

ANNUAL REPORT
2008–2009



PORTS CORPORATION OF QUEENSLAND LIMITED

ABOUT THIS REPORT

Within this year's report, PCQ's outcomes are measured against six key priorities which were outlined in our Corporate Plan 2007–2012 and Statement of Corporate Intent 2008–2009. These include:

- Trade facilitation, port promotion and marketing
- Strategic port planning
- Port management
- Port infrastructure
- Environmental management
- Assessment manager for strategic port land.

As a leading port authority business, our report meets the requirements of the *Corporations Act 2001*, and the *Government Owned Corporations Act 1993*.

We aim to build awareness of both our business operations and our commitment to enhancing the State through delivering world-class facilities and customer service excellence. As one of the leading port authorities in Australia, PCQ's employees are managed effectively by our expert leadership team in order to retain our status as one of the nation's most forward thinking, results-driven and progressive port authorities.





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FEEDBACK

We are very interested to hear how you think we can improve our annual report as a major aim is to fulfil the diverse information needs of readers and ensure that we continue to improve on our reporting standards.

We invite you to contact us with any feedback you have on the content or design of the report by completing the feedback form at the back of the report or by contacting our corporate relations team on (07) 3224 4346 or email communications@pcq.com.au.

Postal Details:

Ports Corporation of Queensland Limited
Corporate Relations Team
Level 24, 300 Queen Street
Brisbane, Queensland 4001

This report, past reports and various other publications are available on our website www.pcq.com.au. Requests for printed copies of the report can be made through our corporate relations team via the details above.

HIGHLIGHTS

1

ACHIEVED RECORD REVENUE

We increased our revenue by 25% over the previous year, following a market review of pricing and record cargo tonnages shipped at Abbot Point Coal Terminal (APCT). PCQ has continued its major capital works program spending more than \$450 million in the year.

2

RECORD THROUGHPUT AT ABBOT POINT COAL TERMINAL (APCT)

This year marked the 25th year since the APCT facilities have been in operation and a record total throughput of more than 14 million tonnes of coal was achieved.

3

ADVANCED CONSTRUCTION WORKS ON X25 AND X50 EXPANSION PROJECTS AT APCT

PCQ substantially completed the X25 expansion increasing capacity to 25 million tonnes per annum (Mtpa) and all major contracts have been awarded and commenced onsite for the X50 expansion, which will see capacity increase to 50 Mtpa. These combined projects represent the largest Government Owned Corporation project in Queensland's history.

4

COMPLETED CONSTRUCTION OF MERINDA ACCOMMODATION VILLAGE

To accommodate workers on the Abbot Point expansions, an accommodation village was constructed to house up to 500 people. The village's sewerage treatment plant will be transferred to Whitsunday Regional Council when the expansions are complete, providing infrastructure to foster growth opportunities for the region.

5

IMPROVED OUR PEOPLE PERFORMANCE

We established new internal tools and personal development plans to encourage ongoing learning, development and personal growth.

6

DELIVERED A HIGH QUALITY STANDARD OF ENVIRONMENTAL MANAGEMENT

As part of our drive to reduce greenhouse gas emissions, we offset our air travel emissions through a certified Australian Greenhouse Friendly Carbon Provider. We also developed and implemented a new corporate wide Energy Management and Carbon Reduction Plan.

7

QUEENSLAND GOVERNMENT REVIEW OF QUEENSLAND PORT NETWORK MANAGEMENT STRUCTURE

PCQ prepared and implemented a strategic transition plan for the nine ports that have comprised PCQ for many years. Working closely with Cairns Ports Limited and the Port of Townsville Limited, the ports at Lucinda, Mourilyan, Cape Flattery, Skardon River, Karumba, Quintell Beach, Thursday Island, Cooktown and Burketown will transfer to their respective port

authorities as of 1 July 2009. PCQ also undertook the strategic amalgamation of the remaining PCQ ports of Hay Point, Abbot Point, Weipa and Maryborough with the Port of Mackay in preparation to become North Queensland Bulk Ports Corporation Limited.



PERFORMANCE OVERVIEW 2008–2009



PCQ has achieved a 25% increase in revenue over the previous year to \$120 million, reflecting market reviews of pricing as well as record tonnages of coal shipped at the growing APCT.

The Port of Abbot Point achieved a record total throughput this year of more than 14 million tonnes and tonnages are expected to grow as the terminal expansion works continue. PCQ's capital expansion program, with expenditure of \$450 million in 2008–2009, includes the Abbot Point X50 expansion targeted for completion progressively during 2010 and 2011, which will bring terminal capacity to 50 Mtpa.

An additional \$50 million in shares were issued in 2008–2009 as part of the agreed equity funding of the Abbot Point expansion by the Queensland Government, and an additional \$346 million in debt funding was drawn down in the year.



FINANCIAL PERFORMANCE

FINANCIAL SUMMARY	2008–2009 \$ MILLION	2007–2008 \$ MILLION	2006–2007 \$ MILLION	2005–2006 \$ MILLION	2004–2005 \$ MILLION
Revenue & Income	120.029	96.061	65.112	55.649	41.288
Expenses	97.986	70.646	49.395	34.615	30.47
Profit before income tax equivalent expense	22.043	25.415	15.717	21.034	10.811
Capital expenditure	450.560	66.008	107.351	56.203	17.613
Total assets	1,084.086	650.312	565.916	277.049	235.413
Total liabilities	681.335	295.771	236.101	94.454	60.779
Net assets	402.751	354.541	329.815	182.595	174.634
Current ratio	0.5	0.6	0.58	0.57	1.69
Debt/Debt plus equity ratio	0.55	0.29	0.25	-	-

PERFORMANCE OVERVIEW 2008–2009 *(continued)*

OPERATIONAL PERFORMANCE

STRATEGIC OBJECTIVE	PERFORMANCE TARGETS	RESULTS
<p>Improve the competitiveness of PCQ ports:</p> <ul style="list-style-type: none"> • Create a market-oriented organisation, empowering customers and improving commercial performance • Ensure port infrastructure provided is appropriate for its purpose and cost-effectively maintained 	<p>Increase efficiency:</p> <ul style="list-style-type: none"> • Analyse the efficiency of individual facilities • Ensure terminals are operated to provide high productivity and utilisation of invested capital • Determine appropriate standards of facilities • Seek to reduce the cost and increase the effectiveness and efficiency of other service providers within ports, such as pilotage and towage • Further implement dynamic under keel clearance (DUKC®) system in PCQ ports and other innovations to enhance cargo movements • Continue development of benchmarking • Install low cost port capacity • Benchmark comparative development costs for similar infrastructure • Assess cost on a whole of life basis balancing capital costs with ongoing maintenance and operational costs • Participate in the Goonyella Coal Chain eg: Dalrymple Bay Coal Chain Leadership Team 	<ul style="list-style-type: none"> • Established a monthly performance review of APCT • Implemented a monitoring program of wharf usage at each of its ports and including regular liaison with terminal operators • In conjunction with operators, established specific standards for new infrastructure at the ports • Revised future towage requirements for Abbot Point • Installed a DUKC® system at Weipa allowing vessels to utilise increased depths • Developed multi-user terminal regulations for Abbot Point • Current APCT expansions are very cost effective compared to recently constructed coal port infrastructure • Undertook comparative cost analysis of similar infrastructure proposed or constructed • Developed a five year capital works plan by Abbot Point Bulk Coal (APBC) and reviewed useful life span of stacker reclaimers • Represented and participated in forums relating to the Dalrymple Bay Coal Chain Co-ordinating Committee
	<p>Trade maximisation:</p> <ul style="list-style-type: none"> • Seek diversified trades • Expand existing trades • Improve marketing processes 	<ul style="list-style-type: none"> • Managed relationships with QR Limited seeking to coordinate the Goonyella to Abbot Point (GAP) Expansion Project with X50 expansion • Maximised coal shipments through APCT by: <ul style="list-style-type: none"> – minimising disruptions from expansion activities – enabling coal from the Goonyella system to export via Abbot Point as short-term capacity became available
	<p>Consistent and commercial pricing:</p> <ul style="list-style-type: none"> • Refine asset valuation strategies • Review risk parameters including level and quality of contracting entities and/or guarantors • Understand value to customer and shareholder return expectations • Seek long-term commercial underwriting eg: 15 years for major infrastructure 	<ul style="list-style-type: none"> • Revised standards of Abbot Point access arrangements provided to access seekers • Established consistent method of target pricing across all ports for existing trades • Investigated alternative contracting arrangements for expansions to reflect market conditions • Determined shareholder return expectations as part of major investment proposals
	<p>Maintain condition of facilities:</p> <ul style="list-style-type: none"> • Develop and implement long-term maintenance programs including maintenance inspections 	<ul style="list-style-type: none"> • PCQ has a long-term condition assessment program for major facilities and an assessment of maintenance programs for operators of our facilities • Completed a contract for major maintenance on the existing APCT stacker reclaimers

Each year, PCQ outlines the scope of our strategies, objectives and actions in our Statement of Corporate Intent (SCI). As a Queensland Company Government Owned Corporation, this document is part of our performance agreement with our Shareholding Ministers. Our performance against the 2008–2009 SCI is summarised below.

STRATEGIC OBJECTIVE	PERFORMANCE TARGETS	RESULTS
Define facilities and services that may be required in the future to ensure the appropriate responses may be made to future opportunities	Prepare for users' development activity:	<ul style="list-style-type: none"> • Concept plan completed for Multi Cargo Facility (MCF) at Abbot Point. MCF Environmental Impact Study (EIS) being prepared • Navigation simulation of MCF undertaken • Completed APCT Masterplan 2008 • Works progressed on APCT X25 and X50 expansion • Held discussions with key stakeholders and a number of potential customers regarding port development opportunities arising from the Townsville–Bowen–Mt Isa Northern Economic Triangle and MCF • Commenced master planning for the Port of Hay Point • Prepared a concept design for expansion of the Tug Harbour at Hay Point
	Secure appropriate assets and necessary approvals to allow planned development:	<ul style="list-style-type: none"> • Acquire necessary land holdings in a recognised and secure tenure and have them defined as strategic port land • Seek necessary planning and environmental approvals • Carry out preliminary geotechnical, hydrographic and environmental surveys • Conduct cultural heritage assessments of PCQ land • Facilitated expansions of Dalrymple Bay Coal Terminal (DBCT) by providing access to port land for car parking, laydown areas and relocation of excess material • Obtained additional environmental and planning approvals for the APCT X50 expansion activities • Completed cultural heritage assessments of PCQ land as required for construction projects • Completed baseline environmental surveys for the Abbot Point MCF • Draft EIS for the APCT X110 project nearing completion
	Develop port infrastructure and services to meet market demands:	<ul style="list-style-type: none"> • construct facilities and associated port infrastructure to meet demand subject to commercial returns • ensure provision of services required to operate the port • Continued construction of APCT X25 and X50 expansions • Constructed Helicopter storage hangar for pilot transfer service at Hay Point • Upgraded Hay Point quarantine waste service with expanded building and new autoclave
Complete the major capital works program on time and within budget	<ul style="list-style-type: none"> • APCT X50 Expansion 	<ul style="list-style-type: none"> • Awarded all major contracts for X50 expansion
Attracting new business	<ul style="list-style-type: none"> • Finalise environmental approvals for X110 Expansion of APCT • Continue environmental and planning studies for the future development of Dudgeon Point 	<ul style="list-style-type: none"> • EIS for X110 expansion 90% complete at 30 June 2009 • Commenced community consultation on possible Dudgeon Point development and commissioned dust modelling of a coal terminal

PERFORMANCE OVERVIEW 2008–2009 *(continued)*

FINANCIAL PERFORMANCE

STRATEGIC OBJECTIVE	PERFORMANCE TARGETS	RESULTS
Provide financial and administration systems and services that meet intended outcomes and compliance requirements and identify opportunities for improvement	<ul style="list-style-type: none"> Meet or exceed 2008–2009 before tax profit target 	<ul style="list-style-type: none"> Overall profitability before tax decreased by 13 per cent over the prior year's result (refer to financial report on page 69) Before tax profit of \$22 million achieved <p>Results are due largely to record cargo tonnage shipped at Abbot Point, as well as market reviews of pricing.</p> <p>Financing costs for capital expenditure program have impacted profit.</p>
	<ul style="list-style-type: none"> Establish and maintain efficient and effective financial information systems 	<ul style="list-style-type: none"> Continued financial reporting compliance and strengthening of financial systems Systems reviewed for integration with Mackay Ports Limited
	<ul style="list-style-type: none"> Provide useful and timely financial performance information 	<ul style="list-style-type: none"> Continued administrative service improvements for internal and external customers Continuous improvement of budget and forward planning process External reporting deadlines consistently met
	<ul style="list-style-type: none"> Maintain an investment grade credit rating 	<ul style="list-style-type: none"> External credit rating of BBB+ at 30 June 2008
	<ul style="list-style-type: none"> Ensure appropriate financial policies and procedures established and maintained 	<ul style="list-style-type: none"> Review of policies continued to ensure compliance with legislative and other requirements. Ensured appropriate standards were maintained and efficient and effective internal controls and procedures promoted
	<ul style="list-style-type: none"> Ensure financial and capital/debt structure is appropriate and strategies in place to meet long-run rate of return targets 	<ul style="list-style-type: none"> Debt/equity structure for APCT X50 expansion approved by Shareholding Ministers and continually monitored by Queensland Treasury Corporation (QTC)
	<ul style="list-style-type: none"> Manage insurance program 	<ul style="list-style-type: none"> Insurable risks review was completed and the 2009–2010 insurance program will be integrated with Mackay Ports Limited

ENVIRONMENTAL PERFORMANCE

STRATEGIC OBJECTIVE	PERFORMANCE TARGETS	RESULTS
Ensure sustainable operation and development through a structured and cost-effective environmental management, monitoring and improvement program, which reflects PCQ's strong commitment to best practice, effective community consultation and environmental protection	Minimise the impact of port operations and development on the natural and social environment:	<ul style="list-style-type: none"> Continued baseline environmental monitoring for seagrass, coral, whales, turtles, dugongs and water quality at Abbot Point Implemented a number of new greenhouse gas reduction initiatives Environmental papers delivered at two conferences Published final Cape Flattery EMP Draft Weipa EMP issued for public comment Carried out long-term seagrass monitoring in Weipa, Karumba, Mourilyan and Thursday Island Cultural heritage surveys and monitoring at Abbot Point Vegetation survey on Horn Island Approved 28 project EMPs Progressed preparation of a draft EIS for X110 Expansion of APCT Commenced preparation of an EIS for Abbot Point MCF Carried out 43 environmental audits of projects and workplaces Extensive revegetated areas at Hay Point maintained with an ongoing weed control program Developed a new Energy Management and Carbon Reduction Plan All flights were carbon neutral Met greenhouse gas reduction targets Attended Queensland Carbon Forum
	<ul style="list-style-type: none"> Maintain environmental management programs recognised as comparable with the world's best in the port industry Continue to update environmental management plans (EMP) for ports as part of a progressive seven year program Monitor environmental resources and values within ports Manage potential impacts of port developments through preparation of project EMPs or Environmental Impact Statements (EIS) Continue improvement in the port environment through rehabilitation and revegetation programs Manage and reduce greenhouse gas emissions to comply with government reduction targets 	
	<ul style="list-style-type: none"> Maintain an effective Environmental Management System (EMS) 	<ul style="list-style-type: none"> Maintained EMS certification to AS/NZS ISO14001:2004 Provided staff effective training on the EMS and environmental responsibilities
	<ul style="list-style-type: none"> Maintain effective emergency response plans 	<ul style="list-style-type: none"> Maintained emergency response plans at all ports Oil spill exercise held in Lucinda Held desktop security exercises in the ports and a major field exercise in Hay Point
	<ul style="list-style-type: none"> Obtain any required environmental and planning approvals required for new PCQ port projects 	<ul style="list-style-type: none"> Approvals obtained for: <ul style="list-style-type: none"> Dredging of Abbot Point Service Jetty Vegetation clearing at Abbot Point
	<ul style="list-style-type: none"> 100% compliance with environmental obligations 	<ul style="list-style-type: none"> 96% compliance achieved (four incidents)

PERFORMANCE OVERVIEW 2008–2009 *(continued)*

CORPORATE GOVERNANCE PERFORMANCE

STRATEGIC OBJECTIVE	PERFORMANCE TARGETS	RESULTS
Develop an effective risk and corporate governance framework to support PCQ in achieving its key business objectives	<ul style="list-style-type: none"> Provide a sound risk management framework that assesses and manages the risks of PCQ via an integrated approach 	<ul style="list-style-type: none"> Reviewed the Risk Register to capture updated risk issues, including project specific risks Regular reporting of key risks to the Board
	<ul style="list-style-type: none"> Maintain an appropriate corporate governance framework, including a legal compliance system, to promote good governance and legal compliance 	<ul style="list-style-type: none"> Improved awareness within PCQ of key governance processes in a comprehensive training program Commissioned an external review of key legislation impacting on PCQ's business and put an action plan in place to address requirements
	<ul style="list-style-type: none"> Maintain a set of policies to reinforce ethical business practice 	<ul style="list-style-type: none"> Maintained policies relating to code of conduct and trading in securities Provided training to PCQ personnel on conflict and ethical issues
	<ul style="list-style-type: none"> Maintain a process for performance evaluation of the Board and senior management 	<ul style="list-style-type: none"> Implemented a variety of key governance recommendations arising out of an independent evaluation of Board performance Maintained a performance-based system for senior management, linking performance payments to organisational and individual targets
	<ul style="list-style-type: none"> Maintain a communication strategy to promote effective communication with Shareholding Ministers 	<ul style="list-style-type: none"> Maintained regular reporting to Shareholding Ministers and their representatives via formal and informal reporting processes Provided regular updates to Shareholding Ministers on key projects for PCQ

CORPORATE RELATIONS PERFORMANCE

STRATEGIC OBJECTIVE	PERFORMANCE TARGETS	RESULTS
Deliver service excellence by improving our relationships with customers, shareholders and the communities in which we operate	<ul style="list-style-type: none"> Keep our stakeholders informed and ensure that we enhance relationships 	<ul style="list-style-type: none"> Implemented strategic communication campaign to ensure smooth transition of ports to other authorities as well as the business merger with Mackay Ports Limited Delivered regular communications updates to different stakeholder groups Crisis communications during the shiploader derailment at Abbot Point, the impact of the downturn in coal demand and the delay of the construction of the GAP Expansion Project Managed and updated website to ensure accurate information and user friendliness Assisted and participated in a ministerial visit and tour of Abbot Point and Hay Point
	<ul style="list-style-type: none"> Manage PCQ's media relations 	<ul style="list-style-type: none"> PCQ was published 199 times as a result of media relations effort CEO Brad Fish undertook eight media interviews and was featured in the national "Mining Review" Carried out regular briefings with key journalists and kept the media well informed on major issues
	<ul style="list-style-type: none"> Foster excellent relationships with the local community and provide updates on the expansion project 	<ul style="list-style-type: none"> Hosted a dedicated Indigenous Employment Co-ordinator at Bowen/Abbot Point Established an Indigenous Apprentice scholarship and program for two participants in Bowen Undertook comprehensive community consultation for Statement of Proposals to prepare for Land Use Plan at Hay Point \$51,000 invested in Port Communities Program Launched a formal community relations program in Hay Point Implemented communications strategies for Bowen stakeholders

WHO WE ARE



With a total asset base of \$1.035 billion and 63 employees, we are one of Australia's leading port authorities, which manages port facilities and infrastructure at 10 locations across Queensland, ranging from the Port of Hay Point, which is one of the world's largest coal ports located just south of Mackay, to the Port of Karumba in the south-east corner of the Gulf of Carpentaria.

We act as the port authority for eight trading ports, two community ports as well as three non-trading ports, which are retained by the State Government for strategic purposes.

PCQ's eight trading ports handle bulk export commodities including coal, bauxite, lead, zinc, silica sand, sugar, general cargo and fuel.

More than half of Queensland's exports (by tonnage) pass through PCQ ports.

Our core business includes the delivery of:

- Strategic port planning
- Port infrastructure development
- Business development
- Port management
- Environmental management
- Port security and safety
- Port efficiency.

PCQ has both one and five-year plans in place, which provide us with the focus and direction in order for the business to achieve the vision and continuously improve our financial performance.

OUR VALUES



OUR HERITAGE

PCQ was constituted in 1993 by an order of the Governor-in-Council under the *Harbours Act 1955*.

On 1 July 1993, we assumed the control and management of the ports in Queensland, previously managed by the Harbours Corporation of Queensland.

We became a Statutory Government Owned Corporation on 1 July 1994, under the *Government Owned Corporations Act 1993 (GOC Act)* and a port authority under the *Transport Infrastructure Act 1994*.

On 1 July 2007, we changed our status from a statutory Government Owned Corporation to a Company Government Owned Corporation. We are now incorporated under the *Corporations Act 2001 (Corporations Act)* and remain subject to the *GOC Act*.

We have two Shareholding Ministers—the Treasurer and Minister for Employment and Economic Development and the Minister for Transport.

PCQ is:

COMMITTED TO CONTINUOUS IMPROVEMENT

We will improve on all aspects of our work through knowledge sharing, learning and innovation.

CUSTOMER FOCUSED

We will deliver world class service to all internal and external customers and act in a professional and astute manner at all times. We are inspired to deliver customer service excellence.

ENVIRONMENTALLY RESPONSIBLE

We will maintain the environmental integrity of the ports that we manage to ensure that we meet stakeholder expectations.

SUPPORTIVE OF OUR EMPLOYEES

We provide first class training opportunities for our people who we realise are central to our performance. We train, inspire, motivate and engage with our people to ensure they have the skills and desire to achieve our vision.

GOVERNANCE FOCUSED

We are focused on achieving our vision and strategy in developing our port facilities, while ensuring that we comply with relevant legal and contractual obligations.

COMMERCIALY INTELLIGENT

We operate on a 'value added' ethos to ensure that we optimise stakeholder returns and effectively manage any business risks.

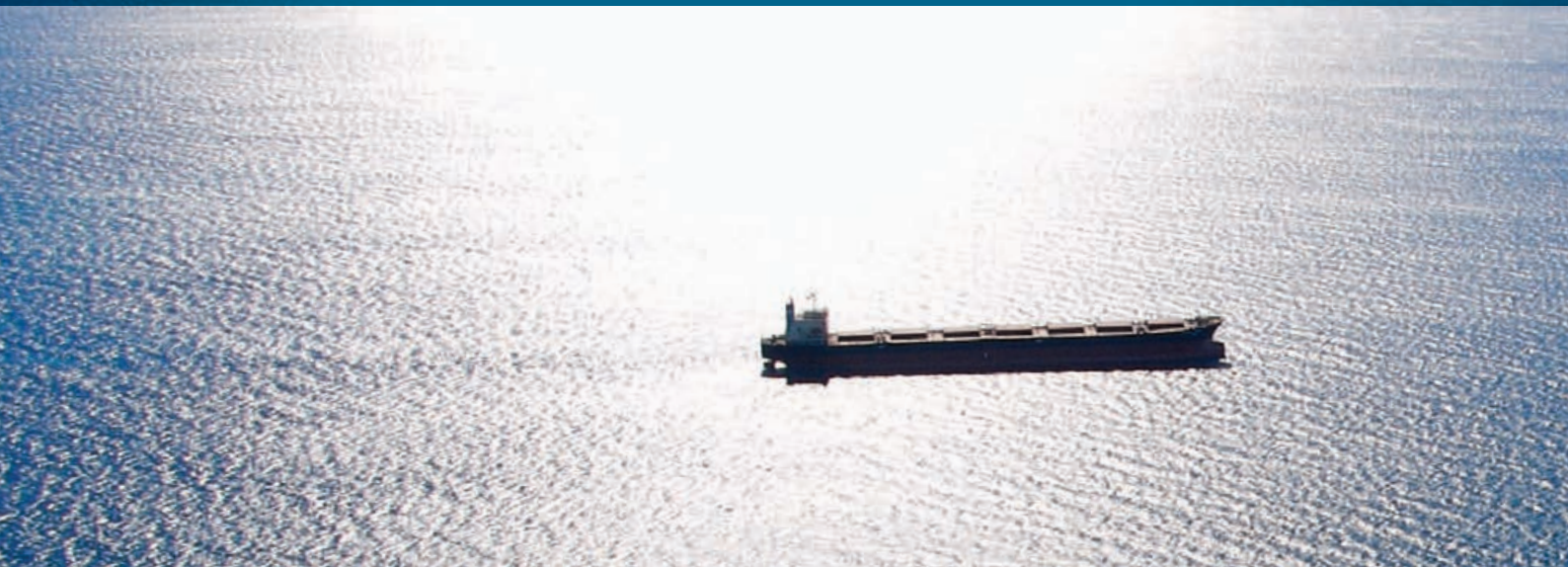
ALERT TO SAFETY AND SECURITY RISKS

We implement a rigorous safety and security program in all of the ports which we manage to ensure the safety and security of our employees and partners.

A RESPONSIBLE CORPORATE CITIZEN

We will give back to the communities in which we work in to achieve a mutual benefit to both the local communities as well as PCQ.

CHAIRMAN'S MESSAGE



Ports Corporation of Queensland Limited (PCQ) has experienced a period of major change and development throughout the year as a result of a Queensland Government Review of the Queensland Port Network Management Structure. The outcomes included the divestment of certain ports under the management of PCQ, with the remaining ports to merge with Mackay Ports Limited.



