,092,944	20,997,287	25,092,944	20,997,287		
GOC Advance Facility	440,597	4,082,853	440,597	4,082,853		
Financial Liabilities						
Payables	15,978,692	16,452,965	15,978,692	16,452,965		
Borrowings	-	-	141,137,543	96,137,543	3.97%	3.29%

In the above Financial Instruments, book value equates to net fair value, with the exception of Borrowings. The market rate of Borrowings as at 30 June 2024 was \$135,816,872 (30 June 2023: \$90,144,369). Borrowings recorded a market value adjustment of -\$6,476,025 (2023: of -\$6,759,765) principally as a result of past movements in the market value of liabilities in the Debt Pools.

SENSITIVITY ANALYSIS

The following interest rate sensitivity analysis depicts the outcome on operating results if interest rates would change by +/- 1% from the year end rates applicable to the Port's financial assets and liabilities.

	Carrying Amount	Interest Rate Risk			
		- 1%		+ 1%	
		Increase/(Decrease) Profit	Increase/(Decrease) Equity	Increase/(Decrease) Profit	Increase/(Decrease) Equity
Financial Assets					
Cash and Cash Equivalents	15,267,200	(152,672)	(152,672)	152,672	152,672
Receivables	25,092,944	-	-	-	-
GOC Advance Facility	440,597	(4,406)	(4,406)	4,406	4,406
Financial Liabilities					
Payables	15,978,692	-	-	-	-
Borrowings	141,137,543	1,411,375	1,411,375	(1,411,375)	(1,411,375)

The Port is not exposed to any other price or foreign exchange rate risks.

NET FAIR VALUES

The net fair value of cash and cash equivalents and non-interest bearing financial assets and financial liabilities of the Port approximates their carrying value.

(E) KEY MANAGEMENT PERSONNEL

The Port's shareholding Ministers are identified as Key Management Personnel (KMP). All Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The Port does not bear any cost of remuneration of shareholding Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements as from 2016-17, which are published as part of Queensland Treasury's Report on State Finances. Details of persons who held ministerial office during the financial year can be found in the Governance section of the Annual Report.

Notes to the Financial Statements

for the year ended 30 June 2024

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2023-2024

2024
\$

2023
\$

NOTE 4. OTHER (continued)

DETAILS OF DIRECTORS

Directors in office at 30 June 2024 are as follows:

Director	Date of Appointment	Appointment End/Resignation Date
Ms Ann Sherry AO (Chairperson)	1 October 2021	30 September 2025
Ms Connie Navarro	1 October 2020, Last re-appointment 1 October 2023	30 September 2027
Ms Danielle O'Toole	1 October 2021, Last re-appointment 1 June 2024	31 May 2028
Mr David Waters	1 October 2023	30 September 2027
Professor Jody Currie	1 October 2023	30 September 2027
Mr John Lee	1 October 2023	30 September 2027
Ms Vanessa (Fernandes) Sullivan	13 October 2022	30 September 2025

DIRECTORS' REMUNERATION

All remuneration of Directors including Directors' fees and Board Committee fees is determined by Governor in Council. In accordance with the disclosure requirements for Government Owned Corporations, details of remuneration provided to Directors during the year are below.

Remuneration of Specified Directors	Year	Director Fees	Committee Fees	Superannuation	Total Remuneration
Ms Ann Sherry AO (Chairperson)	2023/2024	67,708	4,372	7,929	80,009
	2022/2023	50,000	4,372	5,709	60,081
Ms Connie Navarro	2023/2024	34,073	8,845	4,721	47,639
	2022/2023	25,750	5,831	3,316	34,897
Ms Danielle O'Toole	2023/2024	34,073	7,287	4,550	45,909
	2022/2023	25,750	8,744	3,622	38,116
Mr David Waters	2023/2024	26,563	3,208	3,275	33,045
	2022/2023	-	-	-	-
Professor Jody Currie	2023/2024	26,563	2,186	3,162	31,911
	2022/2023	-	-	-	-
Mr John Lee	2023/2024	26,563	2,186	3,162	31,911
	2022/2023	-	-	-	-
Ms Vanessa (Fernandes) Sullivan	2023/2024	34,073	11,031	4,961	50,065
	2022/2023	19,312	4,656	2,517	26,485
Ms Tess Bishop - Resigned 30 June 2023	2023/2024	2,146	850	330	3,326
	2022/2023	25,750	9,410	3,692	38,852
Honourable Mike Reynolds CBE, AM, BSW, MAICD - Term end date 30 September 2023	2023/2024	6,438	1,093	828	8,359
	2022/2023	23,604	6,692	3,496	33,792
Mr Bradley Webb - Resigned 30 June 2022	2023/2024	-	-	-	-
	2022/2023	2,146	486	276	2,908
Total Remuneration Specified Directors	2023/2024	258,198	41,058	32,918	332,174
	2022/2023	172,312	40,191	22,627	235,130
Insurance premiums to indemnify liabilities while acting as a Director	2023/2024				145,068
	2022/2023				159,025

EXECUTIVE REMUNERATION

Remuneration for the Chief Executive Officer and Senior Executives is determined by the Board, and advised to shareholding Ministers within one month of any variation that is made to remuneration arrangements.

