

## Ports Corporation of Queensland (PCQ) Ports, People and Projects Report 2005–06

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## Port-by-Port Report

### Port of Hay Point

The largest coal export port in the world, the Port of Hay Point is situated about 40 kilometres south of Mackay in Sarina Shire.

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

Both terminals have purpose-built rail inloading facilities, onshore stockpile yards and offshore wharves. The offshore wharves are serviced by conveyor systems, supported on jetties, which run out to sea and allow loading in deep water. The DBCT wharf is 3.8km offshore and HPCT 1.8km. DBCT is serviced by three shiploaders and HPCT by two.

Currently, DBCT has a throughput capacity of about 56 million tonnes per annum (mtpa). Mines supplying the terminal include Blair Athol, German Creek, Riverside, Oaky Creek, North Goonyella, Moranbah North, Burton, Hail Creek, Coppabella, Foxleigh and Moorvale. HPCT handles and despatches about 35mtpa from the mines operated by the Alliance in the northern Bowen Basin, which include Goonyella, Peak Downs, Saraji, Norwich Park, Gregory/Crinum and South Walker Creek.

Both terminals are currently undertaking staged expansions which could see total capacity at the port increased to 142mtpa by 2010. Phase 1 of the DBCT Project 7X expansion taking capacity to 68mtpa is well underway and the next two phases are planned to take total expansion up to 85mtpa by the end of 2009.

The expansion at HPCT will see capacity increased to 44mtpa by the end of 2006. BMA has received approval to further increase capacity and is investigating a third stage (HPX3) to lift capacity to about 57mtpa.

Maritime Safety Queensland (MSQ) provides marine pilotage services for the terminals, with most transfers to and from ships via helicopter. Each terminal has its own towage arrangements in place.

### Trade

In 2005–06, total throughput for the port was 81,621,197 tonnes, comprising 50,325,382 tonnes through DBCT and 31,295,815 tonnes through HPCT. The continued growth in Central Queensland coal production ensured that the port retained its status as the largest coal export port in the world.

A total of 929 bulk carriers visited the port.

### Departure Path Dredging

Port of Hay Point coal exporters have identified significantly lower overall costs to export coal from the port and improvements in terminal efficiency if a deeper draft was available to departing vessels.

In response to this, PCQ started work on a \$70 million project to dredge a new departure path at the port. One of the largest single dredging projects in the southern hemisphere this year, the project will result in a mega channel being created for coal bulk carriers departing Hay Point.

About nine million cubic metres of material will be removed to allow most ships to be loaded to their maximum draft when leaving the port. A ship manoeuvring apron will be created adjacent to the existing berths and a 9.5km long path from this area to open waters.

The expected 1.8 metre increase in declared port depth will provide major benefits to port users including reduced short loading, resulting in tens of millions of dollars saving in annual freight costs. In addition, earlier sailing times will provide the equivalent of up to 1.8 million tonnes of infrastructure capacity at the port.

A comprehensive Environmental Impact Statement (EIS) for the project was completed and the environmental management initiatives for the project have already started and will continue until work finishes and beyond. The EIS deals with all identified issues, including the disposal of the dredged material.

The dredging contract was awarded to Boskalis Australia Pty Limited in January and work started on 8 May. The world's largest trailer suction hopper dredge, the *W.D Fairway* is being used. A state of the art dredge, over 230 metres in length, the *W.D Fairway* is able to carry loads of almost 60,000 tonnes and is fitted with the latest in environmental management technology.

PCQ has consulted with the terminals and shipping agents regarding the commitment pricing for the project. The final revenue requirements will be calculated using an agreed financial model and advised to users on completion of the project.

The dredging work is expected to be completed by October.

### **Land Development**

In addition to the departure path dredging project, PCQ is providing landside assistance to the expansion plans of both terminals by providing areas of land for use as contractors' car parks, lay down areas for equipment and other needs associated with the expansions.

Through leasing pockets of land throughout the port area, PCQ is assisting in overall management of traffic impact associated with these million dollar infrastructure developments.

There has been a significant increase in port activity and this has resulted in an increase in incidental flow on effects to the communities around Hay Point.