EMBRACING THE CHALLENGE

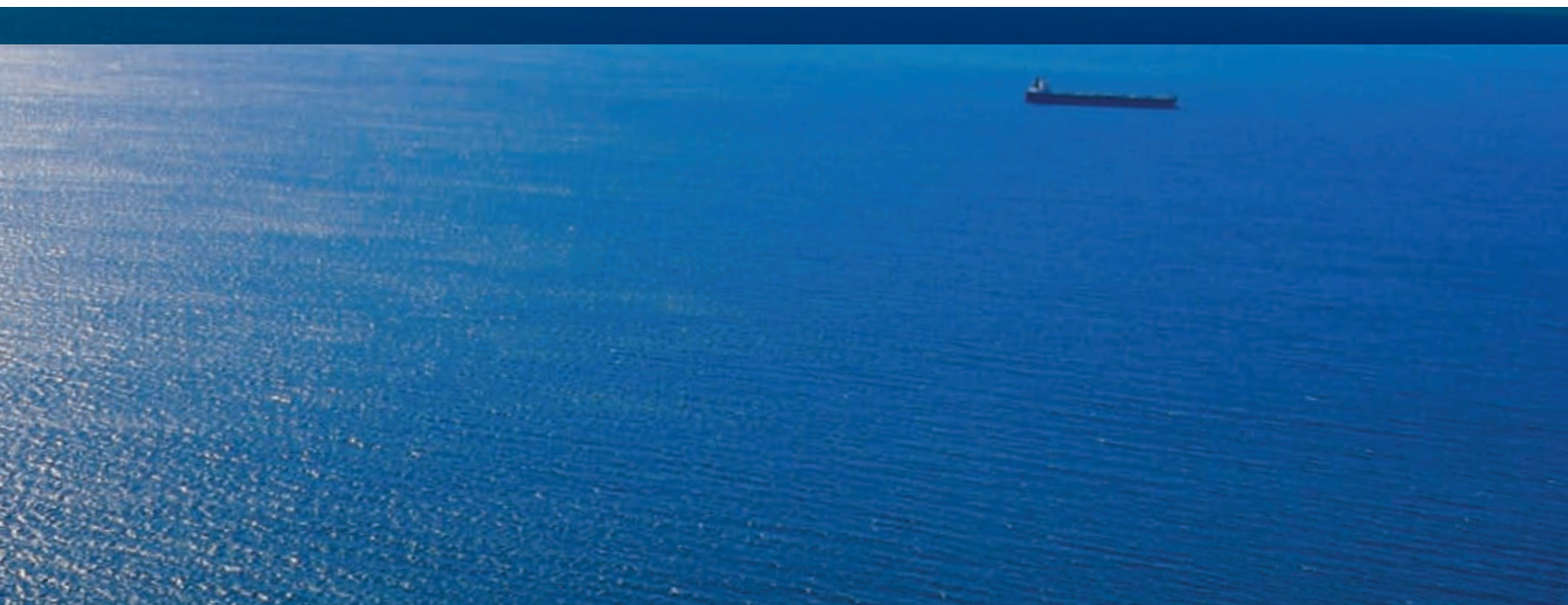
Our senior management team and staff have done a tremendous job in rising to the challenge of transferring information for nine of our ports while preparing for a merge with Mackay Ports Limited. On 1 July 2009, the ports of Hay Point, Abbot Point, Weipa and Maryborough merged with Mackay to become part of the new port authority, North Queensland Bulk Ports Corporation Limited (NQBP).

The merging of these ports will allow us to focus on the core business of bulk commodities, bringing more opportunity for Queensland's export and trade. It will also present some fantastic development opportunities for our people, as they will get the chance to expand their skills while working on a range of new projects.

FINANCIAL PERFORMANCE

PCQ's asset base is in excess of \$1 billion at the close of the year and continuing to grow, with the Abbot Point X50 expansion expected to be completed progressively during 2010 and 2011. Revenues are expected to also continue to improve as the additional capacity being created at the terminal is utilised by both existing and new coal mine customers. PCQ is pleased to assist in facilitating the economic growth of Queensland in this major project, which is now also part of the government's significant asset sale program.

Work was completed during the year to divest several of PCQ's smaller ports to Cairns Ports Limited (to form the new Far North Queensland Ports Corporation Limited) and the Port of Townsville Limited. Some \$36 million in net assets were transferred at 1 July 2009, as a result of an extensive process to transfer knowledge and responsibility for these ports to the named port authorities as part of the Queensland Port Network Management Structure process.



ABBOT POINT CHARGES AHEAD

Despite the global economic crisis, PCQ has stayed on track delivering the Abbot Point expansion projects. This expansion which will increase capacity to 50 Mtpa (X50) is the largest Government Owned Corporation port project in Queensland's history and apart from the DBCT expansion it is the largest single port expansion in Queensland.

In spite of the Goonyella to Abbot Point (GAP) Expansion Project rail link being deferred, we were confident that long-term demand would remain strong and with this confidence, proved our commitment to the industry by continuing expansion works.

We are well placed to meet the demand from Goonyella and Newlands based customers when the construction of the GAP Expansion Project begins as per customer demand. There are abundant opportunities in the Bowen Basin to further develop coal as the biggest export commodity in Queensland and we will be there to meet these opportunities.

This year, PCQ celebrates 25 years of coal shipments since the Abbot Point facilities have been in operation. We are pleased to be providing infrastructure to meet the needs of the supply chain and continue to provide economic benefits to the State from operations at the port.

Being at the forefront of infrastructure development, we have proven superior project management skills delivering world class infrastructure allowing Queensland to respond to the high demand for exports. We have a forward thinking approach to our business to ensure that our operations are sustainable and suitable for the long-term growth of the State. We empower port customers in their competitive markets by developing and maintaining reliable, appropriate, secure port facilities and infrastructure, organisation resources and technology, while minimising environmental impacts.

OUR CUSTOMERS

To achieve our vision, focus has been to respond to our customers needs through the delivery of exceptional infrastructure and port operations enhancing their business.

Although customer demands are changing, I am confident that the infrastructure developments will be required and PCQ remains committed to delivering our projects on time. Like the rest of the world, we are keeping a close eye on the market and working closely with our customers.

MY THANKS

I congratulate my fellow Directors, management and staff on a challenging but successful year. It has been a privilege and a pleasure to be part of a dedicated and professional team working towards investing in infrastructure and building relationships with our customers and stakeholders.

PCQ's Board of Directors plays an integral role in planning for the future of the ports that we manage. In consultation with the community, government and industry, we take a proactive approach to planning for the future, setting the vision and strategy for PCQ on both a short and long-term basis. My special thanks go to Jim Petrich, Di Zetlin and Bernadette Inglis, who have left our Board in June. They each made a valuable contribution to our activities and to the growth of the business during their time at PCQ.

Our focus remains on the future, to ensure that development is in line with predicted growth and we will continue to deliver performance while providing opportunity for Queensland.

Leonie Taylor
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

This past year has brought many challenges to the business of PCQ. We have implemented the recommendations of the Review of Queensland Port Network Management Structure, and felt the impacts of severe weather events and the Global Economic Crisis.

Through all of this we remained focused on our customers, delivering new expansion infrastructure and maintaining existing infrastructure.

We held true to our vision to be Australia's port authority of choice by delivering sustainable infrastructure solutions and world-class customer service.

GROWING OUR DELIVERY CAPABILITY

While the global financial crisis and the impact on the Pacific Rim created a high-level of uncertainty, we have remained cautiously confident that the long-term demand for coal remains strong. We spent time with our customers understanding their needs and the concerns about market recovery and we decided to fulfil our commitment by continuing on with our X50 expansion project at Abbot Point. We are on target to deliver the expansion by 2011 in preparation for future demand.

The global financial crisis was not the only challenge we faced at Abbot Point. Unpredictable severe weather caused a shiploader to derail at the terminal. Following this, Cyclone Ellie dumped record rainfall at the port causing flooding to coal stockpiles as well as delays in operations. Working together with customers and contractors we were able to reschedule operations to ensure maximum throughput and minimal disruption to services.

While the community of Bowen has been very supportive of PCQ's expansion works in the region we are conscious of our impact on the communities in which we operate. To ensure that the current housing and tourism communities were not adversely impacted by the increased labour force, we constructed a purpose built accommodation village in Merinda. PCQ also built a sewerage treatment plant for the Merinda community which will support future growth of the Merinda community.

In the past year we substantially completed the X25 expansion and all major contracts have been awarded and commenced onsite for the X50 expansion. Wherever possible, PCQ is seeking to source components for the expansion from within Queensland or Australia. As a result, significant steel fabrication is being undertaken at Mackay and Townsville.

We completed a feasibility study into the creation of a sheltered, multi-user, multi-purpose harbour at Abbot Point. The study for the development of the Multi Cargo Facility (MCF) has identified the location, design basis, dredge possibilities and staging aspects of the project. In addition, works are well underway to gain environmental approvals. This project would provide Queensland with a port to service a major new industrial growth centre, without which future opportunities may be limited or not possible.

In spite of the decrease in demand during the year, PCQ has remained focused to complete preliminary designs for the X80 and X110 expansion of APCT. When demand increases, expansions to X110 could enable exports valued in excess of \$6 billion per annum, bringing major benefits to the State including increased employment, royalties and regional development, while also providing increased capacity to ease port congestion in the future.



We also carried out Navigation Simulation of the X80, X110 Offshore facility and the MCF and have completed geotechnical investigations and surveys of land and sea areas. In addition, we have engaged a company to simulate the APCT which will determine capacity for various operating conditions and assist in optimising terminal planning and operations.

QUEENSLAND PORT NETWORK STRUCTURE REVIEW

The greatest impact on PCQ business going forward comes as a result of the Queensland Government's review of the Queensland Port Network Structure. The changes saw us preparing for the divestment of nine ports and merging with Mackay Ports Limited to become North Queensland Bulk Ports Corporation Limited (NQB).

The divestment process has been demanding as we hand over ports and staff who have been with us for up to 20 years but times are exciting and full of opportunity as we merge with Mackay Ports Limited.

From 1 July 2009 we will have a new focus that will allow us to concentrate on the development and growth of significant export and trade opportunities that surround the Mackay area. Our most northerly port at Weipa has great potential for future growth servicing one of the world's biggest bauxite deposits with prospects for a good deal of development in the area.

Throughout the year, Dudgeon Point was identified as an area for future industrial development in the Whitsunday Hinterland and Mackay (WHAM) Regional Development and Planning Framework. Based on interest by coal companies in the area, Dudgeon Point has potential to arise as a vital growth area for Queensland. It is part of PCQ's strategic vision for infrastructure development at Dudgeon Point which would increase Queensland's exports, bringing major employment benefits to the State, while also providing increased capacity to ease port congestion in the future.

SUPPORTING OUR COMMUNITIES

Our Port Communities Program has had another successful year where we have been able to give back to the communities in which we work to achieve a mutual benefit to both the local communities as well as PCQ. In the past year, we have provided support to a number of schools in our port communities by providing essential equipment and learning resources and we supported the Queens Beach Action Group to assist with the foreshore rehabilitation in Bowen.

Encouraging employment opportunities as part of the expansion project at Abbot Point has been a key focus. Working with local community groups, PCQ became the hosting body for an Indigenous Employment Co-ordinator dedicated to seeking opportunity in the construction industry for training and employment of indigenous Australians.

ENVIRONMENTAL MANAGEMENT

PCQ is committed to sustainable development and operation of our ports and has had another successful year in delivering the highest standard of environmental management. As part of our drive to reduce greenhouse gas emissions, we have offset our air travel emissions through a certified Australian Greenhouse Friendly carbon provider.

A new corporate wide Energy Management and Carbon Reduction Plan has been developed and implemented, which includes initiatives such as our choice of hire vehicles and the way we build our future offices to a minimum of 4 Green Star standard. We are looking next year to partner with other organisations to have a bigger impact on weed eradication and to take part in other environmental initiatives.

We are proud of our environmental performance in meeting PCQ's targets. We have expanded our environmental team by appointing a dedicated Site Environmental Coordinator for our expansion projects at Abbot Point.

DELIVERING INTO THE FUTURE

All the changes and challenges of the past year indicate a future full of opportunity for PCQ as it becomes NQB. A focus on infrastructure delivery supporting bulk commodities will enhance the economy and wealth of Queensland. All of NQB's ports offer exciting prospects and are well positioned for growth.

While we play a key role in exporting one of Queensland's most important assets, we acknowledge the largest asset of PCQ. Our people. The commitment of all PCQ employees has clearly contributed to our success as a business. I am proud to be leading such a reliable and vibrant team throughout this process of change and future opportunity.



Brad Fish
Chief Executive Officer

BOARD OF DIRECTORS



LEONIE TAYLOR

Chairman

BBus, FCA, CFP, FAICD, FTIA

(First Appointed 1 July 1994. Term of office – to 30 September 2012)

(Appointed as Chairman of the Board on 1 July 1999)

Member Audit and Financial Risk Management Committee

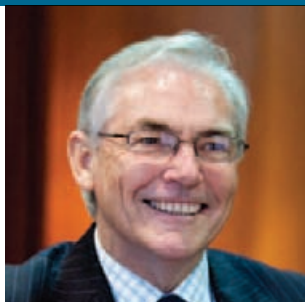
Member Corporate Governance and Planning Committee

Member Human Resources and Industrial Relations Committee

Leonie Taylor has been Chairman of PCQ since 1 July 1999, and has been a Director of the Board since PCQ's inception as a Government Owned Corporation on 1 July 1994.

The Partner-In-Charge of Corporate Governance and Quality Accreditation at leading Brisbane financial and accounting firm Bentleys, Ms Taylor specialises in providing tax and business advice to Queensland businesses. She assists businesses with management and corporate governance issues and is well versed in all facets of financial management and the Australian tax regime.

Ms Taylor is also a Director of Queensland Police Citizens Youth Welfare Association. She holds a Bachelor of Business and is a Fellow of the Institute of Chartered Accountants, The Taxation Institute of Australia and The Institute of Company Directors.



JIM PETRICH AM

Deputy Chairman

FAICD

(First Appointed 1 July 1999. Term of office – to 30 June 2009)

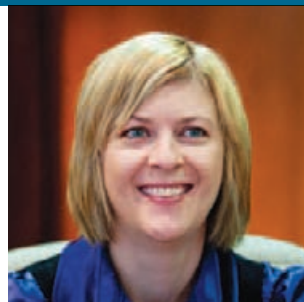
(Appointed as Deputy Chairman of the Board on 1 July 1999)

Chairman Human Resources and Industrial Relations Committee

Jim Petrich holds the position of Deputy Chairman at PCQ. As the Chief Executive Officer of Cape York Peninsula Development Association (CYPDA) from 1996–2005, Mr Petrich has played a key role in economic and community development in Cape York.

Before his appointment to the CYPDA, Mr Petrich was the Executive Director of the Cattleman's Union of Australia. He was also Chair of the Cape York Financial Project Pty Ltd, which is developing community banking for indigenous communities in the region. In 2006, Mr Petrich was appointed Chairman of the Centre for Rural and Remote Mental Health-Queensland. He also serves as an independent trustee on four indigenous trusts in Central Queensland and Cape York, is Chairman of the Palm Island Community Company and was a member of the Land Tribunal of Queensland from 2004 to 2008.

Awarded the Centenary Medal in 2003 for services to the pastoral industry, Mr Petrich was made an officer of the Order of Australia (AM) in the 2005 Queens Birthday Honours in recognition of his services to the rural community, particularly regional and economic development in Cape York Peninsula.



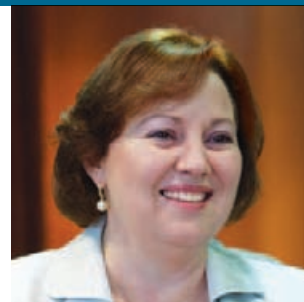
JULIE BIGNELL

BA, Grad. Dip. IR/HRM, GAICD

(First Appointed 1 July 2001. Term of office – to 30 September 2012)

Member Human Resources and Industrial Relations Committee

Julie Bignell is the National Vice President and Secretary of the Central and Southern Queensland Branch of the Australian Services Union. In these roles she has executive responsibility within the union for overseeing the development and implementation of industrial and organising strategies to further the interests of white-collar clerical and administration workers in the State and nationally. Ms Bignell is also an Executive Member of the Queensland Council of Unions and a Director of Workplace Health & Safety Queensland.



BERNADETTE INGLIS

BBus (Mktg), MBA, GAICD

(First Appointed 1 July 2006. Term of office – to 30 June 2009)

Chairman Audit and Financial Risk Management Committee (appointed 1 January 2008)

Member Corporate Governance and Planning Committee

Bernadette Inglis was appointed Group Executive Personal Insurance at Suncorp in August 2008. In this role she leads a team of over 5,000 people across Australia.

Ms Inglis brings over 20 years experience in the financial services sector and joined the Suncorp group in 2003. Prior roles with Suncorp include Group Executive Strategy, People and Corporate Services where her responsibilities spanned People & Culture, Marketing, Group Strategy and Mergers & Acquisitions. Prior to this she held the Group Executive role for Retail Banking and the Wealth Management businesses. Through these roles, plus her directorship of PCQ, Ms Inglis has built a deep executive management expertise and a cross-discipline understanding of the financial service industry and the business.

Prior to joining Suncorp, from 1994 to 2003 Ms Inglis held senior management positions with Commonwealth Bank of Australia. Between 1986 and 1994 she held executive management positions with Advance Bank Australia Limited.

In 2006, Bernadette was awarded the inaugural QBR Queensland Business Woman of the Year.

Throughout the shaping of PCQ, our Board and Executive Management Team continue to lead the development and implementation of our long-term strategic plan.

Further details about our Board can be found in the Corporate Governance section of this report, on page 47.



KASPER KUIPER R.O.N

M. Mariner FG + ext. M,
Grad Dip, OSD

(First Appointed 1 July 2001. Term of
office – to 30 September 2011)

**Member Audit and Financial Risk
Management Committee**



DI ZETLIN

BA (Hons) UQ, GAICD

(First Appointed 1 July 1999. Term of
office – to 30 June 2009)

**Chairman Corporate Governance and
Planning Committee**

ACHIEVEMENTS OF THE BOARD

During the year, the Board focused on:

- further developing the organisation to ensure it remains capable of continued successful delivery of the projects ahead
- implementation of the State Government's Queensland Port Network Structure Review, including the merger of PCQ with Mackay Ports Limited
- ensuring that PCQ's customers and other stakeholders remain its highest priority
- further improving the Corporate Governance standards.

Following studies at the Institute of Dredging in the Netherlands, he diversified into port construction and reclamation. This work involved some of the largest port and underwater constructions in the world—Saudi Arabia, Kuwait, India, Pakistan and The Netherlands.

As technical supervisor and manager for dredging operations he relocated to Brisbane for the construction of the Brisbane International Airport in 1980 to 1983, following which, he worked for the Woodside Project in Cape Lambert and Port Headland, Western Australia.

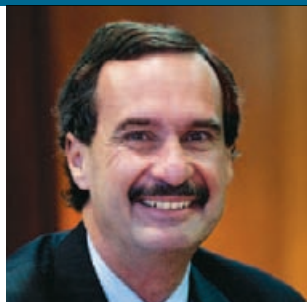
Capt Kuiper is involved in the shipping industry in Queensland and is an active member of the Brisbane branch of the Company of Master Mariners and holds the position of Branch Manager for Queensland. In 1992, Capt Kuiper was appointed Honorary Consul of The Netherlands in Queensland. In recognition of his ongoing work in this role, Capt Kuiper was decorated as a Knight in the Order of Oranje-Nassau by Queen Beatrix of the Netherlands in May 2006.

Captain Kuiper is the Vice President on the Board of the Duyfken Foundation.

Di Zetlin is a Lecturer in the School of Political Science and International Studies at the University of Queensland. Her teaching and research expertise is in conflict resolution and employment matters.

She has served on the Higher Educational Council of the National Board of Employment, Education and Training in the 1990s and was a member of the Women's Employment, Education and Training Advisory Group to the Commonwealth Minister for Employment, Education and Training. She has been General Secretary of the Federated Australian University Staff Associations and President of the National Tertiary Education Union and has been a Senator of the University of Queensland.

EXECUTIVE MANAGEMENT TEAM



BRAD FISH
Chief Executive Officer



TINA MARSH
Executive Co-Ordinator and
Assistant Company Secretary



MARTIN MCADAM
General Manager
Business Development



CARRICK STOKOE
General Manager Abbot
Point Construction



GARY CAMPBELL
Acting General Manager Abbot
Point Port Development



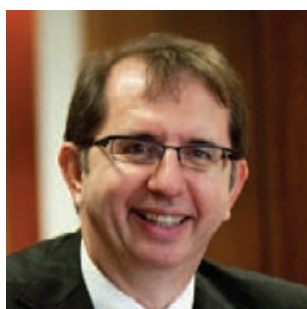
GRAHAM RAWLINGS
General Manager Commercial



MARTIN NORMAN
Commerical Manager Northern



BOB BRUNNER
General Manager Environment
And Risk



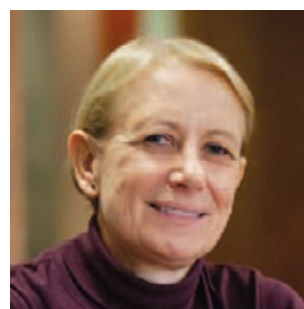
PAUL BLEWONSKI
General Manager
Corporate Strategy



ANN MACKINNON
General Manager Financial



TONY MICALIZZI
Acting General
Manager Engineering



SUSAN CAMPBELL
Company Secretary/
General Counsel



MARY STEELE
Manager Corporate Relations

OUR CUSTOMERS



We understand that our customers play an integral role in our business success. We strive to deliver service excellence to all of our customers and we focus on a value added approach with both new and existing customers.

ADDING VALUE TO CUSTOMERS

We strive to provide low-cost port infrastructure and an efficient operations management service at all of our port locations. We place great value on customer relationships and understand that in a changing marketplace, we need to understand our customers' needs. As part of our customer relationship program, we regularly meet our customers at the ports and at Port Advisory Group meetings to informally discuss port issues and infrastructure improvements.

PCQ continues to pursue more than 20 potential new customers in the marketplace to ensure that we continue to maximise port throughput and therefore port efficiency.

MULTI CARGO HANDLING

Our port facilities export seven major products, which are transported to more than 40 countries. Our major cargos include coal, bauxite, sugar, zinc, lead and silica sand. Over half of Queensland's exports by tonnage pass through PCQ's ports.

Coal is our largest export commodity. Thermal coal is produced to fuel the boilers of power stations in countries such as Taiwan, Korea and India. Coking coal is used in iron production mills in locations including Japan, India, Italy and France.

ENGAGING WITH OUR CUSTOMERS

We strive to engage with our customers on all relevant port-related activities and as such, inject considerable resources into developing proactive communications with our customer base.

We will be improving our customer management framework over the next year to ensure that we develop our relationships with customers and take their feedback on board to improve our service.

ENHANCING OUR CUSTOMERS' KNOWLEDGE

To keep our customers informed with current and future port activities and services, we use a variety of communication channels including:

- Our quarterly newsletter PCQ Portal
- Regular meetings at port locations
- Our PCQ website
- Our Annual Report
- Monthly throughput figures on our website.

Our CEO and management team maintain regular contact with customers by phone, email, face-to-face meetings and port visits. During 2008-2009, our CEO attended a series of presentations to our customers, outlining the activities and future plans for each of our ports.

OUR TRADE



PCQ has three kinds of port facilities within its portfolio: trading ports, community ports and non-trading ports.

TRADING PORT: CAPE FLATTERY



OUR TRADING PORTS

Hay Point, Abbot Point, Weipa, Lucinda, Mourilyan, Cape Flattery, Karumba, Skardon River

Our eight trading ports export bulk commodities, including coal, bauxite, zinc, lead, livestock, sugar, molasses, silica sand, fuel and general cargo. More than 121 million tonnes of cargo was exported from these ports this year.

OUR COMMUNITY PORTS

Thursday Island, Quintell Beach

Our community ports supply neighbouring areas with general cargo and fuel. They are key assets to the communities in which they operate and without them the local community would not have the essential cargo and fuel they need on a day-to-day basis.

OUR NON-TRADING PORTS

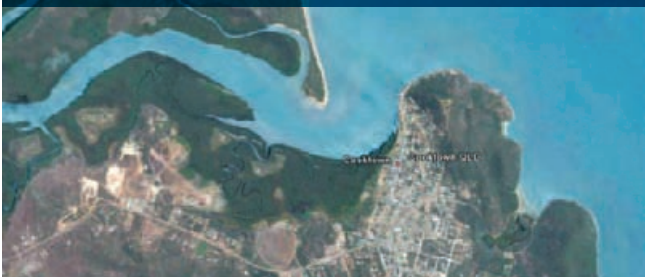
Maryborough, Cooktown, Burketown

These non-trading ports are retained under State Government ownership and managed by PCQ should a commercial or community need arise.

COMMUNITY PORT: THURSDAY ISLAND



NON-TRADING PORT: COOKTOWN



FUTURE OF PCQ PORTS

PCQ has been preparing to merge with Mackay Ports Limited on 1 July 2009 to become North Queensland Ports Corporation Limited (NQBP). NQBP will become the Port Authority for the Ports of Hay Point, Mackay, Abbot Point, Weipa and Maryborough.

Other ports previously under the authority of PCQ will be managed by other Queensland Port Authorities effective 1 July 2009.

Port of Townsville Limited will manage the Port of Lucinda and Cairns Ports Limited (to become Far North Queensland Ports Corporation — FNQPC) will manage the remaining ports including Mourilyan, Cape Flattery, Skardon River, Karumba, Quintell Beach, Thursday Island, Cooktown and Burketown.

OUR PORT INFRASTRUCTURE



As the port authority responsible for developing both the infrastructure and new business at our ports, we commenced the development of operations plans at each of our port locations, aimed at maximising trade and generating income at the ports.

This year's report outlines the key projects and trading figures that we have delivered. While we have focused on generating new business and improving infrastructure at all of our ports, the focus has been on developing Abbot Point, which has become one of the major development sites in Queensland.

LAND USE PLANNING

Land use planning is a requirement of the *Transport Infrastructure Act 1994* (TIA) to facilitate the appropriate and sustainable development of our ports. Land Use Plans regulate port development and provides the following benefits:

- Gives assurances to port users that sufficient area is available for essential port services and infrastructure so that they can develop their businesses;
- Protects areas with special environmental and cultural values;
- Provides certainty to communities in the vicinity of the port regarding the location of future development;
- Fosters the integration of Local, Regional and State planning matters; and
- Incorporates public expectations regarding the sustainability of future development.

This is achieved by allocating strategic port land into designations which reflect its attributes, desired function and PCQ's development intent; and producing guidelines against which development must comply.

This year has seen the significant commencement of Land Use Plans for the Ports of Hay Point and Abbot Point, with the development of Statement of Proposal documents. Additional land and sea areas are being sought to be included as strategic port land as part of this planning process, to allow for future port expansions. Community, government and industry stakeholders have been engaged to provide feedback on these documents with significant response received. Draft Land Use Plans are presently being finalised for these ports for the next round of public consultation.

PORT OF ABBOT POINT



The port is located 25 kilometres north of Bowen and is Australia's most northerly coal port. It currently comprises a rail in-loading facility, coal handling and stockpiling areas and a single trestle jetty and conveyer connecting to an offshore berth and shiploader, all 2.75 kilometres offshore.

Coal is supplied to APCT by rail from the Newlands, Collinsville and Sonoma mines. In addition, small quantities of coal are railed along the North Coast Line from the Goonyella system for export. The terminal is operated by Abbot Point Bulk Coal Pty Ltd.