The Port's remuneration policy provides for a review of executive salaries each year with any adjustments effective 1 July. Details of executive remuneration are included in the Annual Report and Statement of Corporate Intent in accordance with legislative and policy requirements. Increases in Chief Executive Officer and Senior Executive remuneration are made and approved in accordance with the Policy for Government Owned Corporations Chief and Senior Executives Employment Arrangements 2021.

The senior executive remuneration strategy and practices of the Port are designed to assist with attracting, retaining and motivating high calibre individuals in senior executive positions. Shareholder guidelines and policies in relation to executive remuneration are followed.

Notes to the Financial Statements

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2024
\$

2023
\$

NOTE 4. OTHER (continued)

The fixed remuneration on appointment is within a remuneration range approved by the Board, in addition to annual increases, and are in accordance with Governance Arrangements for Chief and Senior Executives.

Chief Executive Officer and Senior Executives are eligible for a performance payment based on achievement of specific corporate, business unit and individual performance objectives, standards and achievements.

The initial standards are set by Directors and are developed from the key objectives contained in the Statement of Corporate Intent. The performance payment is contingent upon Board assessment of the Ports performance and is in line with Government requirements. The maximum performance payment is 15% of total fixed remuneration. Payments are made in cash, or if appropriate notice has been provided, paid into the employee's superannuation fund on a salary sacrifice basis. The Port's policy in relation to performance payments is consistent with Queensland Treasury policy. Performance payments are disclosed on a cash basis as and when paid.

Details of remuneration provided to Specified Executives at 30 June 2024 are as follows:

Remuneration of Specified Executives	Year	Short Term Benefits	Superannuation	Other Benefits (Incl motor vehicle)	Performance Payments *	Termination Payments	Total Remuneration
Ms R. Crosby	2023/2024	439,769	53,878	-	43,762	-	537,409
Chief Executive Officer	2022/2023	427,129	45,027	-	36,946	-	509,102
Mr D. Sibley	2023/2024	318,563	40,801	-	31,978	-	391,342
General Manager Strategy, Finance & Governance	2022/2023	311,523	40,320	-	22,561	-	374,404
Mr D. Penny	2023/2024	320,972	41,115	-	31,809	-	393,896
General Manager Customers, Operations & Safety	2022/2023	317,197	40,424	-	23,762	-	381,383
Mr M. McNeil	2023/2024	304,674	37,599	-	19,890	-	362,163
General Manager Assets, Planning & Environment	2022/2023	219,614	22,803	-	-	-	242,417
Mr D. McLoughlin	2023/2024	309,590	38,384	-	22,042	-	370,016
General Manager Project Delivery	2022/2023	221,833	25,239	-	-	-	247,072
Ms V. Brown (Commenced Jan. 2024)	2023/2024	150,258	15,474	-	-	-	165,732
General Manager People, Technology & Performance	2022/2023	-	-	-	-	-	-
Mr A. van Staden (Acting April 2022 to Oct. 2022)	2023/2024	-	-	-	-	-	-
Chief Infrastructure Officer	2022/2023	122,895	15,276	-	-	-	138,171
Total Remuneration Specified Executives	2023/2024	1,843,826	227,251	-	149,481	-	2,220,558
	2022/2023	1,620,192	189,088	-	83,269	-	1,892,548

* Performance payments are cash payments made in the relevant financial year based on the achievement of key performance objectives and measure by key management personnel with respect to the preceding financial year (ie. Payments shown in current reporting period will relate to performance achievements for the prior financial year).

Benefits

Short term benefits include salaries, allowances and leave entitlements earned and expensed for the year, including unused leave entitlements paid on termination.

Termination payments include payments made in lieu of notice on termination and other lump sum separation entitlements (excluding unused leave entitlements) payable on termination.

LOANS TO KEY MANAGEMENT PERSONNEL

There are no loans outstanding to the Port from key management personnel.

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

For details regarding any other transactions other than compensation paid refer to Related Party Transactions below.

Notes to the Financial Statements

for the year ended 30 June 2024

Port of Townsville Limited
Annual Financial Statements
2023-2024

	2024	2023
	\$	\$

NOTE 4. OTHER (continued)

(F) RELATED PARTY TRANSACTIONS

CONTROL

The Port is a Queensland Government Owned Corporation, with all shares held by shareholding Ministers on behalf of the State of Queensland. There was no income received, or due and receivable, by the shareholding Ministers from the Port during the year. No shareholding Minister has received or become entitled to receive any benefit by reason of a contract made by the Port.

KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in Note 4(E).

TRANSACTIONS WITH RELATED PARTIES

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

In the ordinary course of business conducted under normal terms and conditions, the Port has dealt with:

- Queensland Ports Association, of which Ms R. Crosby is the Chair. The Port made payment for membership fees of \$9,900 during the year.
- Townsville Enterprise Limited, of which Ms R. Crosby is a Board Member. The Port made payment for membership fees of \$42,724, sponsorship for Green Energy initiatives of \$7,202, Sponsorship of North West Roadshow of \$2,200, Sponsorship of Future Leaders Program of \$2,200 and Contribution to the Liveability Campaign for \$55,000.
- Ports Australia, of which Ms R. Crosby is a Director and Member. The Port made payment for membership fees of \$46,970, and conference registration fees of \$7,578.
- Townsville Maritime Museum Limited, of which Mr D. Penny and Mr D. Sibley are also Directors and Members. The Port made contributions of \$50,000 to the Museum during the year.
- Griffith University, of which Ms V. (Fernandes) Sullivan is an Advisory Member. The Port made payment for Baseline Toxicology and Health Assessments of turtles in Cleveland Bay of \$38,443 to the University during the year.

TRANSACTIONS WITH STATE OF QUEENSLAND CONTROLLED ENTITIES

All transactions between the Port and other Government Owned Corporations are on an arms length commercial basis. Port of Townsville Limited, as a Government Owned Corporation, has had arms length transactions with other government agencies.

Revenue

Queensland Treasury Corporation:		
- Interest Revenue	657,551	502,639
Department of Transport and Main Roads (Maritime Safety Queensland) - Pilotage transfers	8,862,610	7,810,255

Expenses

Queensland Audit Office (QAO) - Audit fees	139,000	132,000
Qleave - Portable long service leave	40,953	53,127
Queensland Treasury Corporation:		
- Loan interest expense	3,846,972	2,961,014
- Loan administration charge	178,815	139,395
- Competitive Neutrality Fee	893,380	739,298
Office of State Revenue:		
- Payroll Tax	907,227	772,364
- Land Tax	2,847,091	2,859,653
Department of Natural Resources and Mines - Land Rent	417,694	409,675
Department of Environment & Science - Permit Fees & Equipment Hire/Maintenance	48,851	51,593
Department of Transport and Main Roads		
- Beacon extraction	2,552,439	1,220,590
- Simulation works	105,674	119,327
- Pilot Training	112,085	30,206
- Abbot Point Licence Fees	29,545	14,609
Queensland Transport - vehicle registrations	51,359	52,832
Ergon Energy - Electricity	868,987	702,980
Townsville City Council		
- Property Charges	888,079	1,052,104
- Land Planning and Design	-	57,897
Queensland Fire & Emergency Services - Alarm Management fees	10,839	17,822

Notes to the Financial Statements

for the year ended 30 June 2024

Port of Townsville Limited
Annual Financial Statements
2023-2024

	2024 \$	2023 \$
NOTE 4. OTHER (continued)		
Australian Institute of Marine Science		
- Channel Upgrade ITAC meetings	25,078	41,735
- Data and Information Management System	-	43,247
Contributions to QSuper on behalf of employees	1,791,913	1,750,781
Assets		
Queensland Treasury		
- Advances Facility	440,597	4,082,853
Liabilities		
Queensland Treasury Corporation:		
- Borrowings	141,137,543	96,137,543
Provision for Dividend to Queensland Treasury	15,266,517	15,678,676

OUTSTANDING BALANCES ARISING FROM TRANSACTIONS WITH RELATED PARTIES

No allowances for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

GUARANTEES

As at 30 June 2024 there were no guarantees provided by the Port on behalf of a related party.

(G) EVENTS OCCURRING AFTER THE YEAR END DATE

There has not been any matter or circumstance that has arisen since 30 June 2024 that has significantly affected, or may significantly affect:

- the Port's operations in future financial years, or
- the results of those operations in future financial years, or
- the Port's state of affairs in future financial years.

Climate Risk Disclosure

In the coming year, the Port will be continuing to review the material climate related physical and transition risks where relevant to the Port's financial statements. No adjustments to the carrying value of recorded assets or other adjustments to the amounts recorded in the financial statements were recognised during the year as a result of climate related risks. The Port will continue to engage with shareholding Ministers and adopt future regulatory requirements, and continue to engage other stakeholders on reporting and climate risk.