### **Water Supply Pipeline**

Good seasonal rainfall in 2005–06 has resulted in minimal operation of the 15km water supply pipeline (completed in December 2004) which links the two coal terminals at the port to the Eton Irrigation Scheme. Even though both terminals have required minimal use of the pipeline, the assurance of a readily accessible and consistent alternative water supply is essential to the ongoing expansion and growth at the port.

## Quarantine Waste Facility

The Quarantine Waste Reception Facility at Hay Point servicing the two coal terminals has been in operation for more than a year with its first service provided on 25 February 2005.

Waste removed from international ships includes organic waste such as food scraps and other wastes such as cans, bottles, paper etc. PCQ's facility sterilises the waste in an autoclave prior to disposal at an AQIS approved site.

A total of 1454m<sup>3</sup> of waste was removed from 714 ships that requested the service in 2005–06. Having the waste facility available has made a positive impact, reducing the amount of rubbish being dumped into the maritime environment.

## Louisa Creek Land Purchases

Louisa Creek is a small community on the northwest boundary of DBCT. Due to its proximity to the port and being within the zone of the predominant winds, dust and noise may affect the area in certain weather conditions. Several environmental and community relations initiatives have been put in place by PCQ. Because of the use conflict and the dust problems that occur from time to time, PCQ initiated a property buying program at Louisa Creek in 1996. This allowed residents who wished to leave the area to do so, with the knowledge that they had a potential buyer for their properties.

Since 1996, PCQ has bought 103 houses and 22 vacant lots at Louisa Creek. There are 35 properties remaining which are not owned by PCQ. PCQ intends to continue to buy properties from owners who approach PCQ or who have placed their property on the market (if the price is reasonable), to provide an increased buffer.

Since starting the program, PCQ has removed or demolished 58 of the acquired houses. Remaining houses are rented or available for rent. Where houses have been removed or demolished the land has either been cleared and trees planted or left as grass. The community is regularly consulted about house removals/demolition and/or revegetation.

## Port of Abbot Point

Home to the Abbot Point Coal Terminal (APCT), the Port of Abbot Point is Australia's most northerly coal port. Located about 25 kilometres north of Bowen, APCT is a deep-water coal export facility capable of handling vessels up to 200,000 dead weight tonnes (DWT). It comprises a rail inloading facility, coal handling and stockpile areas and a single-trestle jetty and conveyor connecting to a berth and shiploader 2.75km offshore.

The terminal is currently undergoing a \$116 million Stage 2 Expansion which will result in throughput capacity increasing from 15mtpa to 21mtpa.

Most of the coal supplied to Abbot Point by rail is from Newlands and Collinsville mines. In addition, small quantities of Macarthur Coal product are brought north on the coastal rail line for export from the port.

Abbot Point BulkCoal Pty Ltd (APBC) a subsidiary of Xstrata Coal Queensland Pty Ltd, operates the terminal. The NCA Project (Newlands – Collinsville – Abbot Point Project) is 55% owned by Xstrata Coal Queensland Pty Ltd, 25% by Itochu Coal Resources Australia, 10% by Sumisho Coal Australia and 10% by ICRA NCA Pty Ltd.

Abbot Point is of strategic value to PCQ and the State as there are very few locations along Queensland's eastern seaboard where deep water (more than 15m) is close inshore and adjacent to undeveloped, non-urban land.

The port is serviced by two tugs, which are based in Bowen and Maritime Safety Queensland (MSQ) provides pilotage.

## **Trade**

In 2005–06, total throughput at Abbot Point was 12,023,931 tonnes, which is slightly down on the previous year. The port handled 148 ships during the financial year.

## **New Users at Abbot Point**

During 2005–06 PCQ continued the multi user operation of APCT with the successful export of coal from the NCA Project and from Macarthur Coal.

During 2007, PCQ expects to export the first coal from the Sonoma deposit which is currently being developed by QCoal Pty Ltd

PCQ has also secured additional commitments for export tonnages and has held discussions with a number of coal companies regarding potential further commitments. PCQ has endorsed a 'Priority in Access to Identified PCQ Facilities' policy which enables mining companies to register their formal interest in contracting capacity through the terminal. Pursuant to this policy PCQ has received interest from a number of mining companies both within the existing mine catchment area and from mines which may be dependent on the construction of the Missing Rail Link.

