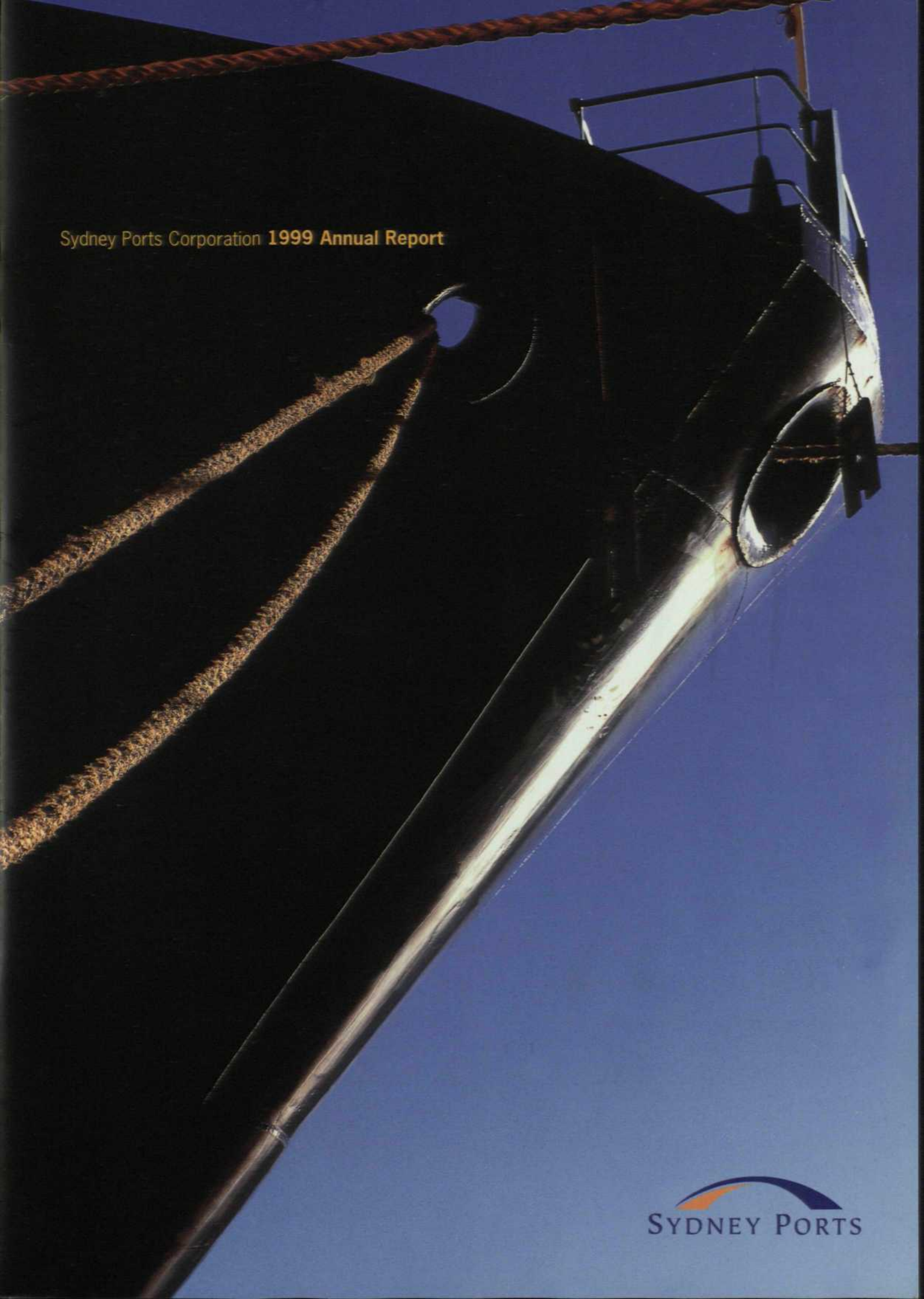
Sydney Ports Corporation **1999 Annual Report**