NOTE 5. CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Pursuant to Subsection 295(3A)(a) of the *Corporations Act 2001* (Cth), the Port acknowledges that it has a degree of influence and therefore control over Townsville Maritime Museum Limited (TMML). However, the entity's financial information has not been consolidated into the Port's financial statements in accordance with AASB 10 Consolidated Financial Statements due to the immateriality of its financial impact on the overall financial position and performance of the Port. This determination is based on an assessment that the inclusion of TMML financial information would not materially affect the decisions of the users of the Port's financial statements.

Name of Entity	Townsville Maritime Museum Limited
Type of Entity	Body Corporate - Company Limited by Guarantee
Trustee, partner or participant in joint venture	n/a
Place formed or incorporated	Australia
Percentage of share capital held	n/a
Australian tax resident or foreign tax resident	Australian
Foreign tax jurisdiction	n/a

Directors' Declaration

for the year ended 30 June 2024

Port of Townsville Limited
Annual Financial Statements
2023-2024

In the Directors' opinion:

- (a) the financial statements and associated notes are in accordance with the *Corporations Act 2001* (Cth) including:
 - (i) complying with Accounting Standards and Interpretations, the *Corporations Regulations 2001* (Cth) and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the financial position of the Port as at 30 June 2024 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Port will be able to pay its debts as and when they become due and payable.
- (c) the information disclosed in the consolidated entity disclosure statement is true and correct.

This declaration is made in accordance with a resolution of the Directors.



Ms Ann Sherry AO
Chairperson

28 August 2024



Ms Vanessa (Fernandes) Sullivan
Director

28 August 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of Port of Townsville Limited

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Port of Townsville Limited.

The financial report comprises the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In my opinion, the accompanying financial report is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the company's financial position as at 30 June 2024, and its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the Corporations Regulation 2001.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of my report.

I am independent of the company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I am also independent of the entity in accordance with the auditor independence requirements of the *Corporations Act 2001*, and confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of property, plant and equipment – Note 3(F)

Key audit matter	How my audit addressed the key audit matter
Property, plant and equipment is reported at fair value and where applicable at cost. Approximately 66% of the property, plant and equipment was valued at fair value which was determined using the income-based valuation model. The key assumptions used in the income-based valuation model included: • forecasting operating revenue • estimating future capital and operating costs • determining terminal value • formulating the discount rate applied to future cashflows.	My procedures included, but were not limited to: • Obtaining an understanding of the discounted cash flow model, and assessing its design, integrity, and appropriateness with reference to common industry practices. • Evaluating the independent external expert's competency, capabilities and objectivity. • Checking, on a sample basis, the accuracy and relevance of the input data used, including reconciling input data to supporting evidence such as approved budgets. • Performing a sensitivity analysis to establish that management's assumptions for fair value including cash flows, terminal values and discount rates are within a reasonable range of audit expectations for fair value and are appropriately disclosed in the financial statements. • Assessing the reasonableness of cash flow forecasts and terminal value estimates relative to board approved budgets, historical growth trends and other relevant internal and external evidence. The reasonableness of board approved budgets was assessed with reference to their historical accuracy and the budget preparation process. • Evaluating whether the discount rate applied was within a reasonable range, with reference to market data and industry research. • Challenging the reasonableness of key assumptions based on my knowledge of the entity and industry. • Verifying the mathematical accuracy of net present value calculations.

Useful lives estimated for depreciation expense – Note 3(F) and 3(H)

Key audit matter	How my audit addressed the key audit matter
The straight-line depreciation method used requires significant judgements for: • identifying the significant components of assets that have different useful lives • estimating the remaining useful lives of those significant components.	My procedures included, but were not limited to: • Evaluating management's approach for identifying the parts of property, plant and equipment with different useful lives for reasonableness. • Evaluating management's assessment of remaining useful life estimates for reasonableness with reference to historical disposal rates, condition assessments for older assets and internal consistency.

Other information

Those charged with governance are responsible for the other information.

The other information comprises the information included in the entity's directors' report for the year ended 30 June 2024, which we obtained prior to the date of this auditor's report, and the annual report (but does not include the financial report and our auditor's report thereon), which is expected to be made available to us after that date.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that I have obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the directors.

Responsibilities of the directors for the financial report

The directors of the company are responsible for the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal controls as the directors determine is necessary to enable the preparation of:

- i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of my responsibilities for the audit of the financial report is located at the *Auditing and Assurance Standards Board* website at:

https://www.auasb.gov.au/auditors_responsibilities/ar6.pdf

This description forms part of my auditor's report.



Bhavik Deoji
as delegate of the Auditor-General

29 August 2024

Queensland Audit Office
Brisbane

Annual Report 2023-24

PORT OF TOWNSVILLE LTD

www.townsville-port.com.au