## **Future Port Expansion and Missing Rail Link**

The Missing Rail Link is a project which would see the Goonyella Rail system in the south linked to the Newlands system in the north. The 72km of track would provide an option for coal currently having to be shipped through either of the two terminals at Hay Point to be sent north and exported via Abbot Point, providing additional capacity and a risk management option.

PCQ has had various inquiries on the Missing Rail Link and has been liaising with Queensland Rail (QR) to develop a commercially sound basis on which the rail link can be funded.

If all indications of tonnage eventuate, proposed expansions at the Port of Hay Point will be inadequate to cope with demand and the port may soon reach the limit of its economic efficient operating and expansion parameters.

PCQ meets regularly with QR to coordinate development of the Missing Link options. There is now an opportunity for a staged development of the Missing Link together with staged investment in coal terminal capacity at Abbot Point.

This means that the total port and rail charges can be generally controlled to ensure that pricing does not vary wildly or present such a barrier to entry that the expansion does not occur.

Both PCQ and QR are continually updating options and are working to achieve a commitment for the Stage 3 Expansion of Abbot Point.

## **Stage 2 Expansion**

PCQ owns the coal export terminal at Abbot Point and there is now opportunity for expansion of PCQ's assets at the port to keep pace with the demand from the coal market.

The existing Queensland coal port infrastructure cannot meet forecast demand for port capacity. If additional port infrastructure is not developed new mines will not develop and significant mining royalties will be delayed or never received.

Based on requests received from customers for additional throughput at Abbot Point, PCQ has started an expansion of APCT which will take export capacity from the current levels of 15mtpa to 21mtpa. No changes to the offshore wharf/berth or shiploader are proposed as part of the expansion.

Estimated to cost \$116 million, the works involve expanding the existing stockyard area by building an additional bund which will carry a new stacker/reclaimer. Site activities are moving ahead, with major civil works expected to be finished by December 2006, which will be followed by installation of conveyors and a new stacker-reclaimer.

Stage 2 is expected to be commissioned in the second half of 2007.

Further increases in capacity beyond 25mt almost certainly require the construction of the Missing Rail Link to access the additional coal mines. Any port development must be timed to coincide with the installation of the Missing Rail Link if this project proceeds.

## **Further Stage 2 Expansion**

While PCQ has committed to the Stage 2 Expansion, Stages 2A and 2B can provide additional incremental capacity to 25mtpa at a forecast cost of about \$70 million.

The Stage 2A and 2B works include upgrades to both inloading and outloading systems and can be undertaken quickly to meet market demand if required.

## **Stage 3 Expansion**

To complement the Stage 2 works, PCQ is proceeding with planning for a possible Stage 3 expansion that could increase the capacity up to 50mtpa. This expansion involves both onshore and offshore works and is expected to cost about \$520 million.

The Stage 3 Expansion has been declared a significant project under the *State Development and Public Works Organisation Act*.

An Environment Impact Statement (EIS) was on display for comment for six weeks (until 28 April). The EIS did not indicate any significant adverse environmental impacts from the proposed expansion. A Supplement to the EIS which will address comments received from agencies and the public is now being prepared. PCQ believes that with this additional information, there should be no major issues that would prevent PCQ obtaining planning and environmental approvals for the Stage 3 project.

PCQ has consulted with Xstrata, QCoal, Bowen Shire Council and EPA as part of this project. It has also consulted regularly with Traditional Owners on cultural heritage matters.

### **Development of Industrial Land at Abbot Point**

PCQ is investigating all opportunities to promote development of industry at Abbot Point, particularly where there are associated port developments on which PCQ can commercially leverage.

One of these developments is the development of bauxite reserves at Aurukun on Cape York. The Queensland Government has nominated Chinese company, Chalco as the preferred bidder to develop the resource. It is understood that Chalco proposes to invest an estimated \$3 billion to mine the bauxite and construct a refinery on the east coast of Queensland.

The three potential refinery sites are Townsville, Abbot Point and Gladstone. PCQ is working with the Bowen Shire Council and local MPs in promoting the benefits of Abbot Point/Bowen for the project.

The Chalco bid was submitted to the Queensland Government at the end of June. However, it is expected to be some time before a final decision is made on the location of the east coast refinery.