This year marked the 25th year since APCT facilities have been in operation. It was first opened in 1984 when the terminal had capacity to handle approximately 6.5 Mtpa and has since exported over 200 million tonnes of coal from the Northern Bowen Basin.

The Port of Abbot Point achieved a record total throughput this year of 14,443,487 tonnes.

ABBOT POINT COAL TERMINAL X25 EXPANSION

The approved \$95 million upgrade of the terminal to increase capacity to 25 Mtpa included upgrades to both inloading and outloading systems.

The upgrade of the inloading system included fitting out a second dump station, upgrading drives and machinery in the stockyard to accommodate 6,000 tonnes of coal per hour.

The outloading included increasing offshore shiploader capacity to 7,200 tonnes of coal per hour. The onshore works are expected to be completed in July 2009 and the offshore works are not proceeding at this time, as sufficient outloading capacity to meet current demand will be constructed as part of the X50 expansion.

ABBOT POINT COAL TERMINAL X50 EXPANSION

PCQ is well advanced with further expansions to increase the capacity to 50 Mtpa, which is forecast to be completed progressively through 2010 and 2011. The \$818 million project will see major investment in three new stacker reclaimer machines as well as a new bund, two new stockpile rows and a second offshore wharf and shiploader.

The shiploader, together with the four new stacker reclaimers, are being fabricated in Queensland, generating significant employment for the State.

This expansion secures Queensland as the world's largest exporter of seaborne coal and is critical to the economy and wealth of Queensland.

BEYOND X50

The long-term demand for coal remains strong and the expansion capability of Abbot Point will prepare Queensland to take advantage of the demand and boost the economy.

Throughout the year, PCQ has prepared an impact assessment for expansion at APCT beyond 50 Mtpa to 110 Mtpa and comments on the assessment will be sought in the coming year on its completion. This expansion could enable exports valued in excess of \$6 billion per annum, bringing major benefits to the State, while also providing increased capacity to ease port congestion.

PCQ is working with a range of access seekers to identify the likely demand requirement for additional coal export infrastructure. PCQ has continued to liaise with QR Network regarding the alignment of user demand with the requirement for rail and port capacity.

During 2008–2009, PCQ continued liaising with various mining companies associated with the Galilee coal basin regarding potential exports from this area through the Port of Abbot Point.

The Port of Abbot Point is one of Australia's most significant emerging ports and is going through a major transformation, with the existing coal terminal's capacity set to increase from 21 Mtpa (X21) to 50 Mtpa (X50) by 2011.



MULTI CARGO FACILITY (MCF)

The potential for Abbot Point to become a major new industrial centre was highlighted by the Bowen and Abbot Point Industrial Land Concept Plan and Infrastructure Plan, co-ordinated by the State Government. As part of our long-term planning strategy, PCQ has undertaken development of initial environmental and engineering plans for a man-made protected harbour at the port. The MCF would be able to accommodate a variety of trades such as bauxite, alumina, LNG, coal, iron ore, fuel and general trades associated with future industrial development at Abbot Point.

A concept study for the development of the MCF project was completed early in 2009 which identified that the area would be suitable for a reclaimed offshore sheltered harbour with up to 12 berths. The study identified the general location, design basis, dredge/reclamation possibilities and staging options of the project as well as estimated costs.

Environmental monitoring continued throughout the year to establish a firm basis for the preparation of the environmental assessment of the project and we continued to carry out an extensive program to monitor seagrass, coral, marine mammals and water quality. Work has started to gain environmental approvals for the project and it is planned that approvals will be obtained in the first quarter of 2010.

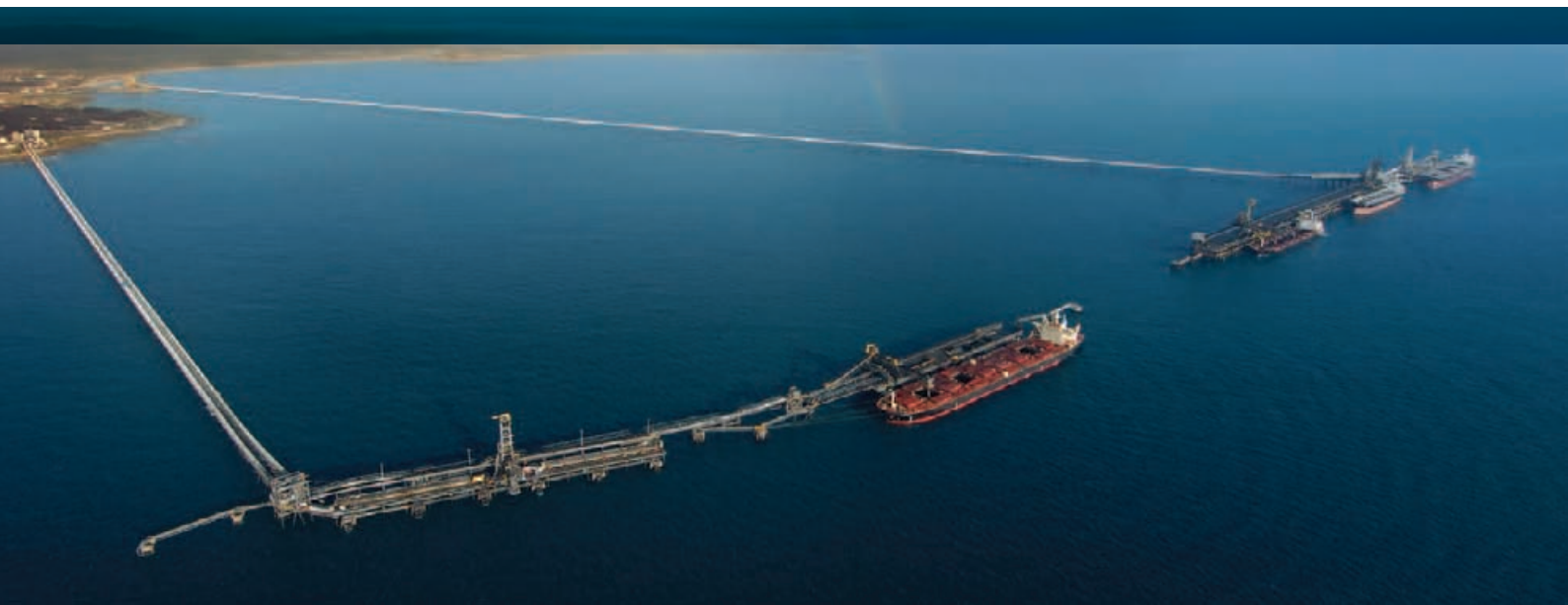
Other work carried out included marine surveys, geotechnical investigations and ship navigation simulation for the MCF. This project would provide Queensland with a new industrial growth centre, without which future opportunities may be limited or not possible.

BOWEN OFFICE TRANSFER

During the year, we transferred our Bowen office and workshop land on the foreshore in Bowen to the Whitsunday Regional Council to enable the foreshore to be redeveloped for community purposes. Whitsunday Regional Council funded PCQ's move to its new location, including the construction of a new workshop and provision of an existing office building.

Development approvals are currently being obtained by the Council for the foreshore redevelopment which will be an exciting project for the local community.

PORT OF HAY POINT



The Port of Hay Point comprises two separate coal export terminals, Dalrymple Bay Coal Terminal (DBCT) leased from the State Government by DBCT Management Pty Ltd and the BHP Billiton Mitsubishi Alliance owned and operated Hay Point Coal Terminal (HPCT), which together service the mines of central Queensland. The mines are linked to the port terminals through an integrated rail-port network.

The total throughput for the port was 82,449,664 tonnes, comprising 47,129,313 tonnes through DBCT and 35,320,351 tonnes through HPCT.

EXPANSION PROJECTS

PCQ is pleased to see the development of the Port of Hay Point, with DBCT Management Pty Ltd expanding the terminal's capacity from 68 Mtpa to 85 Mtpa. The expansion consisted of a third inloading system including rail loop, and dump station; expansion of the stockyard with three additional machinery bunds, two new stockpile rows and four additional stacker reclaimer machines; a third outloading string feeding the three existing berths; a fourth berth; and additional controls to reduce the impact of noise and dust emissions.

Further expansion beyond 85 Mtpa will be determined following further feasibility studies.

HPCT is undertaking feasibility studies for possible further expansions to the terminal raising capacity from 44 Mtpa to 55 Mtpa in the medium-term, and providing for an ultimate capacity of 75 Mtpa. The works, if they proceed, will consist of an additional berth shiploader, jetty with outloading conveyors and an expanded stockyard with associated equipment.

Due to expected increases in shipping through the port, PCQ has been working with terminal operators on a concept design to expand the existing Tug Harbour if needed, potentially providing two extra tug berths and a second tug service berth. A decision on the need for the expansion is expected to be made in the coming year.

HAY POINT DEPARTURE PATH PROJECT

The majority of this project was completed in 2006–2007, which resulted in a channel being created for coal bulk carriers departing Hay Point. A ship manoeuvring apron adjacent to the existing berths and a 9.5 kilometre long shipping channel from this area to open waters was created by removing approximately 8.6 million cubic metres of material. In 2007, the channel was declared to a depth of -14.7m Lowest Astronomical Tide (LAT).

PCQ completed further bed levelling work throughout the year to achieve the target depth of -14.9m LAT and this will now maximise coal export capacity at the Port of Hay Point.

HAY POINT DUST AND NOISE MONITORING

Monthly reports are prepared based on four primary sites located in the surrounding residential areas for continuous dust and noise monitoring and 19 secondary sites for dust deposition. The reports provide the results of real time airborne dust, noise and meteorological conditions. PCQ, together with terminal operators, Hay Point Services Pty Ltd and DBCT Pty Ltd are reviewing the system as part of an ongoing improvement program.

WASTE MANAGEMENT

As part of our service to international shipping partners, we take quarantine waste from ships in the port, sterilise it and send it for disposal to council landfill. To cater for existing and projected growth of ships entering Hay Point, this year, the quarantine waste facility was expanded to include a second autoclave housed in a purpose built facility at an estimated cost of \$1.355 million.

PCQ has been supporting the research and development of new autoclave technology that is now targeting significant reduction in the volume of gas, water and electricity used as part of the treatment processes. Throughout the year, testing of new

Situated about 40 kilometres south of Mackay, the Port of Hay Point is one of the largest coal export ports in the world.



technology has helped to make a safer working environment, which also complies with all climate change goals for emission reduction, reduced energy and water consumption.

DIRECTIONAL WAVE BUOYS

As part of our commitment to improve efficiencies at Hay Point and to further the benefits already gained through the use of the Dynamic Under Keel Clearance (DUKC®) system, we deployed new directional wave buoys. They provide both height and direction data to the DUKC® and berth warning system which is used by the pilots as a scheduling tool. The buoys will assist with arrival and departure information as well as provide data to the Department of Environment and Resource Management (DERM) for scientific purposes.

PCQ first implemented the DUKC® system at Hay Point in 1993, and as a result, the port has achieved significant economic benefits including increased certainty in scheduling of vessels and increased loading capacity. The non-monetary benefits of the DUKC® are also of great value by ensuring that marine service providers have greater certainty as to the conditions under which ships are expected to sail.

LOUISA CREEK LAND PURCHASES

Louisa Creek is a small community on the northwest boundary of DBCT. Due to the community's close proximity to the port, PCQ initiated a property buying program in 1996 which has allowed residents who wished to leave the area to do so, with the knowledge that they had a potential buyer for their properties.

In 2008–2009, PCQ purchased one house at Louisa Creek and intends to continue to make further property acquisitions if they are offered for sale.

PCQ owns 51 houses in Louisa Creek and invested \$174,200 in the maintenance of the properties which support accommodation needs of the local community.

HAY POINT PILOT TRANSFER HELICOPTER

During the year, PCQ constructed a new helicopter hangar and upgraded the existing helipad facility at Hay Point. The major works including the hangar, apron slab and helipad resurfacing were completed in December 2008 with the landscaping and minor cleanup works completed during January 2009.

The upgrade to the helipad facility represents the first major capital expenditure on the helipad facility since its construction in 1985. The hangar will house the pilot transfer helicopter between flights and therefore reduce maintenance on the helicopter and risks associated with the helicopter being stored outside.

DUDGEON POINT DEVELOPMENTS

Dudgeon Point is in the Port of Hay Point, around 5 kilometres north-west of the existing two coal terminals in the port. At present, PCQ holds around 1400 ha at Dudgeon Point principally as freehold land, with a few parcels of leasehold land. Dudgeon Point has been identified as an area for future industrial development.

During the year, PCQ was approached by a number of parties wishing to investigate possible development of a new coal terminal at Dudgeon Point. As a result of this interest, we have commenced some environmental studies of the Dudgeon Point area and consultation with the local communities, which will assist in identifying potential issues for development of a master plan for future development of the area.

Infrastructure development at Dudgeon Point would increase Queensland's exports, bringing major employment benefits to the State, while also providing increased capacity to ease port congestion in the future.

PORT OF WEIPA



The Port of Weipa is located on the north-west coast of Cape York Peninsula. The port facilitates the export of bauxite from the Rio Tinto Aluminium (RTA) mines. RTA also operates the bauxite loading facilities. It has onshore bauxite handling, processing and stockpiling facilities and conveyors running to Lorim Point wharf for shiploading.

There are also general purpose and fuel wharves at Weipa and live cattle can be exported through the port.

The throughput this year was 20,348,567 tonnes of bauxite, 69,271 tonnes of fuel and 39,741 tonnes of general cargo.

DIRECTIONAL WAVE BUOYS

PCQ deployed new directional wave buoys at the port. They provide both height and direction data to the DUKC® and berth warning system which is used by the pilots as a scheduling tool. The buoys will assist with arrival and departure information as well as provide data to the DERM for scientific purposes.

These wave buoys along with the use of DUKC® will enhance the safety and improve the efficiency of shipments at the port, which has tidally restricted sailings. The economic benefit to ports and shippers will be demonstrated through the increase in tidal windows and vessel draft.

MAINTENANCE DREDGING

Maintenance dredging started in July 2008 and was successfully completed in September 2008, with the declared depths in the Inner Harbour achieved and the South Channel insurance profile restored. A total of 780,000m³ of material was removed from the South Channel and Inner Harbour which was then relocated to the Albatross Bay disposal ground, costing approximately \$4.5 million.

This 15 kilometre-long South Channel is subject to ongoing siltation from the natural movement of the seabed material in Albatross Bay. The shipping channel requires annual maintenance dredging to ensure the declared depth is maintained year round.

PORT OF MOURILYAN



The Port of Mourilyan exports raw sugar and molasses from the Innisfail, Babinda, Tully and the Atherton Tableland sugar growing districts.

It comprises onshore sugar and molasses handling and storage facilities and a single sugar loader and associated wharf located within a sheltered natural harbour.

Throughput for the year was 564,239 tonnes of sugar, 80,344 tonnes of molasses and 11,252 head of cattle.

MAINTENANCE WORKS

During the year, we commissioned a major maintenance campaign at an estimated cost of \$700,000. Works included refurbishment of the main wharf fenders, abrasive blasting and painting of eighteen mooring piles, and renovation of the Old Coastguard building. Other maintenance works were completed on the wharf, wharf dolphin, coastguard jetty, PCQ port supervisor's shed, Coastguard building, public toilet block and Customs building.

The works completed will extend the economic life of the assets involved, many of which are used in a commercial capacity which should lead to the generation of increased port revenue over time.

PORT OF LUCINDA



The Port of Lucinda is dedicated to the export of raw sugar from the Ingham sugar growing district.

It comprises onshore sugar handling and storage facilities, barge ramp for general cargo and a single trestle jetty and conveyor running out to an offshore berth and shiploader.

Throughput for the port was 591,500 tonnes of sugar and 7,455 tonnes of general cargo.

PORT OF KARUMBA



The Port of Karumba is located at the mouth of the Norman River in the south-east corner of the Gulf of Carpentaria. The Century Mine started exporting zinc concentrate through the port in December 1999. Zinc slurry is piped 304 kilometres to the port from the mine, dewatered and loaded onto a 5,000 tonne, fully enclosed transfer vessel for the 40 kilometre journey to the export ships that anchor in deep water in the Gulf of Carpentaria, about 24 nautical miles off the coast.

Other facilities in the port provide for general cargo, fuel, fisheries products and the export of live cattle. Karumba also acts as a transshipment port for Mornington Island, other Gulf communities and the Port of Weipa for the majority of the year, with refrigerated semi-trailers bringing goods north to Karumba for transshipment.

Ships through the port carried 941,272 tonnes of zinc, 61,199 tonnes of lead, 14,337 head of cattle and 2,714 tonnes of general cargo.

MAINTENANCE DREDGING

Maintenance dredging was successfully completed in July 2008, with a declared depth of -3.6m Lowest Astronomical Tide (LAT) achieved in the Karumba entrance channel to the Norman River. A total of 466,200m³ of material was removed, costing approximately \$4.8 million.

Heavy flooding during the wet season between December 2008 and April 2009 caused extensive siltation of the entrance channel. Emergency works on the channel are planned for August 2009.

NEW OFFICE AND WORKSHOP FACILITY

Construction of a new office and workshop facility began in March 2009, with completion expected in July 2009. The cost of the project is estimated at \$350,000 and has provided the PCQ's Port Supervisor with an 18m x 16m workshop capable of housing the ports first strike oil spill equipment, work benches and port vehicle and boat.

PORT OF CAPE FLATTERY



The Port of Cape Flattery is situated more than 200 kilometres north of Cairns on the east coast of Cape York Peninsula. It is used for the export of silica sand from the Cape Flattery mine, and is operated by the Cape Flattery Silica Mines Pty Ltd (CFSM). The company is the world's largest producer and exporter of silica sand.

There are onshore silica sand handling and stockpiling facilities and a 500 metre, single trestle jetty and conveyor running from the mine to an offshore berth and shiploader.

There is also a general purpose wharf for the import of fuel and other supplies for the mine and for the mooring of two line boats which assist in ship berthing.

Ships visiting the Port of Cape Flattery exported 1,483,250 tonnes of silica sand.

PORT OF SKARDON RIVER



Skardon River was declared a port in February 2002, with PCQ as the port authority. PCQ's role is to maintain infrastructure to facilitate trade.

Owned by a subsidiary of Minerals Corporation Limited, Skardon River port is located about 100 kilometres north of Weipa. The current owners bought the mine from Australian Kaolin after it went into liquidation and have upgraded and commissioned the plant.

The marine facilities are located upstream on the Skardon River and incorporate a barge ramp.

To date, limited shipments of kaolin have been shipped via the port.

COMMUNITY PORTS



Port of Thursday Island

The Port of Thursday Island is a community port located in a natural harbour in the Torres Strait at the most northern part of Australia. PCQ owns the wharf facilities, which are established on both Thursday Island and Horn Island. The port services the needs of the two islands and also operates as a major transshipment point for the supply of essential cargoes to other islands of the Torres Strait.

The port's strategic location means that a number of government agencies, including Customs and Fisheries patrols, are based there.

Total throughput for the port was 80,552 tonnes of general cargo.

CARGO STORAGE UPGRADE

The existing cargo storage areas on Thursday Island were upgraded to reinforced concrete pavement from the existing gravel pavement. The first stage including the fenced area to the west of the warehouse was completed in October 2008. The final stage which consisted of concreting the car park pavement area to the north of the warehouse was completed in March 2009.

This upgrade from gravel to concrete has significantly increased the amenity of the area and eliminates dust pollution and sediment runoff. The total cost for the project was approximately \$400,000.

Port of Quintell Beach

Quintell Beach is a community port with a barge facility located on the east coast of northern Cape York that services the needs of the Lockhart River community and remote grazing properties.

The Port of Quintell Beach handled 2,449 tonnes of general cargo.

SOCIAL PERFORMANCE SUMMARY

OUR OBJECTIVES	INDICATORS	2008–2009	2007–2008
Our Workforce Profile			
PCQ continues to work towards becoming an employer of choice	Number of employees ¹	63	50
	Employee turnover ¹	12.96%	10%
Valuing Diversity			
PCQ is committed to the principles of Equal Employment Opportunity (EEO) and the values of merit, equity and impartiality in recruitment and selection. We exercise impartiality in all areas of employment	Percentage of women on the Board	66.67%	66.67%
	Percentage of women in workforce	48%	48%
	Percentage of women in the executive team	25%	27%
	Percentage of women in middle management	44%	50%
	Percentage of women covered by the collective agreement	53%	54%
	Number of formal EEO complaints reported to management	0	0
	Number of formal harassment complaints reported to management	0	0
	Number of days lost through industrial disputes	0	0
Understanding what our employees value most			
Our aim is to build a corporate culture where all employees feel valued, engaged and inspired. Gaining a greater understanding of what they value most is key to achieving our goal	Meetings of the Agency Consultative Committee (ACC)	6	5
Developing our people			
The value to PCQ of employee effort increases	Training expenditure total	\$130,497.70	\$107,633.42
	Training expenditure per employee	\$2,071.39	\$2,152.61
	Training expenditure as a percentage of base salaries paid	3.29%	3.25%
	Number of employees receiving support for accredited courses	4	5
	Percentage of employees receiving regular performance and career development reviews	100%	100%
	Percentage of employees rated “good performer” or above in their annual performance review	92%	86%
	Percentage of employees rated “superior performer” in their annual performance review	62%	63%
Health, Safety and Wellbeing			
Our goal is to provide a safe, healthy and environmentally sound workplace for all employees and contractors	Number of Lost Time Injuries — PCQ	0	0
	Number of Lost Time Injuries — Contractors	1	0
	Lost time injury frequency rate	0	0
	Percentage of employees who participated in employee wellbeing program	82.5%	94%
	Number of health and safety committee members who are employee representatives	2	5
Our Community			
Our aim is to become a role-model corporate citizen	Amount spent on community support (donations, sponsorships)	\$51,000	\$53,000

¹ On 1 July 2009, six employees will be transferred to other Port Authorities as a result of the Port Review.

PEOPLE



People are responsible for the success of every organisation and PCQ recognises that without our valuable staff, we cannot accomplish our business objectives.

We are therefore committed to creating a working environment that will attract quality skilled candidates and encourage ongoing learning, developing and personal growth.

We also recognise that creating a challenging and inspirational environment improves productivity and promotes the importance of working together to achieve a common goal.

STRENGTHENING OUR LEADERSHIP TEAM

PCQ derive benefit from the functional experts that form the leadership team. To get results, it is imperative that the people who make up the leadership group are functioning as a “team”. This involves challenging themselves, spending time on information sharing, constant consultation and supporting the business processes.

As part of our continuous improvement program and to ensure this synergy is developed and maintained, managers have individually undertaken training needs analysis. As a result, a group training program is being developed to be rolled out throughout 2009–2010 period. The aim of this group training is to ensure the leadership team:

- acts as a cohesive team
- experience a sense of efficacy and satisfaction
- serves as a model to other teams throughout the organisation
- has a positive impact on the business productivity and bottom line.

PROMOTING HEALTH AND WELLBEING

PCQ is committed to delivering positive impacts through health and wellbeing programs. Dedication to improving the current health and wellbeing program is earmarked for the 2009–2010 financial year. It will take a proactive approach identifying areas where improvements can be made to employees wellbeing addressing both physical and psychological problems in the workforce. Current initiatives in place include:

- rostered days off (RDO) to all non-management employees improving work-life balance
- flexible working hours, while promoting individual personal development
- health and fitness assessments
- first aid training
- flu vaccinations
- subsidised gym memberships (up to 50%)
- increased entitlements to employees working in remote areas.



As the organisation is continuing to grow it is important to recognise the need to address employee health and wellbeing, the way in which we engage our employees and our retention strategies. One of the emerging trends within organisations to assist in these areas is to supply an employee assistance program (EAP). An EAP is a confidential, short-term counselling service to assist employees with work or personal issues impacting on their performance. Ultimately the role of an EAP is:

- early, problem focused intervention
- practical short-term counselling
- specialist assessment and referral.

In 2009, we engaged an independent provider to deliver this valuable service to our employees.

DELIVERING ON EQUAL OPPORTUNITIES

PCQ continues to invest in business processes that will assist us to become an 'Employer of Choice'.

Implementation of monthly policy training for all of our employees has enabled us to emphasise the importance of keeping the workplace free from discrimination and harassment, as well as creating awareness around cultural equity.

We employ a merit based recruitment policy and adopt formal interview processes to ensure equal opportunity across all positions.

When seeking to engage contractors, consultants and training providers, PCQ first explores opportunities to work with regional organisations to ensure local talent is utilised.

HEALTH AND SAFETY



PCQ has always set a goal of zero injuries through an ongoing safety awareness campaign across the business.

Consequently PCQ has maintained an excellent safety performance across all of its work sites, with no Lost Time Injuries occurring to PCQ employees in 2008–2009. The recognition by all PCQ staff of the importance of safe practices in the workplace is a major contributing factor to this high standard of performance.

One minor contractor Lost Time Injury did occur in a PCQ workplace.

HOLISTIC APPROACH TO HEALTH AND SAFETY

PCQ remains committed to providing a work environment that protects the health, safety and welfare of all people in its workplaces.

To that end, PCQ has a documented health and safety management system based on the Australian/New Zealand Standard 4801:2001 Occupational Health and Safety Management System. This system has been implemented to ensure policies and procedures are in place to effectively manage health and safety in the workplace and to ensure legislative requirements are met. PCQ uses a risk-based management approach to identify potential workplace risks and has implemented appropriate controls to manage these risks to an acceptable level, where the risk cannot be immediately eliminated through task redesign.