SYDNEY PORTS

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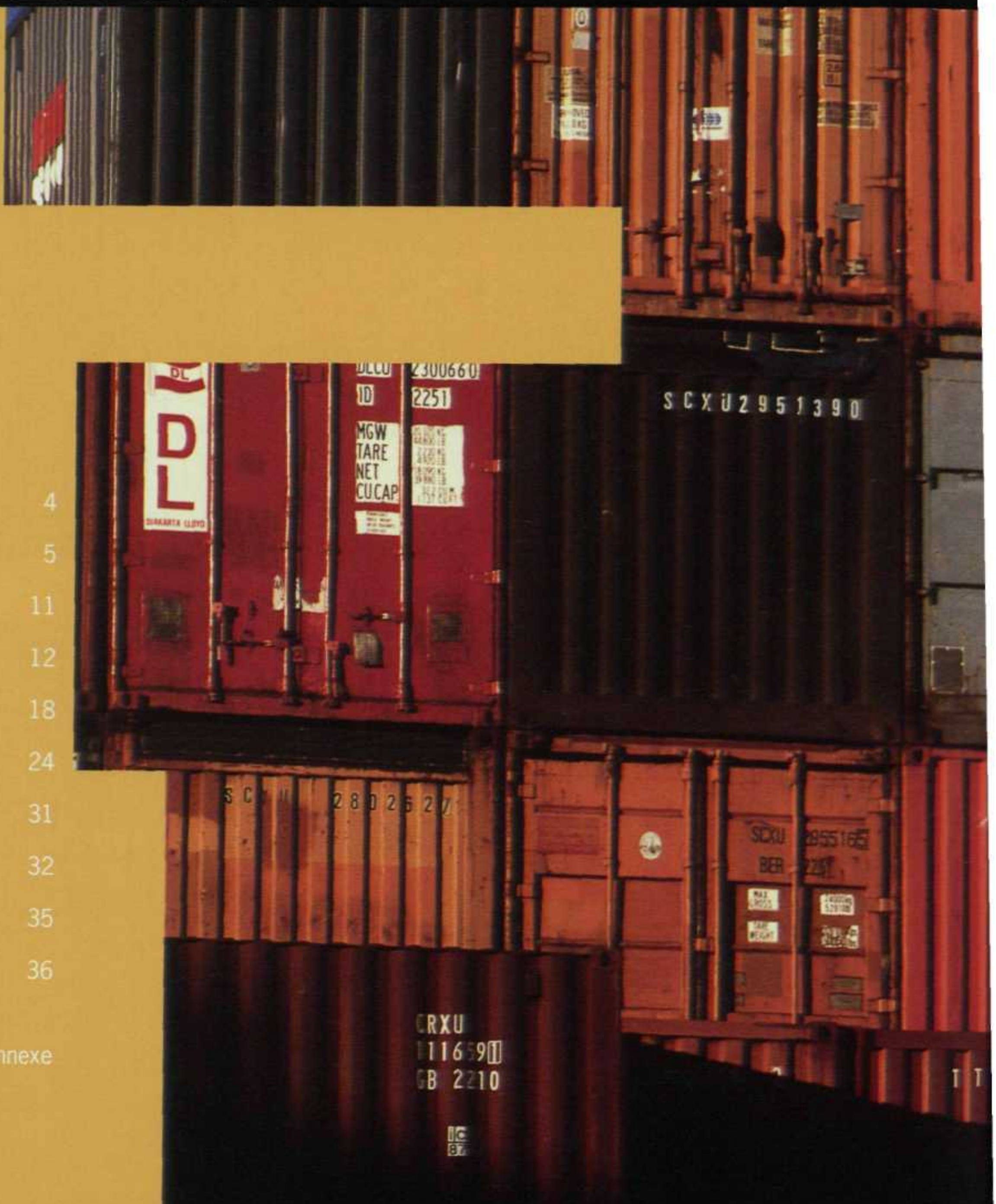
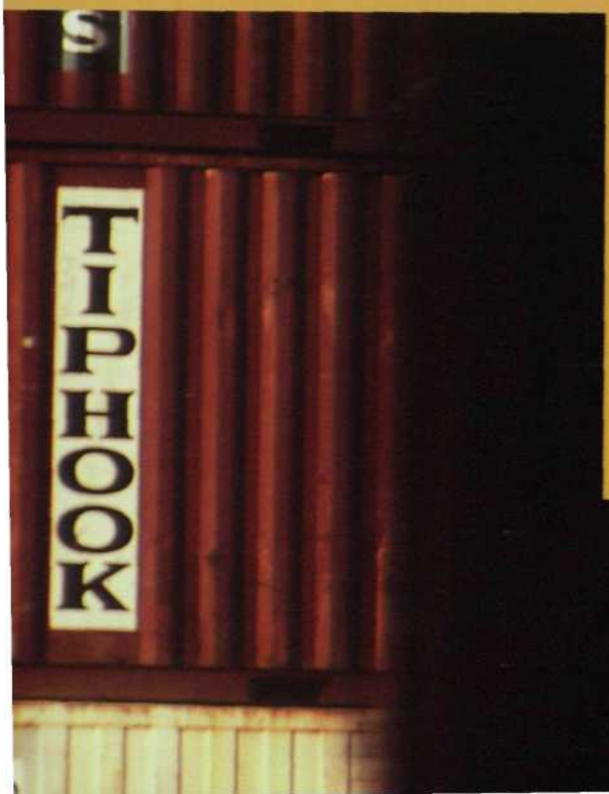
ISSN 13286250