### **Water for Bowen Project**

Coordinated by SunWater, with assistance from Bowen Shire Council and Bowen/Collinsville Enterprise, the Water for Bowen Project plans to channel and pipe around 100,000 mega litres (ML) per annum from the Burdekin Dam south to Bowen for town, industrial and irrigation purposes. PCQ has provided \$80,000 to assist in progressing the SunWater project to the next stage.

As the owner of APCT, PCQ recognises the importance of water to the Bowen/Abbot Point area and the region in general. The value of this resource cannot be under-estimated as water forms a vital part of Bowen's attraction of new industry and development and future growth.

While the terminal is supplied by ground water, natural supplies are limited. This investment will allow PCQ to access a dedicated 3,000 ML per annum which is the amount that a general industrial development at Abbot Point would require.

### **Port of Lucinda**

The Port of Lucinda, 100 kilometres north of Townsville and on the coast north-east of Ingham, is primarily involved in the export of raw sugar from the Ingham sugar-growing district. It comprises onshore sugar handling and storage facilities and a single-trestle jetty and conveyor connecting to an offshore berth and shiploader.

The jetty is one of the longest of its type in the world, extending for 5.6 kilometres and dipping 1.2m over its length as it follows the curvature of the earth. Sugar takes 22 minutes to travel along the conveyor from the onshore storage sheds to the shiploader. Lucinda Bulk Sugar Terminal, a subsidiary of Queensland Sugar Limited (QSL), operates the terminal.

Supplying mills are Victoria and Macknade. The Port of Lucinda is serviced by Adsteam Australasia tugs based in Mourilyan and pilotage is provided by Maritime Safety Queensland.

### **Trade**

The port handled 20 ships in 2005–06 with sugar exports of 676,636 tonnes. The figure was up slightly on the previous year. A total of 1,857 tonnes of general cargo was also handled during the year.

### **New Business**

Progress continues on new trade at the Port of Lucinda. PCQ is working closely with Aussie Barra Blue Pty Ltd, a local aquaculture enterprise for it to develop a \$7 million barramundi grow-out and hatchery facility. Development proposals have been submitted and construction is expected to start in early 2007.

### **New Industrial Development**

In close consultation with the Hinchinbrook Shire Council, PCQ has finalised a plan for the development of Lot 392, which is adjacent to the access road leading to the inshore wharf. PCQ is now seeking tenders from suitable companies for the final design and documentation.

It is proposed the land be leased for light industrial purposes.

## **Port of Mourilyan**

The Port of Mourilyan is on the coast near Innisfail. Its main trade is the export of raw sugar and molasses from the Innisfail, Babinda, Tully and Atherton Tablelands 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.

The terminal is operated by Mourilyan Bulk Sugar Terminal, a subsidiary of QSL. Mills supplying the terminal are South Johnstone, Mourilyan, Tully and Babinda. Tug requirements are provided by Adsteam Australasia tugs based in Mourilyan and Maritime Safety Queensland provides pilotage. Molasses is exported through the port by Australian Molasses Trading Pty Ltd and live cattle exports can also be accommodated.

### **Trade**

In 2005–06, total throughput at the Port of Mourilyan was 806,274 tonnes, a slight downturn from last year. Sugar exports totalled 713,150 tonnes and the port exported 93,124 tonnes of molasses.

A total of 31 ships visited the port.

## Timber Exports

PCQ is continuing to work with Pentarch Forest Products Pty Ltd (PFP) on planning a \$7 million port development at the Port of Mourilyan which may include PFP developing a timber log woodchip export facility. Working with Pentarch, PCQ submitted an application for the construction and operation of the facility under the *Integrated Planning Act 1997 (IPA)* in late May.

## Rebate Assistance

PCQ continued its rebate scheme for sugar and molasses exports through Mourilyan in 2005–06.

Under the scheme, PCQ provided a rebate for sugar exports exceeding 575,000 tonnes and for molasses exports exceeding 70,000 tonnes. Because of strong exports through the port, PCQ refunded over \$120,000 to the sugar-industry port users this year.

The rebate has effectively resulted in the sugar industry paying an average harbour due of \$1.60 per tonne during 2005–06, which was 8.57% lower than the pre-rebate rate.

## Bed Levelling

Required to maintain harbour depth necessary for large commercial vessels to enter the port, bed levelling involves dragging a large, heavy bar across the seabed to move sediment from shallow areas into deeper areas.