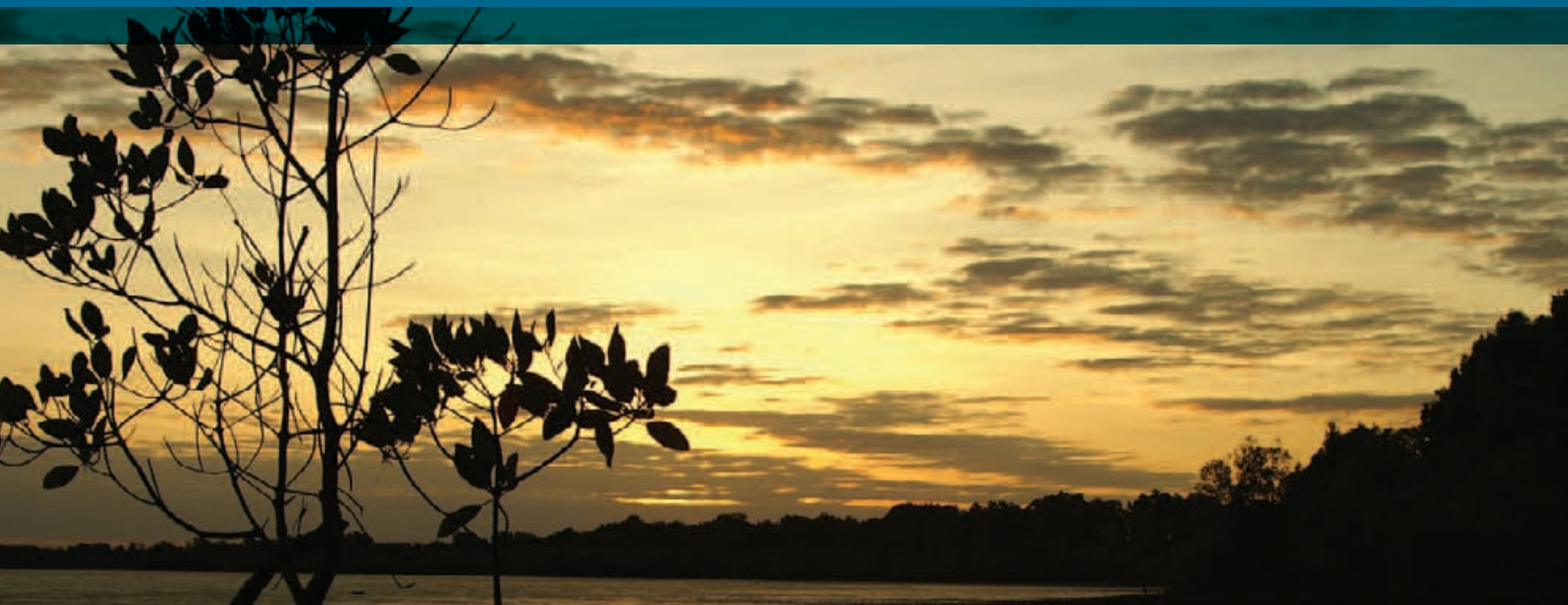
The system includes audits of all PCQ workplaces annually, with internal and external audits of each workplace in alternate years. All the audits confirmed that the workplaces were being well managed to achieve a high standard of safety and were compliant with requirements of the *Workplace Health & Safety Act 1995*. No significant safety issues were raised in any audit. As part of the audits, potential physical risks in the workplaces were also assessed. Minor areas of improvement to safety management systems identified included:

- ensuring corporate safety targets and objectives are understood and implemented at port level
- removal of some out-of-date Material Safety Data Sheets from port documents
- ensuring that any contractors engaged at a port level for minor works undergo a hazard identification process
- updating the Workplace Health and Safety (WHS) Management System to incorporate recent changes to WHS Regulations.

These workplace improvements were implemented through a Continuous Improvement Action Plan to allow tracking until completion.

PCQ's Workplace Health, Safety and Environment Committee, which includes both management and staff representatives, meets quarterly to review our safety and environmental performance and to make recommendations to improve safety in the workplace.

COMMUNITY



SUPPORTING FUTURE GENERATIONS

Our approach to community investment focuses on supporting those initiatives that assist children in port communities and organisations that enhance the health and safety of local people.

PCQ is increasing the role it plays in each of its ten communities and we have continued to demonstrate our commitment to our port communities, via a number of initiatives and activities that we have supported in the way of sponsorships, donations, community consultation and stakeholder engagement.

In 2008–2009, we supported 16 local organisations within our 10 port locations, some of which included the provision of:

1. Learning facilities at Lower Herbert Community Kindergarten, Halifax State School, Karumba State School and Victoria Plantation State School
2. Funding support for the Queens Beach Action Group foreshore rehabilitation
3. A Sarina State High School Scholarship
4. A major sponsorship of the Bowen Show
5. Activities and games for the flooded in community of Karumba.

Throughout the duration of these projects, we worked closely with the partners to strengthen our local networks and achieve mutually beneficial outcomes.

Under our Port Communities Program, we contributed \$51,000 to the communities in which we operate. In addition, we carried out an educational program with a local school and coal beach surveys.

To ensure that our community investments continue to align with our community investment strategy and represent the best value for PCQ, our shareholders and the local communities, we review our sponsorship commitments on a regular basis.

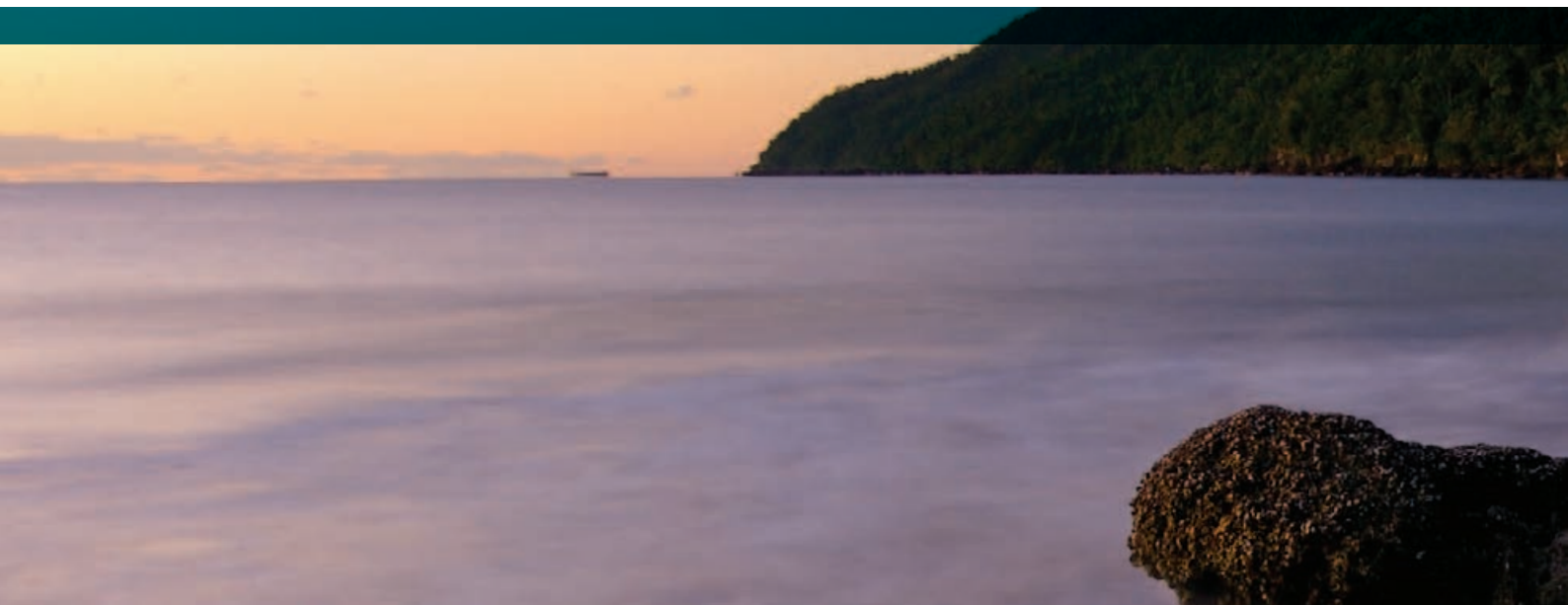
ENHANCING OUR COMMUNITY RELATIONS PROGRAM

In line with proposed developments in the Hay Point area, we delivered our debut edition of *Hay Point Portal*, a quarterly newsletter, aimed to keep local people up to date with information about port activities in the Hay Point area.

Encouraging employment opportunities as part of the expansion project at Abbot Point has been a key focus. Working with local community groups, PCQ became the hosting body for an Indigenous Employment Co-ordinator dedicated to seeking opportunity in the construction industry for training and employment of indigenous Australians.

Across our other ports, we hosted port advisory meetings at several ports as part of our commitment to keep stakeholders informed and we involved the port communities in environmental monitoring initiatives, including beach coal surveys at the Port of Hay Point.

OVERVIEW



OUR APPROACH

PCQ strives for sustainable operation and development of its ports through a structured and cost-effective program involving environmental management, monitoring and improvement. This reflects our commitment to protect the natural environment, the implementation of best practice environmental management measures and effective community consultation.

OUR HIGHLIGHTS

PCQ's environmental performance against its targets for the year is reported separately on page 9 of this Annual Report. Some of the important achievements in the year are noted below.

After obtaining environmental and planning approvals the previous year, PCQ continued construction works for the expansions of the APCT. Due to the increased construction activity at Abbot Point, PCQ appointed a site Environment & Quality Manager to provide environmental leadership and training and to carry out regular site inspections and audits to ensure compliance with approval conditions and implementation of environmental best practice.

Environmental Impact Statements (EIS) were prepared for the X110 Expansion of the APCT and for a MCF at Abbot Point and will be published in early 2009–2010. As an indication of the significant amount of construction activities already occurring in our ports, we also developed or approved 28 EMPs, which were designed to ensure project work was carried out without harm to the environment. As another measure to ensure a high standard of environmental performance was being maintained, 43 environmental audits of projects and workplaces were carried out by our environmental staff.



We continued extensive environmental monitoring across our ports, including seagrass, coral, marine fauna and water quality, providing both a baseline for some ports and long-term monitoring results for other ports.

A new focus has been placed on efforts to manage and reduce greenhouse gas emissions from our activities. From the start of the year, we are offsetting all of our air travel emissions through a certified Australian Greenhouse Friendly carbon provider. We have also developed and commenced implementation of a new corporate-wide *Energy Management and Carbon Reduction Plan*. The plan includes a number of green initiatives, such as purchasing only fuel efficient cars for the PCQ car fleet and setting minimum energy efficiency requirements for future new buildings.

OUR ENVIRONMENTAL MANAGEMENT SYSTEM

As part of our commitment to sustainable operations and responsible environmental management, we have continued to maintain and continually improve our EMS, which is certified under AS/NZS ISO14001:2004.

The EMS provides a methodical framework to minimise the environmental impacts of our operations. It outlines PCQ's procedures and individual environmental responsibilities to ensure that a high standard of environmental performance is maintained across the business.

This year, we maintained our EMS certification under AS/NZS ISO14001:2004 and no significant areas of non-compliance were identified in the external surveillance audit.

OUR ENVIRONMENT AND SUSTAINABILITY POLICIES

We are proud of our Environment Policy which defines our commitment to sustainable development and minimising our ecological footprint across our business. Our policy is continuously communicated to all employees as well as our contractors, through staff training and environmental management plans.

In the previous financial year, the Board approved a corporate Sustainability Policy which acknowledges the importance of sustainability in all aspects of business and operations and is specifically aimed at reducing resource use and greenhouse gas emissions. This policy has now been fully implemented. In line with the principles of the Sustainability Policy, an *Energy Management and Carbon Reduction Plan* was approved in June 2009. This plan includes specific carbon reduction targets across the business.

The Environment Policy and Sustainability Policy together demonstrate PCQ's commitment to best industry practice environmental management.

EFFECTIVE IMPLEMENTATION



DREDGING

As part of the X50 expansion at Abbot Point, capital and maintenance dredging was undertaken in August 2008. Aerial surveillance and water quality monitoring was conducted to monitor the dredging activities and no significant or long-term impacts were identified. A marine pest survey of the dredger was conducted prior to works commencing at Abbot Point. No marine pests were identified on the external or internal areas of the vessel hull.

Turbidity monitoring was carried out in the Port of Karumba during maintenance dredging in June/July 2008 to ensure that the sediment plume did not encroach on the nearby seagrass beds. The monitoring showed that turbidity results did not exceed the approved trigger turbidity levels and monitoring undertaken by Queensland Primary Industries and Fisheries (QPIF) in October 2008 confirmed that the seagrass remained in a healthy state after completion of the dredging. Based on long-term seagrass monitoring in the port, QPIF researchers have advised that dredging is unlikely to have a significant impact on seagrasses in the area and that the marine environment in the Port of Karumba remains healthy.

Aerial surveillance was undertaken at the Port of Mourilyan in June 2009 during bed levelling to confirm that the sediment plume did not encroach on nearby seagrass beds. This monitoring showed that the plume generated during bed levelling was of low risk to nearby seagrass beds.

Capital and maintenance dredging was undertaken in the Port of Hay Point for approximately eight days in July/August 2008. Coral, water quality and seagrass monitoring was conducted in accordance with permit requirements and showed that the impact of the dredging on the marine habitat was relatively minor and of a short-term nature. An independent environmental audit was also carried out on the project, with no 'non-conformances' identified.

As part of the long-term management of potential dredging impacts in the Port of Weipa, a marine benthic survey was commissioned in April 2009 to examine the impact of offshore dredge material relocation on benthic communities at Albatross Bay spoil ground. The findings from the study are similar to those identified previously and the benthic communities described are characterised by marine fauna that have the capacity to respond to the shifting, turbid environment of Albatross Bay. PCQ will be seeking a 10 year maintenance dredging permit for the Port of Weipa from the Commonwealth Department of Environment, Water, Heritage and the Arts prior to the 2010 dredging campaign.

GREENHOUSE GAS REDUCTION

As part of our ongoing commitment to reducing greenhouse gas emissions, we have developed a corporate-wide *Energy Management and Carbon Reduction Plan*, which also assists in showing compliance with the Queensland State Government greenhouse gas reduction policies. The five year Plan defines clear objectives and measurable targets for energy reduction from operations and activities under PCQ's control.

Under this plan, all air travel undertaken from 1 July 2008 is to be carbon neutral and carbon offsets are purchased to achieve this. Similarly, carbon offsets are to be purchased in July 2009 to achieve a reduction target for the 2008-2009 year of 3% reduction for building power and lighting use and 10% for vehicle fuel use. The corporate target is a 20% reduction by 2015 against this baseline.

We will continue to monitor and report greenhouse gas emissions, promote awareness and education, reduce energy usage and greenhouse gas emissions and ensure compliance with policy and legislation. However, as a landlord port authority, PCQ does not produce a significant amount of greenhouse gas emissions. Emission from contractor's activities do contribute to overall emissions from activities under PCQ's management responsibilities and are therefore provided below for transparency.

PCQ is responsible for carrying out maintenance dredging and bed levelling of 41 kilometres of shipping channel across our 10 port locations to ensure the navigational safety of ships.



TABLE 1 — GREENHOUSE GAS EMISSIONS¹ IN TONNES OF CO₂ equiv

a) PCQ Emissions

SOURCE	2008–2009	2007–2008	2006–2007
PORT OPERATIONS AND MANAGEMENT			
Electricity for power and lighting	479 ²	486	487
Electricity for Abbot Point construction camp at Merinda	570	0	0
Fuel for vehicles, boats, mowers	87	120	81
Fuel in flights ³	84 ⁴	75	149
VEGETATION IMPACTS / BENEFITS			
Vegetation clearing at Abbot Point for X50 expansion construction project ⁵	2 150	3 850	47
Greenhouse gas take-up through PCQ vegetation sequestration ⁶	-1 449	-1 449	-1 453
Purchased Carbon Offsets⁷:		0	0
For air travel	-84		
For electricity usage			
General power and lighting	-7		
Abbot Point Construction Camp	-570		
For vehicles	-15		
Total PCQ Emissions	1 245	3 082	-689

Table Notes:

1. Calculations based on EPA Ecobiz converter (May 07).

2. Carbon offsets to be purchased to reduce to a target of 472 t for 2008–2009, which are reported below this in the table.

3. Greenhouse gas emissions from commercial flights calculated using the Australian Greenhouse Office conversion factor. Flights include commercial and chartered flights.

4. From 1 July 2009, carbon offsets will be purchased to ensure all air travel is carbon neutral. One purchase of carbon offsets was made mid year and the final purchase will be made in July 2009.

5. Emissions for tree clearing is an estimate only based on 50t CO₂—equivalent per hectare.

6. Based on revegetation previously planted at Hay Point.

7. Carbon offsets for most of 2008–2009 are to be purchased in July 2009, following calculation of emissions for the year.

EFFECTIVE IMPLEMENTATION *(continued)***TABLE 1 — GREENHOUSE GAS EMISSIONS¹ IN TONNES OF CO₂ equiv**

b) Emissions from PCQ Contractors

SOURCE	2008–2009	2007–2008	2006–2007
Abbot Point Coal Terminal ⁸ (operated by Abbot Point Bulk Coal Bulkcoal Pty Ltd)	742	756	969
Hay Point Quarantine Waste Facility ⁹ (operated by JJ Richards)	145	180	35
Dredging and Bed Levelling (operated by various contractors)	6 051	2 304	64 454
Total Contractor Emissions	6 938	3 240	65 458

Table Notes:

8. Includes PCQ X50 Construction Site electricity consumption. Contribution to emissions from PCQ can not be differentiated for 2008–2009 but will be detailed in future greenhouse gas reporting.

9. Includes gas and electricity consumption, but excludes any fuel used in road transport vehicles

Emissions from direct PCQ activities have decreased in 2008–2009. This is primarily due to the reduction in vegetation clearing associated with the APCT X50 expansion project, a reduction in the Brisbane Head Office car fleet and the commencement of the on-going program to purchase carbon offsets to reduce emissions from specific areas of PCQ's business. The operation of a worker's accommodation facility for the APCT expansion project would have added significantly to PCQ's emissions for the year, however PCQ is purchasing carbon offsets to make the operation of the facility fully carbon neutral for the year.

Emissions from contractors' activities were higher than the previous year, primarily due to dredging work, but significantly lower than the 2006–2007 results. In 2006–2007, there was significant capital dredging carried out in the Port of Hay Point. In the current year, four maintenance dredging campaigns were undertaken.

Where practical and cost effective, energy saving measures have been adopted in our projects:

Bowen Office Relocation

- The installation of multiple roof ventilators at our Bowen office and work shed to reduce the use of air-conditioning.

Hay Point Helicopter Hangar

- The installation of translucent roof sheeting to minimise additional lighting requirements.
- The installation of roof ventilators to aid natural air flow.



WATER MANAGEMENT

PCQ's water usage is largely confined to public amenities, including boat ramps, jetties, offices and workplaces, including bathrooms, kitchens and cleaning. Water use for PCQ's Hay Point Quarantine Waste Facility is also included for the first time. Water consumption at the Brisbane Head Office is not available—PCQ leases two building floors and individual floor water usage is not metered by the building owner. Water usage in this office environment would not be expected to be high.

Some water is occasionally provided to shipping related activities, which is measured and charged directly to the user. This water usage is not included in the table below.

The table below summarises PCQ's water usage across PCQ ports.

**TABLE 2 — WATER USAGE IN KILOLITRES
ACROSS PCQ PORTS**

	2008–2009	2007–2008	2006–2007
Total Water Consumption	8 330	6 125	3 976

Our water usage has increased over the past year, due mainly to the increase in large development projects that we have delivered across our ports. The figure for 2008–2009 water consumption also includes water used at the Hay Point Quarantine Waste Facility, which is operated by a contractor. This water usage (562 kl) was not available for the previous two years and its inclusion in 2008–2009 numbers reflects PCQ's on-going program to increase monitoring of resource use across its ports.

While we have seen an increase in water consumption in 2008–2009, we are working with our suppliers and contractors to minimise use. This year, we installed rain water tanks at our Bowen office (8,500 litres), new Karumba office (8,200 litres) and at the Hay Point helicopter hangar (10,000 litres). We are also investigating water recycling opportunities at our Hay Point Quarantine Waste Facility.

VEGETATION

PCQ commissioned a vegetation survey on Horn Island in the Port of Thursday Island in December 2008. The purpose of the survey was to determine areas of vegetation on port land that should be protected from future disturbance, based on its conservation significance. The survey did identify some weeds on the land. As a result, weed control training was provided to a port staff employee who will implement a weed management program.

A weed eradication program commenced in the Port of Karumba in early 2009, targeting Chinese Apple and Rubber Vine. The program involved mechanical removal and chemical spraying and achieved an eradication rate of 95% for the period. This weed management will be ongoing in the Port of Karumba.

FAUNA

Due to the high presence of snakes at Abbot Point and the increasing number of personnel, one PCQ employee completed a snake handling course which enabled her to safely catch and release snakes that cause disruption around the Abbot Point expansion site. All snakes are released away from areas of works. PCQ has obtained a Damage Mitigation Permit from the Department of Environment and Resource Management to be able to relocate animals from a workplace.

EFFECTIVE IMPLEMENTATION *(continued)*



WASTE MANAGEMENT

The amount of paper provided for recycling in 2008–2009 was estimated at 3.5 tonnes, compared with 3.2 tonnes in the previous year. In our head office, most ports and project offices, PCQ use Reflex recycled Australian paper, which has 50% recycled content. This paper is sourced from Australian paper mills which are certified under AS/NZS ISO 9001 for Quality Management and AS/NZS ISO14001 for Environment Management.

In many of our regional ports, councils do not currently offer recycling facilities. However our port staff have adopted innovative ways of reusing and recycling waste materials. For example in one port office, used paper is shredded and provided to local farmers for compost use.

In 2008–2009, PCQ continued to support the Aussie Recycling Program initiative to recycle mobile phones. Proceeds from this program go towards the Cerebral Palsy League of Queensland.

As part of our commitment to sustainable design, we look for opportunities for waste management initiatives to be adopted in our ports, for example, the inclusion of a gross pollutant trap to capture coarse pollutants in recent Thursday Island car park maintenance works.

The Hay Point Quarantine Waste Facility capacity has been expanded to allow for an increase in vessel waste at Hay Point. A second autoclave has been installed and when operational, will be able to treat a food waste load in two hours, compared to the current 12–24 hours. This will ultimately reduce gas and electricity usage. Furthermore, it uses approximately 35% less water than the current facility. In 2009–2010 we are working towards recycling all the water used for the new quarantine facility to reduce water use and waste water production.

PROTECTING THE MARINE ENVIRONMENT



SEAGRASS MONITORING

Annual seagrass monitoring was carried out at Weipa, Karumba and Mourilyan ports as part of a long-term management program.

The Port of Weipa survey revealed a decline in seagrass density, specifically *Enhalus acoroides* intertidal meadows opposite Lorim Point. PCQ has been working alongside QPIF to determine the cause of the decline. QPIF conducted a survey in April 2009 of this particular meadow. Preliminary field results have indicated that the meadow was much denser in April 2009 compared to September 2008. QPIF has advised that this is possibly related to seasonal differences in low tide exposure. The annual seagrass survey will determine the extent of recovery of the meadow.

The December 2008 seagrass monitoring survey at Mourilyan Harbour recorded reductions in seagrass biomass. Regional climate, severe storms and localised catchment issues are reported to be contributing factors to the condition of seagrass, which has struggled to re-establish since Cyclone Larry in 2006. PCQ is working with QPIF to develop further local seagrass monitoring programs.

Results from the October 2008 Karumba seagrass survey concluded that the seagrass in Karumba was in a healthy state, it was supporting dugong populations and was an important local fisheries resource. A slight reduction in seagrass abundance was observed within the near-shore areas of the fringing meadow towards the Bynoe River, where changes may have been influenced by river flow. This will be monitored again in the next seagrass survey.

As part of the Port of Hay Point Departure Path and Capital Dredging Project that was conducted in 2006, PCQ carried out a long-term monitoring program to investigate impacts of the project. QPIF undertook a monitoring program for seagrass, algae and benthic macro-invertebrate communities in the port during 2008. The results of the monitoring show that while capital dredging at the Port of Hay Point had an impact on marine plants and benthic macro-invertebrate communities during the dredging program in 2006, these communities and habitats were recovering within a year of dredging stopping.

The monitoring also showed that the sparse seagrass habitats at Hay Point were of limited value to fisheries species as a nursery habitat. The seagrass meadows present, however, were preferred by dugongs and may provide a food source for dugong moving along the coast between nearby Dugong Protection Areas to the north and south of Hay Point.

COAL IN THE MARINE ENVIRONMENT

The annual beach coal survey at Hay Point took place in April 2009. PCQ and Louisa Creek residents collected coal pieces at predetermined sites along Louisa Creek beach. Samples were analysed by an accredited laboratory.

The 2009 results indicated that overall, the quantity and weight on Louisa Creek beach had decreased compared to 2008 results. No coal pieces were observed on Half Tide or Salonika Beaches.

The results were reported to the coal terminal operators and community representatives. The Louisa Creek representatives have suggested that coal on local beaches could be monitored biannually to provide additional information, so another survey is proposed for September 2009.

ABBOT POINT BASELINE ENVIRONMENTAL MONITORING

To provide baseline information for the new development projects proposed at Abbot Point, the baseline environmental monitoring surveys have continued in 2008–2009. Studies include seasonal seagrass and algae surveys, macrobenthic, coral, turtle and dugong monitoring as well as water quality monitoring. The information obtained will continue to assist in proposed developments and ongoing management of the port.

OTHER RESOURCE PROGRAMS

PCQ support and liaise regularly with the Ghost Net Program based in Karumba, which works with Indigenous communities from the Gulf of Carpentaria to dispose of marine debris, including ghost nets, from the ocean.

ENVIRONMENTAL PERFORMANCE



PCQ maintained a high standard of environmental performance over the year. Full details of PCQ's environmental performance is provided on page 9 of this Annual Report.

Four notable incidents from PCQ or its contractors' activities were reported during the year:

- In September 2008 at the Abbot Point construction site, site environmental staff discovered that two small areas of vegetation clearing had commenced before the appropriate approvals were obtained. Work was stopped immediately. The approvals were subsequently obtained and the works then recommenced.
- In October 2008, a minor odour release occurred from the Hay Point Quarantine Waste Facility. Procedures were put in place to prevent a recurrence.
- In February 2009, heavy rainfall caused a discharge of acidic water from settlement ponds of the APCT. The discharge was reported to the Department of Environment and Resource Management. Corrective actions are being put in place in the near future, in particular, facilities to correct the pH of discharge water are being installed.
- During a high rainfall event in March 2009, some of the water discharged from the APCT had high sediment content due to extra sediment loads from construction activities on site. Corrective actions were put in place. A study of stormwater catchment on the site was also completed to identify any further system upgrades required.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRACTICES

As at 30 June 2009, PCQ was a company Government Owned Corporation (GOC) incorporated under the *Corporations Act* and subject to the requirements of the *GOC Act*. From 2 July 2009, PCQ became a wholly owned subsidiary of a company GOC, North Queensland Bulk Ports Corporation Limited, as part of the review of the Queensland Port Network by the Queensland Government. The Queensland Government is the owner of all shares in NQBP, being held by two Shareholding Ministers: the Treasurer and Minister for Employment and Economic Development and the Minister for Transport.

At PCQ, our Board of Directors is responsible for the corporate governance of the organisation and is accountable to the Shareholding Ministers for PCQ's performance.