Regular bed levelling minimises impact on the port environment by reducing the volume of material which would have to be disposed of in the Great Barrier Reef Marine Park and also reduces the need for more comprehensive dredging programs at the port.

Bed levelling was carried out in June 2006, removing about 13,630m<sup>3</sup> of material from the wharf berth pocket and swing basin. This project was completed ahead of schedule and under budget for a cost of \$95,000.

## 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, the facility being operated by Cape Flattery Silica Mines Pty Ltd (CFSM). CFSM is the world's largest producer and exporter of silica sand.

The port has onshore silica sand handling and stockpile facilities and a 500m, 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 mooring two-line boats. This helps in ship berthing as no tugs are required. Maritime Safety Queensland provides pilotage services.

## Trade

In 2005–06, the Port of Cape Flattery handled 28 ships carrying 1,395,666 tonnes of silica sand. This was up by 7.30% on the previous year.

## Port of Weipa

Located on the north-west coast of Cape York Peninsula, the Port of Weipa's main activity is the export of bauxite (aluminium ore) from the Comalco mine. The port also handles fuel and general cargo. Comalco also operates the port facilities and has onshore bauxite handling, processing and stockpiling facilities and conveyors running to Lorim Point Wharf for shiploading.

Other port facilities include general purpose and fuel wharves and tugs operated by Weipa Tug Services Pty Ltd. Maritime Safety Queensland provides pilotage services. PCQ provides a key service in the port by maintaining a shipping channel through a regular maintenance dredging program.

### Trade

The Port of Weipa handled 413 ships in 2005–06, carrying 17,927,086 tonnes of bauxite, which was another record figure. In addition, 63,984 tonnes of fuel and 17,908 tonnes of general cargo were handled. In previous years there have also been exports of live cattle.

The record bauxite figure was up by 15.51% on the previous year. Fuel was down by 1.11% and general cargo was down by 18.79% on 2004–05.

### Weipa Capital Dredging

PCQ has started a \$27 million capital dredging project in the Port of Weipa to deepen and widen the South Channel which will increase insurance depths and improve PCQ's ability to manage ongoing siltation in the channel.

The need to boost capacity in the channel is a direct result of planned port expansions. Comalco, the principal user of the port, is proceeding with development of the Comalco Alumina Refinery (CAR) in Gladstone. This decision will result in increased exports of bauxite and number of ship movements from the port. To meet this increased demand in the most efficient manner possible, Comalco plans to replace its current fleet of ships with the wider Post Panamax vessels which have superior cargo carrying capability.

About two million cubic metres of material will be dredged to widen the channel five metres on either side and to widen the bellmouth to accommodate wider vessels into the port and improve safety by providing easier access into the channel for departing vessels.

To determine the optimal channel design, PCQ worked alongside Comalco and Maritime Safety Queensland.

The contractor, Van Oord, will employ two specialist dredges for the project—a medium size trailer suction hopper dredge and a water injection dredge will be used to widen the existing shipping channel and increase the insurance depths. This is the first time a water injection dredge has been used on a project in Australia.

During the two years of planning and approval processes, PCQ consulted the local community, along with relevant Federal and State Government agencies. A major part of the approval process involved an Environmental Impact Statement (EIS) being undertaken, which included extensive community consultation, environmental studies and agency input. PCQ also developed a Cultural Heritage Management Plan after discussions with Traditional Owners.

The project is expected to be successfully completed on time and ahead of budget in August 2006.

### **Maintenance Dredging**

PCQ has a long-term contract with the Port of Brisbane Corporation for its dredge, *Brisbane*, to undertake maintenance dredging at Weipa.

A total of 800,000m<sup>3</sup> of material was removed from the channel and inner harbour and deposited to the Albatross Bay disposal ground. The works were successfully completed in August 2005 at a cost of \$3 million.

### **Lorim Point Wharf Fender Upgrade**

Work has started on a \$2.3 million project to upgrade the fenders on Lorim Point Wharf to accommodate increased trade throughput.

Some fenders on the wharf date back to the 1960s and the new system will provide a uniform quay line for the full length of the two berths.

### **Proposed Aurukun Bauxite Development**

Situated south of Weipa, the Aurukun bauxite resource contains more than 650 million tonnes of bauxite. In early 2005, the State Government called for tenderers to develop the resource after French company Pechiney failed to meet the terms of its lease.

After an international tendering process, Chinese aluminium company, Chalco, has been nominated as the preferred bidder to develop the Aurukun bauxite resources. PCQ has been working with the Coordinator-General's office and Chalco's consultants to assist in its site selection of a port to export bauxite.

In summary, the project involves exporting from a port facility near the Aurukun resource and shipping to an alumina refinery on the Queensland east coast for processing.

Three potential offshore sites are being considered for a bauxite export terminal, all located close to the bauxite reserve, south of Weipa. PCQ has provided information on the wave climate likely at an offshore facility and prepared an estimated cost for a bauxite export terminal at Boyd Point, compared with a new facility in the Port of Weipa at Leithen Point.

PCQ will continue to work with Chalco and the State Government to identify the preferred port site. Discussions have also commenced with the State Government to extend the area of the Port of Weipa, making PCQ the port authority for areas south of the current port limits.

## Port of Karumba

The Port of Karumba is an important asset for PCQ as it is the key port for the export of lead and zinc for Zinifex. Karumba also handles general cargo for a number of Gulf communities.

Located at the mouth of the Norman River in the south-east corner of the Gulf of Carpentaria, the Port of Karumba has serviced remote Gulf communities since the late 1800s. The Zinifex Mine started exporting zinc concentrate through the port in December 1999. Zinc slurry is pumped 304km to the port from the mine, dewatered and loaded onto a 5,000 tonne transfer vessel for the 40km journey to the export ships that anchor in deep water, about 24 nautical miles off the coast.

Other facilities in the port provide for general cargo, fuel and fisheries products. PCQ provides maintenance dredging to maintain the necessary channel depth, usually about every two years. Maritime Safety Queensland provides pilotage services to the port. No tugs are required at the port.

Karumba is also a trans-shipment port for the Port of Weipa, Mornington Island and other Gulf communities, with refrigerated semi-trailers bringing goods north to Karumba for trans-shipment.

### Trade

In 2005–06, the Port of Karumba had a record year, exporting 1,100,400 tonnes of zinc, 135,500 tonnes of lead, 32,583 tonnes of general cargo and 3,546 head of livestock.

Zinc exports were up 17% on the previous record in 2003–04. Lead exports also set a record, up by 76% on last year, while general cargo exports were also up by 35.28% on 2004–05. Live cattle trade was down considerably after exports from the port ceased mid-way through the year.

A total of 253 ships visited the port in 2005–06.

### Maintenance Dredging

In 1998, PCQ carried out capital dredging to deepen the Karumba Entrance Channel to the Norman River to meet the needs of the Zinifex vessel *Wunma*. Since then maintenance dredging has been conducted every two years to maintain the depths in the entrance channel.

The latest hydrographic survey completed in March 2006 showed that 275,000m<sup>3</sup> of siltation has occurred in the channel since the last maintenance dredging project in 2004.

PCQ will start maintenance dredging to maintain the depth of the entrance channel for the safe and unrestricted operation of vessels in August 2006.

## Port of Skardon River

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

Owned by Minerals Corporation Limited, the Skardon River project is located about 100km 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 port facilities are located upstream on the Skardon River and incorporate a barge ramp. The river is shallow in certain areas and PCQ is working with the mine owners to determine the most cost-effective solution to transport the product.

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

## Port of Thursday Island

The Port of Thursday Island is a community port located in a natural harbour in the Torres Strait in the northern most part of Australia. PCQ-owned wharf facilities are established on Thursday Island and Horn Island and these facilities form a vital component of the Torres Strait's key infrastructure.

The port services the needs of these two islands and operates as a major trans-shipment 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.

### Trade

In 2005–06, general cargo trade of 80,251 tonnes passed through the port. This was up by 5.39% on the previous year.

### Improvements to Horn Island Passenger and Cargo Facilities

PCQ has started a major program of works on its Thursday Island and Horn Island facilities valued in total at over \$4.9 million.

The largest of these is improvement works to the Horn Island Cargo Facility, the Horn Island Passenger Causeway and the public boat ramp adjacent to the Passenger Causeway.

Used by about 80,000 people each year, the Causeway is the key facility which passengers use to board ferries for travel between Thursday and Horn Islands. Due to this high traffic, the pavement has deteriorated over the past few years and the upgrade will improve the surface, reduce the incidence of overtopping by waves at very high tides and improve safety by separating pedestrians and vehicles.