Corporate governance at PCQ encompasses a number of functions, including authority, accountabilities, risk management, leadership, performance monitoring and internal control systems. Our Board recognises the importance of applying effective corporate governance practices and is committed to a high level of integrity throughout its operations.

To this end, the Board has adopted the governance principles set out in the Queensland Government's Corporate Governance Guidelines for GOCs, including the *Governance Policy*. PCQ is continuing to review its governance policies and processes to enhance its compliance with these Guidelines where appropriate.

A copy of PCQ's *Governance Policy* is included on PCQ's website, with the key aspects of this policy described within this section.

BOARD OF DIRECTORS

Details of our Board, including their term of office as well as their skills, experience and expertise, are outlined on pages 18 and 19 this report.

APPOINTMENT

Directors of PCQ for the 2008–2009 financial year were appointed by the Governor-in-Council. All of the directors are non-executive directors. The Board assesses the independence of each of the directors on a regular basis.

Directors are subject to PCQ's Policy on *Disclosure and Conflicts of Interests* and the *Code of Conduct* and are required to disclose potential or actual conflicts of interest as soon as they arise. If a director discloses a conflict of interest regarding a matter that is considered material by the Board, that director will not participate in any discussion or decision making on that matter.

PCQ does not have defined materiality thresholds in place, with the Board assessing materiality on a case-by-case basis taking into account the particular circumstances (departure from Governance Guidelines which has been notified to the Office of Government Owned Corporations (OGOC) and the Department of Transport and Main Roads

(DTMR). Independence of directors is a key issue in ensuring the Board exercises independent judgement. The Board has considered alternative practices (e.g. defined monetary thresholds) to assess director independence, but considers a case-by-case approach as being a flexible way to more comprehensively assess director independence.

All of the directors are considered by the Board to be independent.

ROLE OF THE BOARD

A Board Charter is in place that sets out the key roles and functions of our Board. The terms of this charter have been observed by the Board. A copy of the charter is included on PCQ's website.

The collective role of our Board is to:

- set corporate direction and goals
- oversee the plans of management to achieve these goals
- review progress at regular intervals.

The Board's functions include:

- responsibility for PCQ's commercial policy and management
- ensuring that, as far as possible, PCQ achieves and acts in accordance with its Statement of Corporate Intent
- accounting to PCQ's shareholders for its performance as required by the *GOC Act* and other laws applying to PCQ
- ensuring that PCQ otherwise performs its functions in a proper, effective and efficient way.

As PCQ is a company incorporated under the *Corporations Act*, the statutory duties imposed on directors under that legislation also apply to our Board. The Board also had due regard to relevant legislation, relevant binding policies of the Queensland Government, as well as PCQ's policies.

The Board has delegated various functions to management but has reserved certain matters to the Board. This allocation of responsibility is set out in an Instrument of Delegation approved by the Board.

BOARD MEETINGS

The Board meets monthly (except in December) in Brisbane and in addition to this, they meet at other times should the need arise. This financial year, directors met as a Board 13 times. Directors also met for committee meetings and to discuss strategic planning.

The Chairman and the Chief Executive Officer meet prior to each Board meeting to discuss current issues as well as the agenda, which includes the following:

- monthly reports on non-financial performance
- monthly financial performance reports
- commercial and governance decisions requiring a Board resolution
- commercial projects performance reports.

CORPORATE GOVERNANCE *(continued)*

After scheduled Board meetings, key stakeholders or shareholders/their representatives are regularly invited to attend an informal lunch which is held after the meeting. This provides an opportunity for the directors to discuss relevant port-industry topics, while also developing and maintaining important relationships.

MEMBERSHIP OF THE BOARD

Collectively, members of the Board should possess:

- a thorough understanding of the core activities of PCQ and the environment in which it operates to make informed decisions
- a commitment to the continual improvement of PCQ operations, strategic direction and policy framework
- strong business acumen, management skills and financial and operational reporting
- a high level of understanding of best practice employee relations, industrial relations and remuneration and motivation concepts
- an inquiring attitude, objectivity and independence
- a strong, demonstrated sense of probity and ethical conduct.

The Chairman has 14 years experience as a director of PCQ and brings a wealth of financial, commercial and accounting experience to our business. The other directors provide a broad range of skills and experience covering maritime operations, regional development, agriculture, transport, financial/banking, industrial relations, political and organisational strategy.

DIRECTOR INDUCTION AND EDUCATION

A comprehensive induction is carried out for new directors whereby they are familiarised with their responsibilities as a director as well as key corporate documents such as the Board Charter, Code of Conduct, Committee Charters and other applicable PCQ policies. This is supplemented by inductions provided to new members on committees as well. The Chairman, relevant Board Committee Chairs, Chief Executive Officer and Company Secretary participate throughout the induction to ensure a thorough briefing is achieved.

A Directors' Handbook has been developed, providing directors with a detailed overview of corporate and government policies, the role and strategic direction of our organisation and a detailed briefing on each of the PCQ ports and the key commodities handled at each port.

Directors are required to acquire and maintain the skills and knowledge to perform their role as a PCQ director. Each director has a duty to comply with the law and binding government and PCQ policies.

The Board supports the ongoing development of individual directors as appropriate, so that the Board has the skills and knowledge to effectively perform its role in relation to PCQ.

Directors are kept advised of the various workshops, seminars and conferences on offer to update their skills and knowledge so that they can undertake their role effectively. The Board has also approved a training plan for directors to assist in this process.

INDEPENDENT ADVICE AND ACCESS TO INFORMATION

It is the Board's policy (in the Board Charter and each Committee Charter) that directors are able to seek independent professional advice at PCQ's expense to assist in the performance of their duties. In addition, directors must be provided with all necessary access to internal documents, reports and records in pursuit of its mandate.

ETHICAL BEHAVIOUR AND DECISION MAKING

PCQ is committed to promoting ethical decision making. Our business is dependent on good relationships and fair treatment of our customers, employees and the public, with due consideration of the operating requirements of the business.

The principles defining the work performance and ethical conduct expected of all directors and employees are:

- respect for the law and the system of government
- respect for persons internal and external to the organisation
- integrity
- diligence
- economy and efficiency.

These principles are contained in various PCQ Policies which apply to directors and all PCQ employees and include the *Code of Conduct, Trading (Securities) Policy* and the *Policy on Disclosure and Conflicts of Interest*.

These policies require directors and employees to disclose potential or actual conflicts of interest as soon as they arise, so that the issue can be reviewed and managed in an appropriate and transparent way to promote integrity within PCQ's operations. These policies also require directors and employees to act honestly and comply with the law and to restrict share trading activities where inside information is an issue.

In addition, directors and employees are required to protect PCQ's interests in any actions which may affect PCQ's business, as well as PCQ's confidential information and intellectual property. The *Code of Conduct and Fraud Control Policy* outlines a process for the investigation of allegations of fraud.

Copies of these policies are included on PCQ's website.

COMMUNICATIONS WITH SHAREHOLDING MINISTERS

The key disclosure requirements under the *GOC Act* require PCQ to reasonably inform Shareholding Ministers about its operations and financial matters as well as material risk factors.

Regular communications are initiated with key stakeholders, including Shareholding Ministers and government representatives. Quarterly reports are provided to Shareholding Ministers and their representatives, as well as individual ministerial briefings on specific issues.

The Chairman and the Chief Executive Officer meet with Shareholding Ministers and their representatives on a regular basis. PCQ management also meets with representatives of OGOC and DTMR each month after the Board meeting to update them on relevant issues.

A high level communication protocol has been agreed with Shareholding Ministers and was approved by the Board in 2005 and updated in 2007.

PCQ's policies do not prescribe the type and level of disclosure to Shareholding Ministers. The Board and PCQ management team exercise their judgement on a case-by-case basis as to what matters should be disclosed in order to comply with the *GOC Act* disclosure requirements.

REVIEW OF BOARD PERFORMANCE

The Chairman has weekly briefings from the Chief Executive Officer, and also with managers as required, on all relevant aspects of our activities and performance. Detailed verbal and written briefings on various issues are provided to the Chairman and/or Board as necessary.

As noted above, PCQ has a *Governance Policy* in place, and this document outlines the process for evaluation of Board and Committee performance.

On an annual basis, the Chairman discusses with directors their competencies as well as Board performance. A review of Board performance is conducted annually, with an external review being undertaken every second year. In 2008–2009, an external review was undertaken. This review covered such matters as role of the Board, including in relation to strategy, the effectiveness of the Board in monitoring organisational performance and its oversight of risk management and compliance, as well as stakeholder communication and networking. Other items reviewed include policy framework, board papers/agendas, meeting dynamics and committee structure.

The Corporate Governance and Planning Committee reviewed the results of that evaluation in relation to improvement of Board processes and made recommendations to the Board on this issue. The Board reviewed these recommendations and approved an action plan to implement important recommendations.

The Human Resources and Industrial Relations Committee also reviews development needs and opportunities in relation to directors on a regular basis throughout the year.

In addition, each committee (in accordance with their charters) addresses competency and performance issues at least annually, as well as information needs.

Shareholding Ministers are informed of any key issues arising out of the performance reviews. The Chairman will also raise any material concerns about Board performance directly with the Shareholding Ministers if need be.

REMUNERATION ARRANGEMENTS FOR DIRECTORS

Remuneration for directors is determined by the Queensland Government. Details of the remuneration paid to directors are contained in the Notes to the Financial Statements on page 73. This amount excludes travel and associated expenses incurred in the course of undertaking their duties. Directors do not receive performance related payments. Directors do not receive retirement benefits other than the compulsory superannuation required under the *Superannuation Guarantee (Administration) Act 1992*.

APPOINTMENT OF CHIEF EXECUTIVE OFFICER AND SENIOR EXECUTIVES

The Chief Executive Officer and Senior Executives are appointed in accordance with the *GOC Act* by the Board. The appointment of the Chief Executive Officer also requires the prior written approval of the Shareholding Ministers. For the GOC Board to appoint the senior executive, the Board must follow the processes set out in relevant Queensland Government policies and advise Shareholding Ministers of the details of the appointments.

CORPORATE GOVERNANCE *(continued)*

REMUNERATION ARRANGEMENTS FOR MANAGEMENT AND EMPLOYEES

The Chairman reviews the performance of the Chief Executive Officer and reports to the Board through the Human Resources and Industrial Relations Committee.

The Chief Executive Officer is appointed by an outer limit employment agreement which expires on 31 July 2010 with severance payments agreed to be two weeks superannuable salary for each year of recognised service. Long standing executives, excluding the Chief Executive Officer, are appointed as tenured employees and have as a minimum entitlement redundancy payments equivalent to those available to employees under industrial legislation or agreements, most particularly the Ports Corporation of Queensland Limited Collective Agreement 2007–2009. There are no redundancy payments for new tenured senior executive appointees under the governance arrangements.

Remuneration recommendations for executives are reviewed annually by the Human Resources and Industrial Relations Committee, before consideration and approval by the Board. Remuneration for executives in 2008–2009 was determined in accordance with the Queensland Government's *Government Owned Corporations Governance Arrangements for Chief and Senior Executives*, as reflected in PCQ's policies and procedures for Recruitment and Selection, Organisational Structure, Performance Agreements, Remuneration — Chief and Senior Executives and Chief and Senior Executive Performance Pay.

Details of the remuneration paid to PCQ's senior executives are contained in the Notes to the Financial Statements on page 73.

The Board keeps Shareholding Ministers informed of the remuneration arrangements of senior executives on a regular basis. This advice is provided in writing and details the nature and amount of the remuneration and the way in which the remuneration has been determined.

The Board is required to submit any significant amendments or variations to PCQ's remuneration policies to Shareholding Ministers.

REVIEW OF PERFORMANCE FOR MANAGEMENT AND EMPLOYEES

The Chief Executive Officer participates in a performance pay scheme with agreed targets of profit, operational and environmental performance set by the Board. The proposed performance payments for the 2008–2009 year have not been approved or paid at reporting date. The Chief Executive Officer's performance payment for the 2007–2008 year was paid in the 2008–2009 financial year.

PCQ operates a performance pay scheme for executives. The performance pay comprises two components:

- 70% based on group performance and
- 30% based on individual performance.

The following pre-agreed (at the start of the financial year) performance criteria is used to determine the level of the group component of the payment.

PERFORMANCE INDICATOR	WEIGHTING FOR MANAGEMENT BONUS
Commercial Agreements	10%
Capital Development	15%
Asset Maintenance and Contract Administration	10%
Environment	5%
Workplace Health and Safety	5%
Security	5%
Financial Targets	15%
Customer/Stakeholder Service	10%
Corporate Efficiency and Staff Management	10%
Risk Management	5%
Planning	10%
Total	100%

The recommended payments are determined by the Board after the end of the financial year and paid and reported to Shareholding Ministers in accordance with current guidelines. The proposed performance payments for the 2008–2009 year have not been approved or paid at the reporting date. The 2007–2008 year performance payments were approved on 26 August 2008 and paid on 12 September 2008.

The performance pay scheme applicable to other employees is based on preset individual targets that are linked to the individual's position description and their required contributions to the current goals and objectives of their section. The scheme is not mandatory and involves a performance payment pool for the 2008–2009 financial year of 6% of the salaries of participants. Individual payments are up to a maximum 8% of a participant's salary. Not all of the 6% pool was distributed relating to the 2008–2009 year. This scheme is recognised within the approved collective agreement.

Relevant remuneration policies are disclosed on PCQ's website.

BOARD COMMITTEES

During the 2008–2009 financial year, there were three Board committees to assist the Board in discharging its duties. Each of these committees has a charter in place that sets out their role. A copy of these charters is included on PCQ's website.

A general description of the role and achievements of each of our three committees is outlined below. Details of the qualifications of members of each of the three committees, along with the number of meetings held by each of the committees and names of attendees, are included on pages 63 through to 65 respectively of this report.

AUDIT AND FINANCIAL RISK MANAGEMENT COMMITTEE

Chairman: Bernadette Inglis

Members: Leonie Taylor, Kasper Kuiper

Secretary: Ann MacKinnon (General Manager Financial)

PCQ's Audit and Financial Risk Management Committee (AFRMC) provides independent and expert advice and support, to assist the Board to discharge its financial and risk management responsibilities.

The committee does not replace or replicate established management responsibilities and delegations, the responsibilities of other executive management groups within PCQ, or the reporting lines and responsibilities of either internal audit or external audit functions. The AFRMC is empowered only to make recommendations to the Board and does not have power to make decisions in its own right.

The AFRMC:

- monitors external reporting requirements
- reviews the annual budget and five year projections and financial risk management policies before consideration by the Board
- reviews the annual financial statements before final sign-off by the Board
- oversees all internal audit functions, and reviews findings, recommendations and the implementation progress
- reviews reports and other information from the Auditor-General
- monitors the internal control and financial risk management environment within the organisation
- monitors matters and transactions which may have a material effect on the financial position
- has due regard to Queensland Treasury's Audit Committee Guidelines.

The membership of the committee consists of at least three directors appointed by the Board. PCQ's Board Chairman may be appointed to the committee, but may not sit as the Chairman of the committee. To maintain independence, the membership of the committee will not include representatives from internal audit, or the Queensland Audit Office (QAO), although those representatives may be invited to attend committee meetings and provide technical and other advice to the committee.

The charter of the AFRMC is supplied to newly appointed Directors to the Board as part of their general induction. The AFRMC Chairman ensures that, on appointment as a new member to the committee, the appointee is familiar with the current charter of the committee and is briefed on key current issues.

The committee has observed the terms of its charter and had due regard to relevant financial legislation, and relevant binding policy of the State Government, as well as PCQ policies.

Achievements in 2008–2009

- Reviewed and finalised the annual financial statements
- Reviewed and actioned external audit results and reports
- Reviewed and finalised the annual budget and five year plans
- Set the internal audit program, as well as reviewed the findings of the internal auditor and make recommendations as to appropriate actions
- Reviewed the annual insurance program, including a related risk review, and recommended placement of the annual insurances for 2008–2009
- Reviewed asset valuations for appropriateness and compliance with accounting standards
- Reviewed financial risks impacting on PCQ, including key suppliers/customers
- Reviewed PCQ's capital structure and borrowings
- Reviewed PCQ's financial policies, and updated these policies, as required
- Reviewed taxation issues on an ongoing basis
- Reviewed credit ratings and undertook the annual credit review.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS COMMITTEE

Chairman: Jim Petrich (AM)

Members: Leonie Taylor, Julie Bignell

Secretary: Brad Fish (Chief Executive Officer)

PCQ's Human Resources and Industrial Relations Committee (HRIRC) provides independent and expert advice to assist the Board to discharge its employee and industrial relations responsibilities.

The committee does not replace or replicate established management responsibilities and delegations or the responsibilities of other executive management groups within PCQ. The HRIRC is only empowered to make recommendations to the Board and does not have power to make decisions in its own right.

CORPORATE GOVERNANCE *(continued)*

The HRIRC:

- reviews PCQ's human resource and industrial relations policies
- annually reviews the Chief Executive Officer's remuneration package and proposals by the Chief Executive Officer in relation to the remuneration packages of PCQ's senior executives
- evaluates Chief Executive Officer and senior management performance and the appropriateness of performance pay schemes including the targets and criteria for assessment
- reviews the appropriateness of PCQ's industrial agreements and reviews proposals for change considering binding government policy and effectiveness in enhancing the achievement of PCQ's objectives through its award and non-award employees
- considers director's and officer's liability issues and the mechanisms to mitigate risks
- studies current industry practices in relation to employee management, remuneration and industrial relations environment as it applies to PCQ and its customers
- reviews any re-organisational proposal where it entails forced redundancies or the diminishing of employee benefits
- reviews the appropriateness of succession plans
- evaluates or audits PCQ's handling of conflict of interest issues
- reviews the appropriateness of the Employment and Industrial Relations Plan.

The committee consists of at least three directors appointed by the Board. PCQ's Board Chairman may be appointed to the committee but may not sit as the Chairman of the committee. The charter of the HRIRC is supplied to newly appointed PCQ directors as part of their general induction. The HRIRC Chairman ensures that, on appointment to the committee, the appointee is familiar with the current charter of the committee and is briefed on key current issues.

The committee has observed the terms of its charter and had due regard to industrial legislation, and relevant binding policy of the State Government, as well as PCQ policies.

The Board considers the effectiveness of HRIRC meetings, the appropriateness of its charter and the composition of the committee annually.

Achievements in 2008–2009

- Introduced and, where applicable, upgraded key HRIR policies, including recruitment, remuneration, performance agreements, induction, training and development and harassment-bullying
- Undertook an independent review of remuneration levels, to provide an independent benchmark for remuneration levels
- Managed the finalisation of salary performance and performance pay arrangements for PCQ staff
- Updated senior executive contracts to comply with amended government requirements
- Reviewed and made recommendations to the Board in relation to the Employment and Industrial Relations Plan
- Oversaw the introduction of an Employee Assistance Program
- Assisted in the HR/IR issues associated with the Port Restructure process.

CORPORATE GOVERNANCE AND PLANNING COMMITTEE

Chairman: Di Zetlin

Members: Leonie Taylor, Bernadette Inglis

Secretary: Paul Blewonski (General Manager Corporate Strategy)

The Corporate Governance and Planning Committee (CGPC) has been established to provide independent and expert advice to assist the Board to discharge its corporate governance and strategic planning responsibilities. The committee does not replace or replicate established management responsibilities and delegations or the responsibilities of other executive management groups within PCQ. The CGPC is only empowered to make recommendations to the Board and does not have power to make decisions in its own right.

The CGPC:

- reports to the Board on the adequacy of the corporate governance systems
- monitors PCQ's adherence to policies related to corporate governance and instilling a culture of compliance
- reviews pricing proposals and commercial negotiating frameworks which impact on PCQ's return
- monitors the risk management systems
- reports to the Board on the adequacy of the planning system as proposed by the Chief Executive Officer and the content of strategic and corporate plans and where required their suitability for circulation to Shareholding Ministers
- articulates information gained from individual Board members to assist the Chief Executive Officer in developing PCQ's plans
- requests the Chief Executive Officer to consider or further consider any strategic issue relevant to PCQ.

The membership of the committee consists of at least three directors appointed by the Board. PCQ's Board Chairman may be appointed to the committee.

The charter of the CGPC is supplied to newly appointed PCQ directors as part of their general induction. The CGPC Chairman ensures that, on appointment to the committee, the appointee is familiar with the current charter of the committee and is briefed on key current issues.

Achievements in 2008–2009

- Reviewed key strategic and corporate plans for the Company, including the 2008–2009 Statement of Corporate Intent and the Corporate Plan
- Reviewed the appropriateness of key performance indicators for management;
- Oversaw the process in relation to the evaluation of Board performance
- Reviewed PCQ's compliance with the OGOC Corporate Governance Guidelines and reported to the Board on this matter
- Oversaw and reviewed the legal compliance system, including the annual update of the key legislation risk matrix, updating key legal contracts used by PCQ and provision of training to directors and staff on key legal topics
- Oversaw the issues arising from new, or changes in, key legislation, including the new Right to Information regime
- Reviewed policies related to corporate governance, risk and planning, including the development of new policies in relation to whistleblower protection, business continuity and the update of policies on trade practices compliance
- Reviewed the effectiveness of PCQ's portfolio risk management system.

The committee has observed the terms of its charter and had due regard to contemporary planning processes. The Board considers the effectiveness of CGPC meetings, the appropriateness of its charter and the composition of the committee annually.

RISK MANAGEMENT

General Approach

PCQ takes a proactive approach to managing the risks in its business. These risks include:

- fraud, foreign exchange and contract control
- project management risks
- contracts with customers
- funding major projects
- interest rate risk
- health and safety risks for employees, contractors and members of the public
- security risks for port facilities and users
- risks of environmental releases, land contamination or nuisance impacts
- information technology risks, reputation risks, and risks of breaches of legislation or licences.

PCQ has a risk management policy that provides the strategic framework for risk management, as well as detailing roles and responsibilities.

The risk management system, including detailed procedures for risk management, are documented in a risk management manual that has been developed based on the Australian Standard for risk management, AS/NZS 4360-1999. This risk management system has been integrated with PCQ's other policies and management systems. The risk management system has been aligned with corporate and operational objectives through active consideration of business risks in strategic planning activities.

The risk management system includes a program of regular internal and external audits of various aspects of the business, such as legal compliance; projects; asset management; human resources; environment; health and safety; emergency planning; business continuity planning; and information management.

Risks are managed through a detailed process of identification and quantification of the risks, followed by determination of appropriate and cost-effective risk controls. Control measures are then implemented to mitigate the risk to acceptable levels. Identified risks are ranked to ensure appropriate attention to the higher risks of the business.

For major projects, a comprehensive risk workshop is held with a multi-disciplinary team to identify risks and to determine appropriate controls. The Board reviews the risk assessment for a project before an approval is given for funding. The Board also reviews mitigation measures in place for the top business risks monthly to ensure a high level of accountability.

CORPORATE GOVERNANCE *(continued)*

Individual risks and controls are documented in a risk register. Each risk is assigned to a senior manager for implementation of controls. Each risk is also assigned to a Board committee for overview. The Board committees review their assigned risks on a three-monthly basis.

The senior management team is responsible for identifying changes in the business environment that may generate new risks or require a change to risk rankings or controls. The risk register is under constant review by the PCQ senior management and the entire risk register is renewed each year. The risk management and control system that PCQ has in place has operated efficiently and effectively during the year. Internal compliance controls were in place to implement Board policies. Scheduled audits to ensure compliance with approvals and project management plans have been carried out during the year. There were no material breaches of risk management or compliance policies during 2008–2009.

PCQ also has in place a *Fraud Control Strategy* that puts in place processes to identify and report fraud early, and then to investigate and manage any fraudulent activities in a way that minimises potential loss and acts as a deterrent to recurrence of fraud by others. PCQ's *Code of Conduct* also reinforces the Board's commitment to ethical behaviour.

PCQ's website includes a copy of our *Risk Management Policy*.

LEGAL COMPLIANCE

PCQ's legal compliance framework is designed to ensure that PCQ employees remain up to date and aware of the key legal requirements under Commonwealth and State laws, regulation, policies and guidelines that impact on PCQ's business.

PCQ's compliance approach is to assign compliance of a statutory requirement to the relevant business unit within PCQ, which then has accountability within the scope of the particular statutory requirement, as that business unit is best equipped to identify and address compliance issues. These obligations are included in PCQ's risk management processes where appropriate, and are reviewed regularly.

In addition, on an annual basis, an independent legal adviser reviews PCQ's key legislative risk matrix to re-affirm existing and to identify new legal and statutory obligations relevant to PCQ. The resulting report is then considered by the management team, with outcomes then captured in PCQ's risk management processes as appropriate. In addition, monthly legal updates are provided to all PCQ staff on key legislative changes.

INTERNAL AUDIT

PCQ has contracted out its internal audit function to Deloitte Touche Tohmatsu for 2007–2008 to 2009–2010 inclusive. The role of internal audit is to assist the Board of Directors and management in the effective discharge of their responsibilities. Internal audit activities are conducted in accordance with the Internal Audit Charter and contract for audit services. These include:

- completing an overall risk assessment and appraisal in formulating the audit plan, having regard to the audit criteria identified for each risk category as documented in the risk manual
- providing impartial and independent advice on whether activities are effectively and economically managed
- providing advice on any deficiencies identified and recommending remedial action
- evaluating compliance with relevant legislation and policies
- determining effectiveness of financial and operational practices and systems in meeting goals.

The 2008–2009 audit program included reviews of:

- contract management
- capital projects and project management—Abbot Point expansion
- asset management—maintenance programs
- records management information standards
- follow up of prior audit results
- financial statement review.

ADDITIONAL INFORMATION



CAPITAL STRUCTURE

The Capital Structure Policy outlines PCQ's policy for the determination of its appropriate capital structure range. In establishing its capital structure range and positioning the balance sheet at a target debt to debt plus equity level, we have two objectives:

- establish the capital structure to minimise its cost of capital while maintaining an appropriate credit rating
- maintain flexibility for current and future infrastructure opportunities.

DIVIDEND POLICY

PCQ's dividend policy takes into account the return its shareholders expect on their investments, along with the funding of future capital requirements and maintenance of PCQ's approved capital structure.

A dividend of \$12.035 million has been provided for the 2009–2010 financial year, which is 80% of PCQ's net profit after tax (excluding community port profit or loss) excluding any upwards revaluations of non current assets. Dividend payments must be made in accordance with Sections 131 and 132 of the *Government Owned Corporations Act 1993*.

INVESTMENTS POLICY

Cash at bank or on hand, not currently required by PCQ, is invested in Board-approved investments in the Queensland Treasury Corporation (QTC) Cash Fund. PCQ monitors cashflows daily and invests any surplus funds. Comprehensive internal controls are maintained in relation to investments.

FOREIGN EXCHANGE AND DERIVATIVE POLICY

PCQ seeks to have all agreements, tenders and contracts denominated in Australian dollars. Every month, the Board is advised on any Foreign Exchange (FX) exposure or derivative transactions exceeding \$100,000 and whether the exposures are hedged or unhedged. Full details of any hedges placed, or derivative transactions completed since the last Board meeting, are also advised to the Board monthly. All FX exposures greater than \$1 million are hedged unless the Board explicitly determines otherwise.

GENERAL BORROWING POLICY

An estimated borrowing requirement for the succeeding year is included in the Statement of Corporate Intent. PCQ works closely with QTC to obtain state borrowing limit approval. In accordance with Government Policy, PCQ borrows from QTC for ordinary requirements.

ADDITIONAL INFORMATION *(continued)*

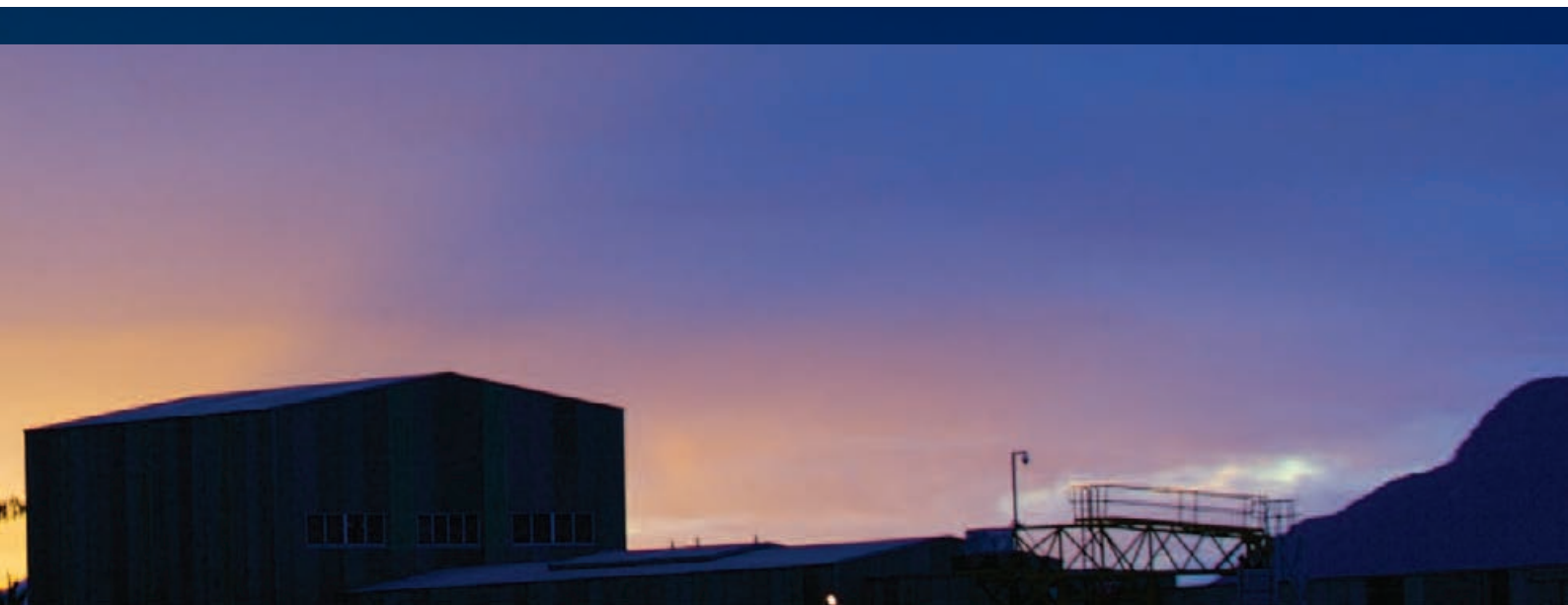


SUMMARY OF DIRECTIONS AND NOTIFICATIONS GIVEN TO THE BOARD BY PCQ'S SHAREHOLDING MINISTERS

PCQ is required to provide details of directions and notifications provided to the Board by Shareholding Ministers in relation to the 2008-2009 financial year.

Listed below are the current policies that apply to GOCs:

- *Government Owned Corporation Subsidiaries — Key Shareholder Requirements for Constitutions (2006)*
- *Guidelines for the Preparation of Statements of Corporate Intent and Corporate Plans For Government Owned Corporations (2006)*
- *Government Owned Corporations Air Travel Policy (2009)*
- *Government Owned Corporations — Cost of Capital Principles (2006)*
- *Corporate Governance Guidelines for Government Owned Corporations (2009)*
- *Investment Guidelines for Government Owned Corporations (2008)*
- *Code of Practice for Government Owned Corporations' Financial Arrangements (2004)*
- *Agreement Making in Government Owned Corporations — Guidance for Chief Executive Officers (2004)*
- *Guidelines for the Development of Employment and Industrial Relations Plans in Government Owned Corporations (2008)*
- *Audit and Reporting Requirements for Government Owned Corporation Controlled Entities and Investments (2001)*
- *Guidelines for Export of Services by Government Owned Corporations (2001)*
- *State Purchasing Policy (2000)*
- *Queensland Code of Practice for the Building and Construction Industry (2000)*
- *Queensland Port Government Owned Corporations — Local Government General Rates Equivalents Regime: Guidelines for Assessment, Collection & Payment (2000)*
- *Community Service Obligations — A Policy Framework (1999)*
- *Local Industry Policy: A Fair Go for Local Industry (2007)*
- *Government Owned Corporations Governance Arrangements for Chief and Senior Executives (February 2009)*
- *Guidelines for the Issue of Harbour Towage Licence*
- *Minimum Employment, Industrial Relations and Job Security Principles for Government Owned Corporation Employees (2008)*
- *The spirit and intent of the Government Land Disposal Policies*
- *Transport Portfolio Code of Practice for Close Circuit Television Systems (2007)*
- *QFleet Climate Smart Policy (2008)*
- *Purchasing Carbon Offsets for Queensland Government Air Travel (2008)*
- *Government Owned Corporations Corporate Entertainment and Hospitality Guidelines (2008)*
- *Government Owned Corporations Release of Information Arrangements (2009)*



Notifications received throughout the 2008–2009 year are summarised following:

- *Investment Guidelines for Government Owned Corporations (2008)*
- *Practice of using consultants and lobbyists for particular Government Owned Corporation activities*
- *Notification of an increase in Directors' remuneration effective from 1 July 2008.*
- *Government Owned Corporations — Corporate Entertainment and Hospitality Guidelines (2008)*
- *Local Industry Policy (2008)*
- *QFleet Climate Smart Policy (2008)*
- *Government Owned Corporations Release of Information Arrangements (2008)*
- *Government Owned Corporations Governance Arrangements for Chief and Senior Executives (2009)*
- *Government Owned Corporations Corporate Governance Guidelines for GOCs (2009)*
- *Process of biannual reporting and guidelines for interim reports by GOCs*

There were no commercial impacts of major significance identified in PCQ adopting these revised policy positions. The implementation of the Release of Information Arrangements resulted in PCQ engaging additional short-term resources and requires on-going resources being directed to this activity.

COMMUNITY SERVICE OBLIGATIONS (CSO)

There were no Community Service Obligations identified during 2008–2009.

COMMUNITY MARITIME FACILITY CONTRIBUTION

PCQ provided \$500,000 towards the cost of the relocation of the Mourilyan boat ramp.

EMPLOYMENT AND INDUSTRIAL RELATIONS PLAN

PCQ's Employment and Industrial Relations Plan 2008–2009 establishes the corporation's intent with respect to directors' and staff remuneration and employment conditions and human resource priorities such as staff attraction and retention initiatives. Achievements and delivery of the plan are summarised throughout this report.

CORPORATE ENTERTAINMENT AND HOSPITALITY

PCQ did not hold any events throughout 2008–2009 that were over \$5,000.

FREEDOM OF INFORMATION

PCQ received one request for information under the *Freedom of Information Act* during 2008–2009. It was explained to the applicant that PCQ did not have dealings nor documents relating to the party of the subject of the request. The request did not proceed to a formal application.

MODIFICATIONS TO THE SCI

Section 120 (d) of the GOC act requires that any modifications to the relevant SCI should be detailed in this annual report.

The 2008–2009 SCI is to be amended to provide additional details for corporate entertainment and hospitality.



FINANCIAL PERFORMANCE

PORTS CORPORATION OF QUEENSLAND LIMITED FINANCIAL STATEMENTS

ACN 126 302 994

(for the year ended 30 June 2009)

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Your directors present their report on Ports Corporation of Queensland Limited (PCQ) for the year ended 30 June 2009.

DIRECTORS

The following persons were directors of PCQ during the whole of the financial year and up to the date of this report:

L Taylor
J Bignell
K Kuiper

The following persons were directors of PCQ during the whole of the financial year until their resignations at 30 June 2009:

J Petrich
B Inglis
D Zetlin

The following persons were directors of PCQ from 7 August 2009 and up to the date of this report:

G Davies
R Dudley
S Golding
P Tait

PRINCIPAL ACTIVITIES

During the year the principal continuing activities of PCQ consisted of:

- (a) Port Operation and Management
- (b) Strategic Port Planning and Port Infrastructure Development
- (c) Trade Facilitation and Port Marketing

DIVIDENDS

Dividends paid to members during the financial year were as follows:

	2008 \$'000	2007 \$'000
Dividend for the year ended 30 June 2008 (2007)	11,533	5,610

In addition to the above dividend, the directors have recommended payment of a dividend of \$12.035 million in relation to the financial year ended 30 June 2009.

REVIEW OF OPERATIONS

PCQ experienced a period of major change and development throughout the year as a result of a Queensland Government review of the Queensland Seaport Network Structure. The outcomes included the divestment of certain ports under the management of PCQ, with the remaining ports (Abbot Point, Hay Point, Weipa and Maryborough) to merge with the Port of Mackay at 1 July 2009.

Profit for the year was \$15.9 million after income tax equivalents. PCQ increased revenue by 25% over the previous year to \$120 million, following a market review of pricing and record cargo tonnages shipped at Abbot Point Coal Terminal of more than 14 million tonnes of coal.

PCQ has continued its major capital works program spending more than \$450 million in the year, including continuing construction of the Abbot Point X50 expansion project.

Throughout the year, PCQ prepared an impact assessment for the Abbot Point expansion beyond 50 Mtpa to 110 Mtpa. This expansion could enable exports valued in excess of \$6 billion per annum, bringing major benefits to the State, while also providing increased capacity to ease port congestion.

A concept study for the development of the Multi Cargo Facility project was completed early in 2009 which identified that the area would be suitable for a reclaimed offshore sheltered harbour with up to 12 berths, furthering the potential for Abbot Point to become a major new industrial centre.

PCQ ensured the sustainable operation and development of the ports through a structured and cost-effective environmental management, monitoring and improvement program, which reflects PCQ's strong commitment to best practice, effective community consultation and environmental protection. PCQ maintained its EMS certification to AS/NZS ISO14001:2004.

PCQ maintained a high safety record for PCQ staff, due to their recognition of the importance of safe practices in the workplace.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

PCQ continued with the construction of the Abbot Point X50 expansion which is targeted for completion progressively during 2010 and 2011. The X50 expansion has an estimated capital cost of \$818m, funded by a combination of \$718m debt and \$100m equity. An additional \$345.9 million was borrowed in 2008/09 for the X25 and X50 expansions.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Transfer of Ports and Restructuring of PCQ

As part of the Queensland Ports Restructure, on 1 July 2009 the assets, liabilities, staff and control of the following ports were transferred from Ports Corporation of Queensland Limited under *Government Owned Corporations (Queensland Ports Restructure) Regulation 2009* and the *Transport and Other Legislation Amendment Regulation (No 1) 2009*:

- The Ports of Burketown, Cape Flattery, Cooktown, Karumba, Mourilyan, Skardon River, Thursday Island and Quintell Beach were transferred from PCQ to Cairns Ports Limited (Note 1).
- The Port of Lucinda was transferred from PCQ to Port of Townsville Limited.

Note 1 — the name Cairns Ports Limited was changed to Far North Queensland Ports Corporation Limited on 2 July 2009.

The financial effect of the transfer of the ports from PCQ is as follows:

- There is no profit or loss to PCQ resulting from these transactions
- The value of the assets and liabilities of the ports which have been transferred from PCQ is as follow:

	ASSETS	LIABILITIES	NET ASSETS (I.E. REDUCTION IN CAPITAL)
Cairns Ports Limited	\$37,008,004	\$4,207,596	\$32,800,408
Port of Townsville Limited	\$3,988,291	\$616,539	\$3,371,752
Total	\$40,996,295	\$4,824,135	\$36,172,160

- The value of net assets transferred from PCQ of \$36,172,160 has been designated by the State as a distribution to owners in terms of AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*. The distribution to owners of \$36,172,160 is considered to be a redemption of ownership interest in PCQ by the State and will result in a reduction of the share capital of PCQ by \$36,172,160. The values of assets and liabilities transferred were the values recorded in the balance sheets of the transferring entities at 30 June 2009.
- The reduction of capital is an 'equal reduction' in capital under section 256 B(2) of the *Corporations Act 2001*. A resolution was passed at a general meeting of shareholders on 30 June 2009 authorising the reduction in share capital and cancellation of shares.
- The income and expense attaching to the ports which have been divested from PCQ is as follows:

	INCOME \$'000	EXPENSE \$'000
Cairns Ports Limited	\$9,928	\$7,777
Port of Townsville Limited	\$731	\$629
Total	\$9,197	\$7,148

These values are those included in the Income Statements of the transferring entities for the year ended 30 June 2009.

On 1 July 2009 the port authority status of PCQ was revoked under the Transport and Other Legislation Amendment Regulation (No 1) 2009. PCQ is no longer able to establish, manage or operate a port facility or port services as a Port Authority.

On 2 July 2009 the following events occurred to enable the restructure of PCQ:

- The government owned corporation status of PCQ was revoked under Government Owned Corporations (Queensland Ports Restructure) Regulation 2009. PCQ is no longer a government owned corporation.
- The constitution of PCQ was amended to allow the shares in PCQ to be acquired by North Queensland Bulk Ports Corporation Limited (NQBPC).
- The shares in PCQ have been transferred from the two shareholding Ministers to NQBPC. PCQ is now a wholly owned subsidiary of NQBPC. The acquisition of the shares in PCQ by NQBPC was approved by the Treasurer and Minister for Employment and Economic Development and the Minister of Transport as shareholding Ministers on 30 June 2009.
- Governor in Council appointed new directors to NQBPC on 19 June 2009.

Equity Provided

As part of the Abbot Point capital expansion to 50 million tonnes per annum capacity an additional \$50m in equity is to be provided by the Queensland Government in 2009/10. This will bring total equity provided in relation to this project to \$100m.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Based on assumptions of continuing strong demand for port infrastructure in future years, PCQ expects to continue its development program to support the industry growth on a commercially sustainable basis over the long term. The quantum of profit result is dependent on external factors including customer usage of port facilities.

Disposal of all or part of the Abbot Point Coal Terminal held by the Corporation and associated businesses, assets and liabilities

On 2 June 2009 the Queensland Government announced its intention to undertake a significant asset sale program.

The *Infrastructure Investment (Assets Restructuring and Disposal) Act 2009* has been passed to facilitate the restructure and disposal of particular businesses, assets and liabilities of government entities. The Act grants extensive powers to the Minister to direct the restructuring, disposal or other processes necessary for the sale program with respect to 'declared projects'. Under section 5(1)(e) of the Act, the disposal of all or part of the Abbot Point Coal Terminal and associated businesses, assets and liabilities is a 'declared project'.

At balance sheet date there is significant uncertainty around the timing and nature of the disposal and therefore management consider that the criteria to reclassify the relevant non-current assets or disposal group as 'held for sale' in accordance with AASB 5 *Non current Assets Held for Sale* and Discontinued Operations have not been met.

ENVIRONMENTAL REGULATION

PCQ is subject to significant environmental regulation in respect to its activities.

Dredging

Dredging was carried out in the ports of Abbot Point, Hay Point, Weipa and Karumba during the year under approvals previously obtained under Commonwealth's *Environment Protection (Sea Dumping) Act 1981*, the *Great Barrier Reef Marine Park Act 1975* and the *Queensland's Integrated Planning Act 1997*.

A new approval under the Commonwealth's *Environment Protection (Sea Dumping) Act 1981* was obtained for the proposed 2009 annual maintenance dredging in Weipa.

Port Operations and Development

Expansion of the Abbot Point Coal Terminal was progressed under an approval obtained in the previous year under the *Integrated Planning Act 1997*. A new approval was obtained under the *Integrated Planning Act 1997* for dredging of the service jetty area at Abbot Point and the work was completed.

Several project referrals were made to the Commonwealth under the *Environment Protection and Biodiversity Conservation Act 1999*. Two projects—the Abbot Point Multi Cargo Facility and the X110 Expansion of the Abbot Point Coal Terminal—were made controlled actions under the Act and will require Commonwealth approvals.

Breaches of Approval Conditions

There were no actions commenced by agencies against PCQ for possible breaches of approval conditions.

Through its own monitoring and auditing processes, PCQ did identify four incidents involving PCQ contractors:

- In September at the Abbot Point construction site, site environmental staff discovered that two small areas of vegetation clearing had commenced before the appropriate approvals were obtained. Work was stopped immediately. The approvals were subsequently obtained and the works then recommenced.
- In October, a minor odour release occurred from the Hay Point Quarantine Waste Facility. Procedures were put in place to prevent a recurrence.
- In February, heavy rainfall caused a discharge of water outside prescribed pH levels from settlement ponds of the Abbot Point Coal Terminal. The discharge was reported to the Department of Environment and Resource Management. Corrective actions are being put in place, in particular, facilities to correct the pH of discharge water are being installed.
- In a high rainfall event in March, some of the water discharged from the Abbot Point Coal Terminal had a high sediment content, due to extra sediment loads from construction activities on site. Corrective actions were put in place. A study of stormwater catchment on the site was also completed to identify any further system upgrades required.

INFORMATION ON DIRECTORS

NAME AND QUALIFICATIONS

Leonie Taylor Chairman

BBus, FCA, CFP FAICD, FTIA

First Appointed 1 July 1994

Term of Office—to 30 September 2012

Appointed as Chairman of the Board on 1 July 1999

- Member Audit and Financial Risk Management Committee
- Member Human Resources and Industrial Relations Committee
- Member Corporate Governance and Planning Committee

EXPERIENCE, SPECIAL RESPONSIBILITIES AND OTHER DIRECTORSHIPS

Leonie Taylor has been Chairman of PCQ since 1 July 1999, and has been a Director of the Board since PCQ's inception as a Government Owned Corporation on 1 July 1994.

The Partner-In-Charge of Corporate Governance and Quality Accreditation at leading Brisbane financial and accounting firm Bentleys, Ms Taylor specialises in providing tax and business advice to Queensland businesses. She assists businesses with management and corporate governance issues and is well versed in all facets of financial management and the Australian tax regime.

Ms Taylor is also a Director of Queensland Police Citizens Youth Welfare Association. She holds a Bachelor of Business and is a Fellow of the Institute of Chartered Accountants, The Taxation Institute of Australia and The Institute of Company Directors.

Jim Petrich AM Deputy Chairman

FAICD

First Appointed 1 July 1999

Term of Office—to 30 June 2009

Appointed as Deputy Chairman of the Board on 1 July 1999

- Chairman Human Resources and Industrial Relations Committee

Jim Petrich held the position of Deputy Chairman at PCQ. As the Chief Executive Officer of Cape York Peninsula Development Association (CYPDA) from 1996–2005, Mr Petrich has played a key role in economic and community development in Cape York.

Before his appointment to the CYPDA, Mr Petrich was the Executive Director of the Cattleman's Union of Australia. He was also Chair of the Cape York Financial Project Pty Ltd, which is developing community banking for indigenous communities in the region. In 2006, Mr Petrich was appointed Chairman of the Centre for Rural and Remote Mental Health-Queensland. He also serves as an independent trustee on four indigenous trusts in Central Queensland and Cape York, is Chairman of the Palm Island Community Company and was a member of the Land Tribunal of Queensland from 2004 to 2008.

Awarded the Centenary Medal in 2003 for services to the pastoral industry, Mr Petrich was made an officer of the Order of Australia (AM) in the 2005 Queens Birthday Honours in recognition of his services to the rural community, particularly regional and economic development in Cape York Peninsula.

Julie Bignell

BA, Grad. Dip. IR/HRM, GAICD

First Appointed 1 July 2001

Term of Office—to 30 September 2012

- Member Human Resources and Industrial Relations Committee (appointed to Chairman at 28 July 2009)

Julie Bignell is the National Vice President and Secretary of the Central and Southern Queensland Branch of the Australian Services Union. In these roles she has executive responsibility within the union for overseeing the development and implementation of industrial and organising strategies to further the interests of white-collar clerical and administration workers in the State and nationally. Ms Bignell is also an Executive Member of the Queensland Council of Unions and a Director of Workplace Health & Safety Queensland.

Bernadette Inglis

BBus (Mktg), MBA, GAICD

First Appointed 1 July 2006

Term of Office—to 30 June 2009

- Chairman Audit and Financial Risk Management Committee
- Member Corporate Governance and Planning Committee

Ms Inglis brings over 20 years experience in the financial services sector and joined the Suncorp group in 2003. She was appointed Group Executive Personal Insurance in August 2008. In this role she leads a team of over 5,000 people across Australia.

Prior roles with Suncorp include Group Executive Strategy, People and Corporate Services where her responsibilities spanned People & Culture, Marketing, Group Strategy and Mergers & Acquisitions. Prior to this she held the Group Executive role for Retail Banking and the Wealth Management businesses. Through these roles, plus her directorship of Ports Corporation of Queensland, Ms Inglis has built a deep executive management expertise and a cross-discipline understanding of the financial service industry and the business.

Prior to joining Suncorp, from 1994 to 2003 Ms Inglis held senior management positions with Commonwealth Bank of Australia. Between 1986 and 1994 she held executive management positions with Advance Bank Australia Limited.

In 2006, Bernadette was awarded the inaugural QBR Queensland Business Woman of the Year.

NAME AND QUALIFICATIONS

Kasper Kuiper R.O.N

M. Mariner FG + ext. M, Grad Dip, OSD

First Appointed 1 July 2001

Term of Office—to 30 September 2011

- Member Audit and Financial Risk Management Committee

EXPERIENCE, SPECIAL RESPONSIBILITIES AND OTHER DIRECTORSHIPS

Following studies at the Institute of Dredging in the Netherlands, he diversified into port construction and reclamation. This work involved some of the largest port and underwater constructions in the world—Saudi Arabia, Kuwait, India, Pakistan and The Netherlands.

As technical supervisor and manager for dredging operations he relocated to Brisbane for the construction of the Brisbane International Airport in 1980–1983, following which, he worked for the Woodside Project in Cape Lambert and Port Headland, Western Australia.

Capt Kuiper is involved in the shipping industry in Queensland and is an active member of the Brisbane branch of the Company of Master Mariners and holds the position of Branch Manager for Queensland. In 1992, Captain Kuiper was appointed Honorary Consul of The Netherlands in Queensland. In recognition of his ongoing work in this role, Capt Kuiper was decorated as a Knight in the Order of Oranje-Nassau by Queen Beatrix of the Netherlands in May 2006.

Captain Kuiper is the Vice President on the Board of the Duyfken Foundation.

Di Zetlin

BA (Hons) UQ, GAICD

First Appointed 1 July 1999

Term of Office—to 30 June 2009

- Chairman Corporate Governance and Planning Committee

Di Zetlin is a Lecturer in the School of Political Science and International Studies at the University of Queensland. Her teaching and research expertise is in conflict resolution and employment matters.

She has served on the Higher Educational Council of the National Board of Employment, Education and Training in the 1990s and was a member of the Women's Employment, Education and Training Advisory Group to the Commonwealth Minister for Employment, Education and Training. She has been General Secretary of the Federated Australian University Staff Associations and President of the National Tertiary Education Union and has been a Senator of the University of Queensland.

Graham Davies

First Appointed 7 August 2009

Term of Office—to 30 September 2012

- Member Human Resources and Industrial Relations Committee (appointed 28 July 2009)

Graham Davies was appointed to the Board of Mackay Ports Limited in 1999 and has more than 30 years' experience as a non-executive Director on sugar boards, various companies and co-operatives. He held the position of Chairman of the Mackay Sugar Co-operative for 15 years. Currently Mr Davies is the Chairman of the Queensland Rural Adjustment Authority. Mr Davies owns and operates sugar farms in the Mackay and Burdekin districts and has a cattle property in the Mackay district hinterland. He is also a Board Director of the Cerebral Palsy League of Queensland.

Peter Tait

BCom, M Info Systems, FCA MAICD

First Appointed 7 August 2009

Term of Office—to 30 September 2011

- Member Audit and Financial Risk Management Committee (appointed 28 July 2009)

Peter Tait was appointed to the Board of Mackay Ports Limited in 2007.

Mr Tait has been a professional in chartered accountancy for 20 years for SH Tait and Co. The practice is one of the largest in central Queensland in accounting, taxation and general business services to a wide range of diverse industries. Mr Tait is also a registered company auditor providing audit services to a variety of unlisted public and private companies. Other areas of work include advising on restructuring, finance applications, succession planning and litigation support, including business valuations. Mr Tait also dedicates his time and talent to the community. Since 2001 Mr Tait has been Honorary Treasurer of the George Street Neighbourhood Centre in Mackay and Honorary Treasurer of Mackay Children's Contact Service.

Stephen Golding

AM, RFD, BE, MEngSc, BEcon, FIE Aust, FCILT, FAIM, FITE, MAICD, CPEng, RPEQ

First Appointed 7 August 2009

Term of Office—to 30 September 2011

- Chairman Corporate Governance and Planning Committee (appointed 28 July 2009)
- Member Human Resources and Industrial Relations Committee (appointed 28 July 2009)

Stephen Golding was appointed to the Board of Mackay Ports Limited in 2005.