The adjacent Horn Island Cargo Causeway is the major trans-shipment hub for cargo destined for the outer islands. About 60,000 tonnes of cargo is handled across the wharf and ramp annually, making up about 70% of total cargo handled in the port. The facility is currently covered with a road base material and has never been sealed. Traffic from large forklifts and trucks has caused erosion resulting in uneven surfaces and dust problems in the dry season. PCQ will seal the surface to provide a better and safer facility.

These projects are expected to be finished by the end of the year at a cost of \$2.1 million.

## Upgrade to Horn Island Berthing Dolphins

Fenders at the Horn Island Cargo Wharf were damaged when a vessel came into contact with the Cargo Wharf. PCQ has now completed the design for two new berthing dolphins to be installed.

A contract was awarded to Giles Contractors. The work will cost around \$1.8 million and is expected to be finished by November.

Following the completion of the construction of the dolphins, PCQ will introduce a new pricing structure at the port enabling it to charge a wharfage fee at the Horn Island Cargo Facility.

## 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. No tug or pilotage services are required.

### Trade

The Port of Quintell Beach handled 1,707 tonnes of cargo in 2005–06, which was down on the previous year.

The port receives its income from the trade over the barge ramp.

## Our People

### PCQ's Team

PCQ is managed by a small, expert, functionally-organised group of 37 people, with 26 based in Brisbane. Eleven field staff are based in seven of the operating ports managed by PCQ.

For the duration of the Abbot Point Coal Terminal Expansion project, PCQ will employ a project team, located on-site at Abbot Point.

### Personnel Objectives

PCQ seeks to develop a supportive, self-managing culture, free from discrimination and harassment, in which personnel are trained, equipped and organised to efficiently achieve the current and future goals of PCQ.

### Strategic Advantage

The small size of PCQ's structure is considered a strategic advantage. Having a small team of competent professionals allows for the maintenance of close communication within the organisation, a clear understanding of every employee's role and the ability to respond quickly to changed circumstances.

PCQ manages resource demands by engaging consultants and temporary employees to extend the organisation's capabilities for short-term, one-off projects and for specialist skills. Permanent staff numbers will be increased only if the benefits (including any strategic consequences for the organisation) of internalising functions outweigh the cost of obtaining the services externally.

## Training and Development

PCQ recognises the importance of staff training and development as an essential part of the corporate improvement process.

Current policy and developmental practice is concentrated on:

- improving performance (involves cross-skilling, remedial and additional training)
- developing for future needs (involves the planned acquisition of skills based on future requirements).

PCQ's Performance Planning and Review system helps identify and document individuals' training and development needs. This provides a firm basis for making decisions on the appropriateness of various training and development opportunities.

During 2005–06, employees attended courses and conferences covering finance, infrastructure, environment, security, leadership, industrial relations, port and industry associations, risk management, governance, project management and skills training in software products.

## Industrial Relations

No time was lost due to industrial action during the year.

## Our Projects

### Port Pricing

PCQ runs a program to manage costs and improve revenues in all of its trading ports to ensure appropriate returns on investment are being earned. PCQ has been successful in obtaining a satisfactory profit in most of its ports.

PCQ will continue to work with all port customers on gaining maximum efficiencies and on satisfactory port pricing arrangements.

### Local Industry Policy

PCQ's role as an owner and developer of some of the facilities within its ports results in it directly generating employment. In addition, there is the flow-on effect on employment from port and other associated operations. PCQ complies with all requirements of the State Government's Local Industry Policy and local industry participation plans are now prepared for large projects.

## Hydrographic Surveys

Hydrographic surveys were undertaken at the ports of Mourilyan, Weipa, Lucinda and Hay Point to assess the amount of siltation which had occurred in the channels, berth pockets and swing basins and to ensure that they remained at sufficient depth for safe navigation.

## Land Use Planning

PCQ is in the process of developing land use strategies (incorporating land use plans) for its ports, to be used in its “assessment manager” role over its strategic port lands which comply with new legislative provisions of the *Transport Infrastructure Act (Qld)*. The strategies adopt a performance-based approach to managing future development of port land.

## Freedom of Information

No Freedom of Information requests were received during the year.