Mr Golding has had a long and distinguished career with the Queensland Department of Main Roads. From 1970 to his retirement in March 2005, Mr Golding held a number of key management positions and in July 2000 was appointed Director-General of Main Roads. Mr Golding is active in four professional associations including a Fellow of the Institution of Engineers (Australia) and has served on a number of panels and committees. He has enjoyed a long career in the Army Reserve enlisting as a private soldier in the Queensland University Regiment in 1963. In June 1998, Mr Golding was awarded Member of the Order of Australia for outstanding service to the Army Reserve.

NAME AND QUALIFICATIONS

Robynne Dudley

BBus. FCA

First Appointed 7 August 2009

Term of Office—to 30 September 2012

- Chairman Audit and Financial Risk Management Committee (appointed 28 July 2009)
- Member Corporate Governance and Planning Committee (appointed 28 July 2009)

EXPERIENCE, SPECIAL RESPONSIBILITIES AND OTHER DIRECTORSHIPS

Robynne Dudley was appointed to the Board of Mackay Ports Limited in 1999 and appointed Deputy Chair on 1 July 2006.

Ms Dudley has strong ties with the Mackay business community and is a partner with Shepherd and Dudley Chartered Accountants. She has been an accountant for more than 30 years.

COMPANY SECRETARY

NAME AND QUALIFICATIONS

Susan Campbell

BCom / LLB(Hons), GradDip Coy Sec Prac

Appointed 12 May 2008

EXPERIENCE

Susan Campbell joined PCQ as Company Secretary/General Counsel in May 2008, coming from Ergon Energy, where Susan held that role since June 2007, and before that, the role of Group Legal Counsel. Susan has over 20 years experience in private practice and corporate inhouse roles, specialising in commercial and corporate law. Prior to joining Ergon Energy, Susan was a senior associate at national law firms Corrs Chambers Westgarth and Mallesons Stephen Jacques.

Tina Marsh

Tina Marsh was appointed Company Secretary in July 2007. Tina has a 16 year history with PCQ and prior to assuming the role was extensively involved in the corporate administration of PCQ and executive support to the Board.

Graham Rawlings

M App Fin, B Bus (Acc), CPA

Graham Rawlings held the position of Board Secretary for Ports Corporation of Queensland from its inception as a Port Authority in 1993 until its conversion to a company GOC in July 2007. He has resigned from the position of Company Secretary of PCQ on 30 June 2009.

MEETINGS OF DIRECTORS IN 2008/2009

Director	BOARD MEETINGS (13 HELD)		AUDIT AND FINANCIAL RISK MANAGEMENT COMMITTEE MEETINGS (4 HELD)		CORPORATE GOVERNANCE AND PLANNING COMMITTEE MEETINGS (4 HELD)		HUMAN RESOURCES AND INDUSTRIAL RELATIONS COMMITTEE MEETINGS (4 HELD)	
	Eligible to attend	Number attended	Eligible to attend	Number attended	Eligible to attend	Number attended	Eligible to attend	Number attended
L Taylor Chairman	13	13	4	4	4	4	4	4
J Petrich AM Deputy Chairman	13	12	-	-	-	-	4	4
K Kuiper	13	13	4	4	-	-	-	-
J Bignell	13	10	-	-	-	-	4	4
B Inglis	13	8	4	4	4	2	-	-
D Zetlin	13	13	-	-	4	4	-	-

Note: Directors appointed on 7 August 2009 (G Davies, P Tait, R Dudley and S Golding) were not eligible to attend any meetings in the 2008/2009 financial year.

DEEDS OF INDEMNITY AND INSURANCE

The constitution of PCQ provides that, to the extent permitted by law:

- PCQ must indemnify every person who is or has been a director or secretary of PCQ against any liability incurred by that person as a director or secretary of PCQ;
- PCQ may make a payment in respect of legal costs incurred in defending an action for a liability incurred by that person as a director or secretary of PCQ; and
- PCQ may pay a premium to insure a director or secretary against certain liability incurred by the director or secretary acting in that capacity.

PCQ entered into a Deed of Indemnity in August 2007 for the benefit of persons who are or become PCQ's Directors, Secretaries, CEO and certain other key decision making persons ("Officers") during the term of the Deed. Under this Indemnity, PCQ agrees to indemnify such persons against any Liabilities (including costs and expenses) incurred by such persons as an Officer during the term of the Indemnity. The Indemnity operates until revoked by the Board.

The Indemnity does not apply in respect of:

- any liability to PCQ or to any subsidiary of PCQ
- any liability which arises out of the conduct by the Officer involving lack of good faith
- any liability which is not permitted to be indemnified under the *Corporations Act 2001* (Cth), the *Trade Practices Act 1974* (Cth) and any other applicable law
- any liability where, and to the extent that the Officer is indemnified under a policy of insurance or otherwise.

Repayment obligations apply if PCQ has paid an amount to an Officer under this Indemnity, and the Officer is no longer entitled to be indemnified.

PCQ is required to effect insurance in relation to these Liabilities (other than for legal costs), except for liabilities arising out of wilful breach of duty or the breach of certain provisions of the *Corporations Act*.

No liability has arisen under this Indemnity as at the date of this report.

CONTRACT OF INSURANCE

PCQ has paid a premium in respect of a contract insuring the directors and officers of PCQ against liabilities.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability insurance, as such disclosure is prohibited under the terms of the contract.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company 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 company with leave of the Court under section 237 of the *Corporations Act 2001*.

ROUNDING OF AMOUNTS

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 67.

This report is signed in accordance with a resolution of directors.



LL Taylor
Chairman

Brisbane
24 August 2009

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

INDEPENDENCE DECLARATION

As lead auditor for the audit of Ports Corporation of Queensland Limited for the year ended 30 June 2009, 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; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



A J Cranstoun FCA
Delegate of the Auditor-General of Queensland

Brisbane
24 August 2009

Ports Corporation of Queensland Limited (PCQ) made the transition to a Company Government Owned Corporation on 1 July 2007 having been originally constituted on 1 July 1994 as a statutory Government Owned Corporation under the provisions of the *Government Owned Corporations Act 1993* and related Regulations.

Ports Corporation of Queensland Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 24 300 Queen Street
Brisbane QLD 4000

PCQ is required to comply with the requirements of the *Corporations Act 2001*. Under the terms of Section 118 of the *Government Owned Corporations Act 1993*, specified sections of the *Financial Administration and Audit Act 1977* apply as if PCQ were a statutory body. Until 30 June 2009 PCQ was responsible as a port authority under the *Transport Infrastructure Act 1994* for the management and control of the following prescribed harbours:

- Hay Point Island
- Abbot Point
- Lucinda
- Mourilyan
- Cape Flattery
- Weipa
- Karumba
- Port Kennedy (Thursday)
- Quintell Beach
- Maryborough
- Cooktown
- Burketown
- Skardon River

These statements have been prepared:

- to satisfy the provisions of the *Corporations Act 2001*, the *Financial Administration and Audit Act 1977* and other prescribed requirements;
- to provide an accounting for the custody and management of moneys and resources under the control of PCQ; and
- to disclose the results of operations of PCQ during the year and to indicate the financial position of PCQ at the close of that year.

The statements are general purpose in nature and reflect the whole of the financial activities of PCQ.

	NOTE	2009 \$'000	2008 \$'000
<i>Revenue</i>			
Port Charges		114,480	87,460
Property Income		2,575	2,708
Interest Revenue		1,134	425
Grant Revenue	4(ii)	825	3,151
Other Revenue		819	2,305
		119,833	96,049
<i>Other Income</i>			
Net Profit on Disposal of Property, Plant and Equipment	4(i)	114	3
Net Reversal of Impairment of Current Assets	4(i)	82	9
Total Revenues and Income		120,029	96,061
<i>Expenses</i>			
Repairs and Maintenance		39,309	27,474
Depreciation	4(i)	24,355	20,519
Finance Costs	4(i)	18,462	8,312
Employee Benefits Expense		5,937	4,929
Consultancies		1,511	1,898
Property Expenses		1,356	1,130
Net Impairment of Non-Current Assets	9(i)	1,118	516
Quarantine Waste Expenses		821	833
Land Tax		806	704
Other Expenses	4(i)	769	450
Insurance		748	589
Dynamic Underkeel Clearance Expense		747	553
Legal Expenses		549	1,961
Travelling Expenses		484	430
Contribution to Queensland Transport	4(i)	455	-
Promotional Expenses		321	291
Water Pipeline Expenses		238	57
Total Expenses		97,986	70,646
Profit before Income Tax Equivalent Expense	4	22,043	25,415
Income Tax Equivalent Expense	5(i)	6,158	8,742
Profit for the Year	15	15,885	16,673

The accompanying notes form part of these financial statements.

	NOTE	2009 \$'000	2008 \$'000
<i>Current Assets</i>			
Cash and Cash Equivalents	16(i)	7,083	12,901
Trade and Other Receivables	6	38,238	17,114
Derivative Financial Instruments	8	2,231	-
Other	7	228	479
Total Current Assets		47,780	30,494
<i>Non-Current Assets</i>			
Property, Plant and Equipment	9	1,034,976	618,151
Deferred Income Tax Equivalent Assets	5(iii)	1,330	1,667
Total Non-Current Assets		1,036,306	619,818
Total Assets		1,084,086	650,312
<i>Current Liabilities</i>			
Trade and Other Payables	10	76,414	30,351
Borrowings	11	2,417	2,230
Derivative Financial Instruments	8	2,231	-
Provisions	12	12,136	11,583
Current Income Tax Equivalent Liabilities		1,674	6,425
Total Current Liabilities		94,872	50,589
<i>Non-Current Liabilities</i>			
Borrowings	11	487,386	141,475
Provisions	12	461	473
Deferred Income Tax Equivalent Liabilities	5(iv)	98,616	103,234
Total Non-Current Liabilities		586,463	245,182
Total Liabilities		681,335	295,771
Net Assets		402,751	354,541
<i>Equity</i>			
Issued Capital	13	183,673	133,673
Reserves	14	219,918	225,558
Accumulated Losses	15	(840)	(4,690)
Total Equity		402,751	354,541

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY For the year ended 30 June 2009

	NOTE	2009 \$'000	2008 \$'000
Total Equity at the Beginning of the Financial Year		354,541	329,815
Gain on Revaluation of Property, Plant and Equipment, Net of Tax	14	(5,640)	19,586
Net Income Recognised Directly in Equity		(5,640)	19,586
Profit for the year	15	15,885	16,673
Total Recognised Income and Expense		10,245	36,259
Transactions with Equity Holders in their Capacity as Equity Holders			
Issue of Ordinary Shares	13	50,000	-
Dividend Provided For or Paid	15	(12,035)	(11,533)
Total Equity at the End of the Financial Year		402,751	354,541

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT For the year ended 30 June 2009

	NOTE	2009 \$'000	2008 \$'000
<i>Cash Flows from Operating Activities</i>			
Receipts from Customers		101,599	88,338
GST Collected on Sales		10,424	8,719
Payments to Suppliers and Employees		(54,428)	(40,902)
Income Tax Equivalents Paid		(12,773)	(2,368)
GST Paid on Purchases		(40,895)	(9,070)
GST Received from (Remitted to) the ATO		30,471	351
Interest Paid		(18,276)	(7,619)
Net Cash provided by Operating Activities	16(ii)	16,122	37,449
<i>Cash Flows from Investing Activities</i>			
Interest Received		1,141	419
Proceeds from Sale of Property, Plant and Equipment		320	6
Payments for Property, Plant and Equipment		(407,779)	(61,302)
Net Cash used in Investing Activities		(406,318)	(60,877)
<i>Cash Flows from Financing Activities</i>			
Proceeds from Borrowings	16(iii)	345,911	34,330
Proceeds from Issue of Shares		50,000	-
Dividend Paid		(11,533)	(5,611)
Net Cash used in Financing Activities		384,378	28,719
Net (Decrease) Increase in Cash and Cash Equivalents		(5,818)	5,291
Cash at the beginning of the Financial Year		12,901	7,610
Cash and Cash Equivalents at the end of the Financial Year	16(i)	7,083	12,901

The accompanying notes form part of these financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of Preparation of the Financial Statements

General

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The financial report also complies with the *Financial Administration and Audit Act 1977* and the *Financial Management Standard 1997*.

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (A-IFRS). Compliance with A-IFRS ensures that the financial statements and notes of PCQ comply with International Financial Reporting Standards (IFRS).

The financial report has been prepared on an accrual basis using the historical cost convention except where specifically stated.

The financial statements are presented in Australian dollars, which is PCQ's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Accounting Policies

Unless otherwise stated, all accounting policies applied are consistent with those of the prior year. Where appropriate, comparative figures have been amended to accord with the current year's presentation and disclosure.

Rounding

Unless otherwise stated, amounts included in the financial statements have been rounded to the nearest thousand dollars.

(ii) Recognition of Revenue and Expenses

Rendering of services

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is only recognised where control of the right to be compensated and the stage of completion can be reliably measured. Where the contract outcome cannot be reliably measured, revenue is only recognised to the extent that costs have been incurred.

An expense is recognised to the extent that it is probable that the consumption or loss of future economic benefits has occurred and the expenditure can be reliably measured.

Revenue and expenses arising from a cost recovery reimbursement are recognised in the financial years in which the service is rendered.

Sale of Assets

The profit or loss on disposal of Property, Plant and Equipment is determined as the difference between the net book value at the time of disposal and the proceeds of disposal and is included in the income statement in the year of disposal.

(iii) Grants and Contributions

Grants and contributions that are non reciprocal in nature are recognised as revenue where there is a reasonable assurance that the grant will be received and are matched to the related expense.

(iv) Impairment of Assets

Property, Plant and Equipment and other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing impairment, assets are grouped at the lowest cash generating unit, based on the lower of geographical location and separately identifiable agreements over facilities.

(v) Derivative Financial Instruments and Hedging

PCQ uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Changes in the fair value of derivatives are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

(vi) Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery, with settlement generally being required within 30 days from the invoice date.

The ability of receivables to be collected is assessed periodically with provision being made for impaired debts.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(vii) Property, Plant and Equipment

The recording threshold for non current assets is \$1000. Assets are only recognised if it is probable that future economic benefits from the item will flow to PCQ.

Land, Channels and Infrastructure, including buildings, are shown at fair value based on periodic revaluations. Independent revaluations are performed at least every five years and interim revaluations are performed annually, based on appropriate indices where there has been a material variation in the index. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in asset values on revaluation are credited, net of tax, to reserves in equity. To the extent that the increase reverses a decrease previously recognised as an expense in profit and loss, the increase is first recognised in profit and loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

All other Property, Plant and Equipment is stated at cost. Cost includes expenditure that is directly attributable to the acquisition of the item.

(viii) Depreciation

Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of Property, Plant and Equipment (excluding land) over its expected useful life to PCQ. Estimates of useful lives are made on an annual basis for all assets.

Work in Progress is not depreciated until it reaches service delivery capacity.

The expected useful lives for major assets are as follows:

Channels and Breakwaters	20 – 40 years
Wharves and Terminals	15 – 44 years
Plant and Equipment	15 – 40 years
Buildings and Improvements	20 – 50 years

Major spares purchased specifically for particular plant are capitalised and depreciated on the same basis as the plant to which they relate.

(ix) Income Tax Equivalent

PCQ is exempt from income tax under section 23(d) of the *Income Tax Assessment Act* but is subject to the provisions of the National Tax Equivalent Regime (NTER) in accordance with Part 2 of the Treasurer's Tax Equivalents Manual and pursuant to Section 129 of the *Government Owned Corporations Act*.

Under tax effect accounting the income tax equivalent expense in the Income Statement represents the tax equivalent on the pre-tax equivalent accounting profit adjusted for income and expenses never to be assessed or allowed for taxation equivalent purposes. The deferred income tax equivalent liability and the deferred income tax equivalent asset include the tax equivalent effect of temporary differences between income and expense items recognised in different accounting periods for book and tax equivalent purposes, calculated at the tax equivalent rates expected to apply when the differences reverse. The benefit arising from estimated carry forward tax equivalent losses has been recorded in the deferred income tax equivalent asset account where realisation of such benefit is considered to be probable.

Where temporary differences on property, plant and equipment give rise to unrealised capital losses, a deferred tax equivalent asset is not recognised unless sufficient foreseeable taxable gains exist against which the unrealised losses may be claimed.

No election has been made to participate in the tax consolidation regime.

(x) Payables

Payables are recognised for amounts payable in the future for goods and services received, whether or not invoices have been received. Creditors are generally unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.

(xi) Borrowings

Borrowings are recognised at fair value, net of transaction costs incurred. Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowing costs are expensed as incurred.

(xii) Provisions

Provisions are recognised when PCQ has a legal, equitable or constructive obligation to make a future settlement of economic benefits to other entities as a result of past transactions or other past events, 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.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(xiii) Employee Benefits

Liabilities for wages and salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date in respect of employees' service up to that date, having regard to expected future employee remuneration rates and on costs.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to recur in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date, having regard to expected employee remuneration rates and on costs.

PCQ's employees are members of QSuper and various other superannuation plans. Contributions to employee superannuation plans are charged as expense as the contributions are paid or become payable.

For employees in QSuper, the Treasurer of Queensland, based on advice from the State Actuary, determines employer contributions for superannuation expenses. 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 pursuant to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

(xiv) Investment in Controlled Entities

NAME OF ENTITY	CLASS OF SHARES	EQUITY HOLDING	
		2009	2008
Port Pilots Queensland Pty Ltd	Ordinary	NIL	NIL

PCQ had an investment of two ordinary shares in the above company. The company was dormant and did not hold material assets and liabilities during 2007-08. As a result consolidated accounts were not prepared. PCQ chose to deregister this entity and formal notice of deregistration was received on 12 August 2007.

(xv) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

PCQ makes estimates and assumptions about the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Income Taxes

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. PCQ recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

(ii) Fair Value

PCQ has made a significant judgement about the impairment of its Property, Plant and Equipment. Future oriented estimates are necessary to measure the recoverable amount of classes of property, plant and equipment in the absence of recently observed market prices. These estimates involve assumptions about items such as the risk adjustment to cash flows or discount rates used, and future changes in prices affecting both revenues and other costs.

(xvi) New Accounting Standards and Interpretations

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption on 30 June 2009, but have not been applied in preparing the financial report:

- Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101. The revised AASB 101 is applicable to annual reporting periods commencing on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements.
- Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123. The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset. If the revised AASB 123 had applied during 2008/09, \$8,410,905 in interest costs would have been capitalised to infrastructure assets, which would have increased profit before tax.

2. FINANCIAL RISK MANAGEMENT

PCQ has Board approved financial policies for overall risk management including the mitigation of foreign exchange, interest rate and credit risks.

(i) Foreign Exchange Risk

Foreign Exchange Risk arises when future commercial transactions are denominated in a currency that is not the entity's functional currency. PCQ seeks to have all agreements, tenders and contracts denominated in Australian dollars. The Board requires all foreign exchange exposures greater than \$1m to be hedged unless explicitly determined otherwise. Forward foreign exchange contracts have been used to manage foreign exchange rate risk. Refer Note 1(v) and Note 8.

(ii) Interest Rate Risk

PCQ holds interest bearing assets with Queensland Treasury Corporation (QTC) and the Commonwealth Bank.

As at the reporting date, PCQ had the following variable rate financial assets

	INTEREST RATE	2009 BALANCE \$'000	INTEREST RATE	2008 BALANCE \$'000
Commonwealth Bank — Operating Account	2.25%	832	6.75%	7,943
Queensland Treasury Corporation — Cash Fund	3.54%	6,249	7.45%	4,957

Sensitivity

At 30 June 2009, if interest rates had changed by +/- 100 basis points from the year end rate with all other variables held constant, pre tax profit would have not been materially affected in either year as a result of higher/lower interest income.

PCQ's main interest rate risk arises from long term borrowings. Loan borrowings provided by QTC are held within debt pools specific to PCQ. The debt pools comprise both fixed and floating rate debt instruments and, as a result, the overall interest rates on the pools can vary with changes in market interest rates. An annual book rate review is undertaken by QTC as at 1 July each year. A Competitive Neutrality Fee is also applied by QTC to the value of the debt, in order to reflect the true stand alone cost of debt for PCQ. The Competitive Neutrality Fee to apply has been fixed until April 2010.

As at the reporting date, PCQ had the following variable rate borrowings:

	WEIGHTED AVERAGE INTEREST RATE	2009 BALANCE \$'000	WEIGHTED AVERAGE INTEREST RATE	2008 BALANCE \$'000
Queensland Treasury Corporation — book value	6.06%	489,803	7.258%	143,540
Queensland Treasury Corporation — market value		492,209		141,529

Sensitivity

At 30 June 2009, if interest rates had changed by +/- 100 basis points from the year end rate with all other variables held constant, pre tax profit would have been \$753,811 (30 June 2008 \$115,250) lower/higher as a result of higher/lower interest expense. The results of this sensitivity analysis are based on a portfolio with an average modified duration of 2.5 years with 50% that decays. The analysis has been performed on a net debt basis. The increase/decrease in interest cost is the result of periodic rebalancing over the year.

PCQ seeks to match interest rate risks with revenue streams resultant from assets. For long term pricing agreements PCQ seeks to adjust revenue for movements in interest rates on at least a five yearly basis.

(iii) Credit Risk

The Board has approved policies to ensure that agreements are entered into with both customers and vendors of sufficient financial substance and with appropriate credit history. For some trade receivables and construction and other creditors, PCQ may also obtain security in the form of bank or other guarantees, which can be called upon if the counterparty is in default under the terms of the agreement. Derivative counterparties and cash transactions are limited to QTC or other high credit quality financial institutions as arranged through QTC.

Included in financial assets are debtors with a carrying amount of \$1,299,572 which are past due, and not impaired, at the reporting date (\$690,934 at 30 June 2008). No collateral is held over these balances however PCQ believes they are recoverable. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

2. FINANCIAL RISK MANAGEMENT (continued)

(iv) *Liquidity Risk*

PCQ manages liquidity risk by monitoring forecast and actual cash flows and matching these to approved borrowing levels, as detailed in the Statement of Corporate Intent, through QTC. PCQ also has access to a working capital facility with QTC to a limit of \$15 million, however this facility has not been used.

	0 TO 1 YEAR \$'000	1 TO 5 YEARS \$'000	OVER 5 YEARS \$'000	TOTAL \$'000
2009				
Queensland Treasury Corporation Borrowings	9,398	123,750	522,449	655,597
2008				
Queensland Treasury Corporation Borrowings	9,960	41,098	144,035	195,093

The repayment profile is interest only with no fixed repayment date for the principal component. For the purposes of producing this report, the principal amount plus interest and fees for one quarter have been allocated to the over 5 years time band. Interest will be capitalised on new debt in the 2009/10 financial year.

All borrowing rates include administration charges and incorporate book rate reviews effective 1 July 2009.

(v) *Fair Value Estimation*

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities is determined by QTC using discounted cash flow analysis and the effective interest rate.

3. CAPITAL RISK MANAGEMENT

PCQ manages its capital to ensure that it continues as a going concern, in order to continue providing returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce its cost of capital.

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

The capital structure is monitored using the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt.

PCQ's policy is to annually review its capital structure and review the appropriateness of the capital structure when major investments are proposed. Targeted gearing ratio is to a maximum 50%, based on a target credit rating of investment grade (BBB).

3. CAPITAL RISK MANAGEMENT (continued)

PCQ's gearing ratio calculation is shown in the table below.

	2009 \$'000	2008 \$'000
Total Borrowings	489,803	143,706
Less: Cash and Cash Equivalents	7,083	12,901
Net Debt	482,720	130,805
Total Equity	402,751	354,541
Total Capital	885,471	485,346
Gearing ratio	54.5%	26.9%

4. PROFIT BEFORE INCOME TAX EQUIVALENT EXPENSE

(i) Profit for the year has been arrived at after crediting/(charging) the following gains and losses:

Gains

Net Reversal of Impairment of Current Assets — Refer Note 6	82	9
Proceeds from Disposal of Property, Plant and Equipment	320	6
Less Book Value of Assets sold	206	3
Net Profit on Disposal of Property, Plant and Equipment	114	3

Expenses

Depreciation		
Channels	3,645	3,406
Infrastructure	18,789	15,464
Plant and Equipment	1,921	1,649
	24,355	20,519
Contribution to Queensland Transport	455	-

A contribution was made to Queensland Transport for the Mourilyan Boat Ramp relocation project.

Other Expenses

Employee Benefits	129	97
Net Impairment of Non-Current Assets — Refer Note 9(i)	1,118	516
Finance Costs — Interest on Loans	18,462	8,312

(ii) Grant Revenue

Grants were received from the Queensland Government in relation to land acquisitions. There are no unfulfilled conditions or other contingencies attaching to these grants.

825	3,151
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(iii) Auditor's Remuneration

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

58	56
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There are no non-audit services included in this amount.

5. INCOME TAX EQUIVALENT

(i) Recognised in the Income Statement

	2009 \$'000	2008 \$'000
Current year	8,022	9,756
(Over) Under provision prior year	-	(1)
Deferred tax asset	337	194
Deferred tax liability	(2,201)	(1,207)
Total income tax expense in income statement	6,158	8,742

(ii) Numerical Reconciliation between Tax Expense and Pre-Tax Net Profit

Prima facie income tax equivalent calculated at 30% on the profit before tax	6,613	7,624
Increase in income tax expense due to:		
Accounting depreciation on non-taxable assets	52	20
Property, Plant and Equipment—gain on sale of permanent items	20	-
Sundry items	-	2
Property, Plant and Equipment—difference in recognition criteria	-	8
Revaluation Increment to Profit in non-tax deductible items	-	662
Prior year adjustments	-	426
Decrease in income tax expense due to:		
Revaluation Decrement to Profit in non-tax deductible items	(29)	-
Research and development tax concession refund	(297)	-
Property, Plant and Equipment—difference in recognition criteria	(201)	-
Income tax expense on pre-tax net profit	6,158	8,742

(iii) Deferred Income Tax Equivalent Assets

Recognised deferred tax assets		
Receivables	-	22
Accounts payable and other liabilities	1,052	1,406
Provisions	278	239
Tax Assets	1,330	1,667
Opening Balance	1,667	1,861
(Charge)/credit to income statement	(337)	(194)
Closing Balance	1,330	1,667

(iv) Deferred Income Tax Equivalent Liability

Recognised deferred tax liabilities		
Property, plant and equipment	98,613	103,234
Accounts payable and other liabilities	3	-
Tax Liabilities	98,616	103,234
Deferred Income Tax Equivalent Liability		
— Recognised directly in equity	94,255	96,672
— Recognised in income statement	4,361	6,562
	98,616	103,234
Opening Balance	103,234	96,049
(Credit)/charge to income statement	(2,201)	(1,207)
Amount taken directly to equity	(2,417)	8,392
Closing Balance	98,616	103,234

6. TRADE AND OTHER RECEIVABLES

	2009 \$'000	2008 \$'000
Trade Debtors	34,372	16,159
Less Provision for Impaired Debts	-	82
	34,372	16,077
Other Receivables	3,866	1,037
	38,238	17,114

7. OTHER CURRENT ASSETS

Prepayments	228	479
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8. DERIVATIVE FINANCIAL INSTRUMENTS

Current Assets

Forward Foreign Exchange Contracts	2,231	-
Total Current Derivative Financial Instrument Assets	2,231	-

Current Liabilities

Forward Foreign Exchange Contracts	2,231	-
Total Current Derivative Financial Instrument Liabilities	2,231	-

PCQ is a party to derivative financial instruments in accordance with the Policy on derivative Financial Instruments and Hedging (refer Note 1(v)) and Financial Risk Management (refer Note 2(i)).

The cash flows are expected to occur within the following dates in the 2009/10 financial year, as per the table below.

BUY EURO DOLLARS	SELL AUSTRALIAN DOLLARS		AVERAGE EXCHANGE RATES	
MATURITY	2010 \$'000S	2009 \$'000S	2010	2009
6–12 months	2,231	-	0.5715	-

Amounts disclosed above represent currency sold measured at the contracted rate.

9. PROPERTY, PLANT AND EQUIPMENT

		2009 \$'000	2008 \$'000
Plant and Equipment	- at Cost	14,366	11,335
	- Accum. Depreciation	(8,327)	(6,558)
		6,039	4,777
Land	- at Fair Value (a)	51,150	48,547
Channels	- at Fair Value (a)	108,098	110,241
Infrastructure	- at Fair Value (a)	385,531	405,578
Capital Work in Progress	- at Cost	484,158	49,008
Total Property, Plant and Equipment	- net (b)	1,034,976	618,151

(a) A revaluation was performed at 30 June 2009 using appropriate Australian Bureau of Statistics indices and indices provided by the Queensland Department of Natural Resources and Water (State Valuation Service) and in accordance with the accounting policies as detailed in Note 1(vii).

The last full revaluation was performed as at 30 June 2007 by A McCowan (AAPI) and JP Messenger, (BE (Mech), Dip Eng Prac, GAPI) of Rushton AssetVal Pty Ltd.

PCQ has reviewed the present value of the net cashflows (recoverable amount) associated with assets carried at valuation, where no active market exists, in accordance with the accounting policies (refer Note 1(iv) and 1(xv)). The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using an estimate of CPI. A discount rate of 11% has been applied for each CGU, with any specific risk reflected through the cash flows.

Impairment losses are recognised in accordance with AASB 136 and are identified in the reconciliation for property, plant and equipment in Note 9(i). Impairment losses were recognised due to the recoverable amount for the relevant CGU being insufficient to support the existing asset base of the CGU.

- (b) PCQ has excluded a number of facilities which do not meet the asset recognition criteria in accordance with the accounting policies detailed in Note 1(vii). These include certain contributed facilities and assets which are analogous to leasehold improvements whereby the leaseholder is considered to control the future economic benefits to the facilities.

(i) Reconciliation

	LAND \$'000	CHANNELS \$'000	INFRA- STRUCTURE \$'000	PLANT & EQUIPMENT \$'000	CAPITAL WORK IN PROGRESS \$'000	TOTAL \$'000
2009						
Carrying amount at 1 July 2008	48,547	110,241	405,578	4,777	49,008	618,151
Additions	669	1,946	9,612	3,183	435,150	450,560
Disposals	(95)	-	(110)	-	-	(205)
Revaluations—Reserve	2,141	(550)	(9,647)	-	-	(8,056)
Impairment losses recognised in P&L	(524)	(160)	(1,402)	-	-	(2,086)
Impairment losses reversed in P&L	412	266	289	-	-	967
Depreciation expense	-	(3,645)	(18,789)	(1,921)	-	(24,355)
Carrying amount at 30 June 2009	51,150	108,098	385,531	6,039	484,158	1,034,976

	LAND \$'000	CHANNELS \$'000	INFRA- STRUCTURE \$'000	PLANT & EQUIPMENT \$'000	CAPITAL WORK IN PROGRESS \$'000	TOTAL \$'000
2009						
Carrying amount at 1 July 2007	46,848	103,273	299,025	6,310	89,747	545,203
Additions	3,905	8,006	94,717	119	(40,739)	66,008
Disposals	-	-	-	(3)	-	(3)
Revaluations—Reserve	(786)	885	27,879	-	-	27,978
Impairment losses recognised in P&L	(2,205)	-	(1,841)	-	-	(4,046)
Impairment losses reversed in P&L	785	1,483	1,262	-	-	3,530
Depreciation expense	-	(3,406)	(15,464)	(1,649)	-	(20,519)
Carrying amount at 30 June 2008	48,547	110,241	405,578	4,777	49,008	618,151

10. TRADE AND OTHER PAYABLES

	2009 \$'000	2008 \$'000
Trade Creditors	12,952	4,203
Contract Creditors	63,028	25,807
Lease Rentals Received in Advance	70	68
Accrued Employee Benefits	364	273
	76,414	30,351

11. BORROWINGS

Current

Queensland Treasury Corporation Loans	2,417	2,230
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Non-Current

Queensland Treasury Corporation Loans	487,386	141,475
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Interest is payable quarterly in arrears.

Interest rate risk exposures are described in note 2(ii) and Liquidity risk exposures are described in note 2(iv).

12. PROVISIONS

Current

Employee Benefits — Long Service Leave	101	50
Dividend	12,035	11,533
	12,136	11,583

Non-Current

Employee Benefits — Long Service Leave	461	473
--	------------	------------

13. ISSUED CAPITAL

Issued and Fully Paid Up Capital		
Opening Balance	133,673	133,673
Shares Issued	50,000	-
Closing Balance	183,673	133,673

Shares issued at 30 June 2009 were 183,673,368 ordinary shares (30 June 2008 133,673,368 ordinary shares). The Queensland Government was allotted 50 million shares at \$1 each in 2008/09.

14. RESERVES—ASSET REVALUATION RESERVE

Opening Balance	225,558	205,988
Transfer to Retained Earnings	-	(16)
Revaluation Increments	(8,056)	27,978
Deferred Tax Applicable	2,416	(8,392)
Closing Balance	219,918	225,558

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

15. RETAINED EARNINGS

	2009 \$'000	2008 \$'000
Accumulated Losses at the beginning of the financial year	(4,690)	(9,846)
Transfer from Asset Revaluation Reserve	-	16
Net Profit for the year	15,885	16,673
Dividend provided for	(12,035)	(11,533)
Accumulated Losses at the end of the financial year	(840)	(4,690)

16. NOTES TO THE CASH FLOW STATEMENT

(i) Reconciliation of Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash includes cash on hand and in at call deposits or loan offset accounts with banks and other financial institutions. Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Cash Assets	7,083	12,901
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(ii) Reconciliation of Profit after Income Tax Equivalent to Net Cash provided by Operating Activities

Profit After Income Tax Equivalent	15,885	16,673
Interest Received	(1,141)	(419)
Depreciation	24,355	20,519
Provision for Impaired Debts	-	(9)
(Gain) on Disposal of Non-Current Assets	(114)	(3)
Decrement in Value of Non-Current Assets	1,118	516
Change in Assets and Liabilities		
Increase (Decrease) in Prepayments	252	(14)
(Increase) in Receivables	(17,258)	(7,291)
Increase (Decrease) in Employee Benefits	129	(97)
(Decrease) Increase in Payables	(490)	1,201
(Increase) in Foreign Derivative Asset	(2,231)	-
Increase in Foreign Derivative Liability	2,231	-
(Decrease) Increase in Current Tax Equivalent Liability	(4,751)	7,388
Decrease (Increase) in Deferred Tax Equivalent Assets	337	194
(Decrease) Increase in Deferred Tax Equivalent Liabilities	(2,200)	(1,209)
Net Cash provided by Operating Activities	16,122	37,449

(iii) Financing Facilities

Loan facilities are provided by the QTC with any new borrowings approved pursuant to the annual Statement of Corporate Intent. PCQ also has access to a working capital facility with QTC to a limit of \$15 million, however this facility has not been used.

17. KEY MANAGEMENT PERSONNEL DISCLOSURES

(i) Key Management Personnel Compensation

	2009 \$'000	2008 \$'000
Short-term Employee Benefits	1,649	1,353
Post Employment Benefits	197	159
	1,846	1,512

(ii) Compensation—Directors

2009 NAME	POSITION	SHORT TERM EMPLOYEE BENEFITS (a) \$'000	POST EMPLOYMENT BENEFITS (b) \$'000	TOTAL \$'000
L Taylor	Chairman	52	5	57
J Petrich (c)	Deputy Chairman	25	2	27
J Bignell	Director	24	2	26
B Inglis (c)	Director	29	3	32
K Kuiper	Director	24	2	26
D Zetlin (c)	Director	25	2	27
		179	16	195

2008 NAME	POSITION	SHORT TERM EMPLOYEE BENEFITS (a) \$'000	POST EMPLOYMENT BENEFITS (b) \$'000	TOTAL \$'000
L Taylor	Chairman	51	3	54
J Petrich	Deputy Chairman	24	2	26
J Bignell	Director	23	2	25
G Carpenter (d)	Director	7	1	8
B Inglis	Director	25	2	27
K Kuiper	Director	23	2	25
D Zetlin	Director	24	2	26
		177	14	191

(a) Total employment cost (as determined by the Governor-in-Council) which includes packaged benefits, and fees for committee work as determined by shareholding Ministers.

(b) This represents the minimum level statutory payments pursuant to the *Commonwealth Superannuation (Administration) Act 1992* and includes other amounts from salary sacrifice arrangements.

(c) Mr Petrich, Ms Inglis and Ms Zetlin ceased to be directors as at 30 June 2009.

(d) Mr Carpenter's term expired on 30 September 2007.

17. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(iii) Compensation—Executives

POSITION	SHORT TERM BENEFITS		POST EMPLOYMENT BENEFITS	TERMINATION BENEFITS	TOTAL
	CASH SALARY (a) \$'000'S	NON MONETARY BENEFITS (b) \$'000'S	SUPERANNUATION \$'000'S	\$'000'S	\$'000'S
2009					
Chief Executive Officer	264	7	34	-	305
General Manager Business Development	185	7	24	-	216
General Manager Environment and Risk	173	7	22	-	202
General Manager Corporate Strategy	155	7	20	-	182
General Manager Commercial (d)(e)	158	7	20	-	185
General Manager Corp. Relations & Operations	142	7	18	-	167
General Manager Financial	134	7	17	-	158
Executive Coordinator and Assistant Company Secretary (d)	77	-	9	-	86
Company Secretary/General Counsel (f)	133	-	17	-	150
	1,421	49	181	-	1,651
2008					
Chief Executive Officer	231	6	28	-	265
General Manager Business Development	160	6	21	-	187
General Manager Environment and Risk	149	6	19	-	174
General Manager Corporate Strategy	136	6	18	-	160
General Manager Commercial (d)	136	6	18	-	160
General Manager Corp. Relations & Operations	121	6	16	-	143
General Manager Financial	114	6	15	-	135
Executive Coordinator and Assistant Company Secretary (d)	72	-	8	-	80
Company Secretary/General Counsel (f)	15	-	2	-	17
	1,134	42	145	-	1,321

(a) Total employment cost which includes packaged benefits (such as salary sacrifice relating to employer provided motor vehicles used by an employee for private purposes, additional superannuation, professional memberships and any exempt benefits).

(b) Includes car parking provided to meet work requirements. The amount represents the grossed up statutory formula fringe benefit amount.

(c) Executives may also earn performance based at-risk incentives which are not included in this table.

(d) Appointment to Company Secretary position on 1 July 2007.

(e) Resigned from Company Secretary position on 30 June 2009.

(f) Original appointment on short term contract from 12 May 2008 which was extended to 30 June 2009.

17. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(iv) Compensation Principles

Directors are paid in accordance with rates approved by Government or in accord with Government guidelines.

The CEO is appointed by contract which expires on 31 July 2010 with severance payments agreed to be a maximum value of two weeks superannuable salary for each year of continuous service until contract termination date, up to a maximum 52 weeks salary. Executives, excluding the CEO, are appointed as permanent employees and have as a minimum entitlement redundancy payments equivalent to those available to employees under industrial legislation or agreements most particularly the Ports Corporation of Queensland Collective Agreement 2007–2009.

Remuneration recommendations for executives are reviewed annually by the Human Resources and Industrial Relations Committee, before consideration and approval by the Board. Remuneration for executives in 2008–09 was determined in accordance with the Queensland Government's Government Owned Corporation Governance Arrangements for Chief and Senior Executives, as reflected in PCQ's policies and procedures for Recruitment and Selection, Organisational Structure, Performance Agreements, Remuneration—Chief and Senior Executives and Chief and Senior Executive Performance Pay.

Remuneration for the Executive Coordinator and Assistant Company Secretary position is determined through an independent job evaluation process to determine the appropriate pay level in the Ports Corporation of Queensland Collective Agreement 2007–2009.

(v) Aggregate Performance Payments

YEAR PAID	AGGREGATE PERFORMANCE BONUSES PAID (a) \$'000'S	TOTAL SALARIES PAID (EMPLOYEES RECEIVING A PERFORMANCE PAYMENT) \$'000'S	NO. OF EMPLOYEES WHO RECEIVED A PERFORMANCE PAYMENT
2008–09	301	4,490	53
2007–08	273	3,604	47

(a) Performance payments accruing in respect of the relevant year, regardless of payment date.

(vi) Categories of Performance Related Payments

Directors do not receive performance related payments.

The CEO participates in a performance pay scheme with agreed targets of profit, operational and environmental performance set by the Board. The proposed performance payments for the 2008/09 year have not been approved or paid at reporting date.

Other Executives

PCQ operates a performance pay scheme for executives. The performance pay comprises two components:

- Group performance based on agreed targets of profit, operational and environmental performance and
- Individual performance

The recommended payments are determined by the Board after the end of the financial year and paid and reported to shareholding Ministers in accordance with current guidelines. The proposed performance payments for the 2008/09 year have not been approved or paid at reporting date. The 2007/08 year performance payments were approved on 26 August 2008 and paid on 10 September 2008.

Performance payments for the Executive Coordinator and Assistant Company Secretary position are determined as part of the scheme for Other Employees.

Other Employees

PCQ operates a performance pay scheme for other employees with performance pay based on individual employee performance. The recommended payments are determined by a moderating committee (comprising three PCQ managers) and approved by the CEO. The scheme is voluntary. The performance payments for the 2008/09 year were in two components with the first approved on 10 December 2008 and paid on 17 December 2008, and the second approved on 11 June 2009 and paid on 17 June 2009. The 2007/08 year performance payments were also in two components with the first approved on 14 December 2007 and paid on 19 December 2007, and the second approved on 10 June 2008 and paid on 18 June 2008.

18. COMMITMENTS

	2009 \$'000	2008 \$'000
Capital expenditure contracted for at balance date is payable as follows:		
– not later than one year	356,579	411,202
– later than one year and not later than five years	59,568	227,871
	416,147	639,073
Operating expenditure contracted for at balance date is payable as follows:		
– not later than one year	22,424	17,506
	22,424	17,506

19. CONTINGENT ASSETS AND LIABILITIES

Contingent Assets

PCQ holds a number of bank guarantees for security over defects in construction contracts and for future liabilities of port operators. These have not been recorded as assets in the balance sheet. In order that PCQ does not prejudice its rights or obligations relating to these matters, the amounts have not been disclosed.

Contingent Liabilities

PCQ has received claims in relation to capital works that the Corporation is disputing. Where appropriate, an amount has been accrued for the settlement of these claims. In order that PCQ does not prejudice its rights or obligations relating to these matters, the amount of the accrual has not been disclosed.

20. NATIVE TITLE CLAIM

Native title claims have been made to various interests of PCQ (including the ports of Hay Point, Abbot Point, Cape Flattery, Mourilyan, Weipa, Thursday Island, Karumba and Maryborough), which are in various stages of resolution. In relation to all dealings in land, PCQ complies with a range of procedures implemented by the State of Queensland and PCQ to ensure that the requirements of the *Native Title Act 1993* are complied with. Those procedures are intended to reduce the potential liability of PCQ in terms of native title. While all care is taken, there remains an unknown and potential liability to PCQ in terms of any unlawful interference with native title.

21. RELATED PARTY TRANSACTIONS

PCQ is a Company Government Owned Corporation. All shares are held by representatives of the Queensland Government.

PCQ has dealt with various other Queensland Government entities in arms length transactions for various purposes in the ordinary course of business. This includes Port of Brisbane Corporation for the provision of dredging services under normal commercial agreement and QTC for investments and derivative transactions.

Amounts totalling \$1,378,372 were owing to related parties at balance date. Amounts totalling \$227,737 were owed from related parties at balance date. No amounts have been recognised in respect of bad or impaired debts from related parties.

Key Management Personnel Disclosures are in Note 17.

22. SEGMENT REPORTING

PCQ operates predominantly in one industry, being that of port management and in one geographic segment, being Queensland.

23. EVENTS AFTER THE BALANCE SHEET DATE

Transfer of Ports and Restructuring of PCQ

Transfer of Ports from PCQ

On 1 July 2009 the assets, liabilities, staff and control of the following ports were transferred from Ports Corporation of Queensland Limited under *Government Owned Corporations (Queensland Ports Restructure) Regulation 2009* and the *Transport and Other Legislation Amendment Regulation (No 1) 2009*:

- The Ports of Burketown, Cape Flattery, Cooktown, Karumba, Mourilyan, Skardon River, Thursday Island and Quintell Beach were transferred from PCQ to Cairns Ports Limited (Note 1).
- The Port of Lucinda was transferred from PCQ to Port of Townsville Limited.

Note 1 – the name Cairns Ports Limited was changed to Far North Queensland Ports Corporation Limited on 2 July 2009.

The financial effect of the transfer of the ports from PCQ is as follows:

- There is no profit or loss to PCQ resulting from these transactions
- The value of the assets and liabilities of the ports which have been transferred from PCQ is as follows:

	ASSETS	LIABILITIES	NET ASSETS (I.E. REDUCTION IN CAPITAL)
Cairns Ports Limited	\$37,008,004	\$4,207,596	\$32,800,408
Port of Townsville Limited	\$3,988,291	\$616,539	\$3,371,752
Total	\$40,996,295	\$4,824,135	\$36,172,160

- The value of net assets transferred from PCQ of \$36,172,160 has been designated by the State as a distribution to owners in terms of AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*. The distribution to owners of \$36,172,160 is considered to be a redemption of ownership interest in PCQ by the State and will result in a reduction of the share capital of PCQ by \$36,172,160. The values of assets and liabilities transferred were the values recorded in the balance sheets of the transferring entities at 30 June 2009.
- The reduction of capital is an 'equal reduction' in capital under section 256 B(2) of the *Corporations Act 2001*. A resolution was passed at a general meeting of shareholders on 30 June 2009 authorising the reduction in share capital and cancellation of shares.
- The income and expense attaching to the ports included in the Income Statement which have been divested from PCQ is as follows:

	INCOME \$'000	EXPENSE \$'000
Cairns Ports Limited	\$9,928	\$7,777
Port of Townsville Limited	\$731	\$629
Total	\$9,197	\$7,148

These values are those included in the Income Statements of the transferring entities for the year ended 30 June 2009.

23. EVENTS AFTER THE BALANCE SHEET DATE (continued)

Restructure of PCQ

- On 1 July 2009 the port authority status of PCQ was revoked under the *Transport and Other Legislation Amendment Regulation (No 1) 2009*. PCQ is no longer able to establish, manage or operate a port facility or port services as a Port Authority.
- On 2 July 2009 the following events occurred to enable the restructure of PCQ:
 - (i) The government owned corporation status of PCQ was revoked under *Government Owned Corporations (Queensland Ports Restructure) Regulation 2009*. PCQ is no longer a government owned corporation.
 - (ii) The constitution of PCQ was amended to allow the shares in PCQ to be acquired by North Queensland Bulk Ports Corporation Limited (NQBPL).
 - (iii) The shares in PCQ have been transferred from the two shareholding Ministers to NQBPL. PCQ is now a wholly owned subsidiary of NQBPL. The acquisition of the shares in PCQ by NQBPL was approved by the Treasurer and Minister for Employment and Economic Development and the Minister of Transport as shareholding Ministers on 30 June 2009.
 - (iv) Governor in Council appointed new directors to NQBPL on 19 June 2009.

Disposal of all or part of the Abbot Point Coal Terminal held by the Corporation and associated businesses, assets and liabilities

On 2 June 2009 the Queensland Government announced its intention to undertake a significant asset sale program.

The *Infrastructure Investment (Assets Restructuring and Disposal) Act 2009* has been passed to facilitate the restructure and disposal of particular businesses, assets and liabilities of government entities. The Act grants extensive powers to the Minister to direct the restructuring, disposal or other processes necessary for the sale program with respect to 'declared projects'. Under section 5(1) (e) of the Act, the disposal of all or part of the Abbot Point Coal Terminal and associated businesses, assets and liabilities is a 'declared project'.

At balance sheet date there is significant uncertainty around the timing and nature of the disposal and therefore management consider that the criteria to reclassify the relevant non-current assets or disposal group as 'held for sale' in accordance with AASB 5 *Non current Assets Held for Sale and Discontinued Operations* have not been met.

Equity Provided

As part of the Abbot Point capital expansion to 50 million tonnes per annum capacity an additional \$50m in equity is to be provided by the Queensland Government in 2009/10. This will bring total equity provided in relation to this project to \$100m.

In the directors' opinion:

- (a) The financial statements and notes set out on pages 69 to 89 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the company's financial position as at 30 June 2009 and of the performance for the financial year ended on that date;

and

- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Made in accordance with a resolution of the directors.



L L TAYLOR
Chairman

Ports Corporation of Queensland Limited

Brisbane

24 August 2009

I have audited the accompanying financial report of Ports Corporation of Queensland Limited which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. These Auditing Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors. The Auditor-General is the auditor of all Queensland government owned corporations and their controlled entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

In conducting the audit, the independence requirements of the *Corporations Act 2001* have been complied with.

Auditor's Opinion

In my opinion –

- (a) the financial report of Ports Corporation of Queensland Limited is in accordance with the *Corporations Act 2001*, including —
 - (i) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



A J Cranstoun FCA
Delegate of the Auditor-General of Queensland

24 August 2009
Brisbane

GLOSSARY OF TERMS

ACC	Agency Consultative Committee
AFRMC	Audit and Financial Risk Management Committee (Board committee)
AM	Member of the Order of Australia
APBC	Abbot Point BulkCoal Pty Ltd (terminal operator)
APCT	Abbot Point Coal Terminal
BBI	Babcock and Brown Infrastructure, now DBCT Management Pty Ltd
BMA	BHP Billiton Mitsubishi Alliance
CFSM	Cape Flattery Silica Mines Pty Ltd
CGPC	Corporate Governance and Planning Committee (Board committee)
Chalco	Chinese Aluminium Company
CRG	Community Reference Group
DBCT	Dalrymple Bay Coal Terminal (terminal)
DBCT Pty Ltd	Dalrymple Bay Coal Terminal Pty Ltd (terminal operator)
DERM	Department of Environment and Resource Management
DTMR	Department of Transport and Main Roads
DUKC®	Dynamic Under Keel Clearance — Software technology to monitor in real time the under keel clearance of vessels
DWT	Dead Weight Tonnes
EEO	Equal Employment Opportunity
EAP	Employee Assistance Program
EIS	Environmental Impact Statement
EMS	Environmental Management System
EPA	Environmental Protection Agency (now the Department of Environmental Resource Management)
FX	Foreign Exchange
GAP	Goonyella to Abbot Point Expansion Project (rail project)
HPCT	Hay Point Coal Terminal (terminal)

HRIRC	Human Resources and Industrial Relations Committee (Board committee)
LAT	Lowest Astronomical Tide
MCF	Multi Cargo Facility
Mtpa	million tonnes per annum
NET	Northern Economic Triangle
OGOC	Office of Government Owned Corporations
PCQ	Ports Corporation of Queensland Limited
QAO	Queensland Audit Office
QPIF	Queensland Primary Industries and Fisheries
QR	Queensland Rail
QSL	Queensland Sugar Limited
QTC	Queensland Treasury Corporation
RDO	Rostered Day Off
RTA	Rio Tinto Aluminium
User Agreement	User agreements in place at some of PCQ facilities between operators and PCQ
X25	Expansion resulting in throughput capacity to 25 Mtpa (Port of Abbot Point)
X50	Expansion resulting in throughput capacity to 50 Mtpa (Port of Abbot Point)
X110	Proposed expansion resulting in throughput capacity to 110 Mtpa (Port of Abbot Point)

FEEDBACK FORM PCQ Annual Report 2008–2009

As part of our aim to continuously improve our communications to stakeholders, we would appreciate your feedback and comments. We will use this feedback to improve on next year's report so that we meet the needs and expectations of our stakeholders.

MY MAIN INTEREST IN THE REPORT IS AS A:

- ☐ Customer
- ☐ Business person
- ☐ Government stakeholder
- ☐ Member of an environmental group
- ☐ Member of a community group
- ☐ Contractor/supplier
- ☐ Employee
- ☐ Importer/exporter
- ☐ Shipping line/company
- ☐ Transport company
- ☐ Port operator
- ☐ Local resident in our port community
- ☐ Student

HOW WOULD YOU RATE THE ANNUAL REPORT?

- ☐ Below average
- ☐ Average
- ☐ Fair
- ☐ Above average
- ☐ Excellent

IS THERE ANYTHING THAT WE DIDN'T INCLUDE IN THE REPORT THAT YOU WOULD LIKE TO SEE INCLUDED?

DO YOU HAVE ANY OTHER COMMENTS OR SUGGESTIONS?

I WOULD LIKE TO RECEIVE FURTHER UPDATES FROM PCQ AND BE INCLUDED ON THE MAILING LIST:

Name

Company Industry

Address

Telephone () Fax ()

Email

Please fax to 07 3224 7234, email to communications@pcq.com.au or return via reply paid postage to:
Ports Corporation of Queensland—Reply Paid 409 Brisbane Qld 4001



Registered office:

Level 24, 300 Queen Street
Brisbane Queensland

GPO Box 409
Brisbane Qld 4001

Phone 07 3224 7088
Facsimile 07 3224 7234

info@pcq.com.au
www.pcq.com.au

Ports Corporation of
Queensland Limited

ACN 126 302 994
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Corporation**
of Queensland

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