Letter to the Minister

The Hon MR Egan, MLC
Treasurer, Minister for State Development
Vice President of the Executive Council
Governor Macquarie Tower
Level 33, I Farrer Place
SYDNEY NSW 2000

The Hon JJ Della Bosca, MP
Special Minister of State and
Assistant Treasurer
Governor Macquarie Tower
Level 33, I Farrer Place
SYDNEY NSW 2000

Dear Messrs Egan and Della Bosca

This annual report covers Sydney Ports Corporation's operations and statement of accounts for the year ended 30 June 1999, in accordance with the provision of the Annual Report (Statutory Bodies) Act 1984 and the applicable provision of the Public Finance and Audit Act 1983 and the State Owned Corporations Act 1989, and is submitted for presentation to Parliament.

Yours faithfully

Mr David LP Field
Chairman

Mr Greg J Martin
Chief Executive Officer

"Our mission is to plan, develop and control the ports of Sydney and Botany,

facilitating shipping movements and seaborne trade growth,

while effectively managing our business for the optimum benefit of the people of New South Wales."

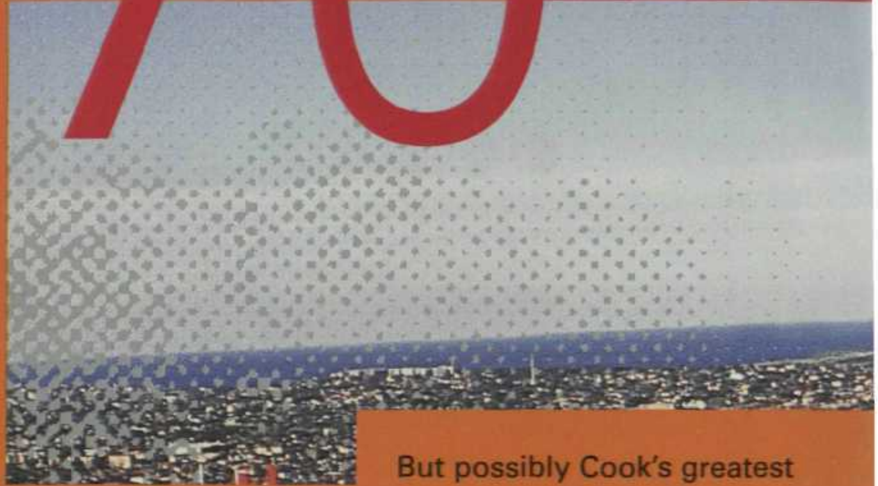
1770

Captain James Cook set anchor in Botany Bay

first port

On April 9, 1770, Captain James Cook set anchor in Botany Bay, and our first port was born. Over the next eight days, various parties set ashore from the *Endeavour* to gather plant specimens and record investigations of the nearby area.

Captain James Cook

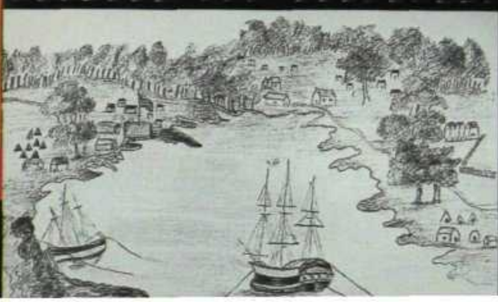


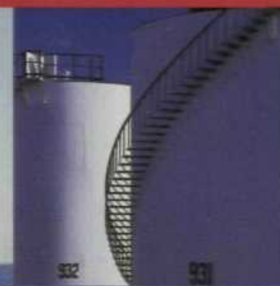
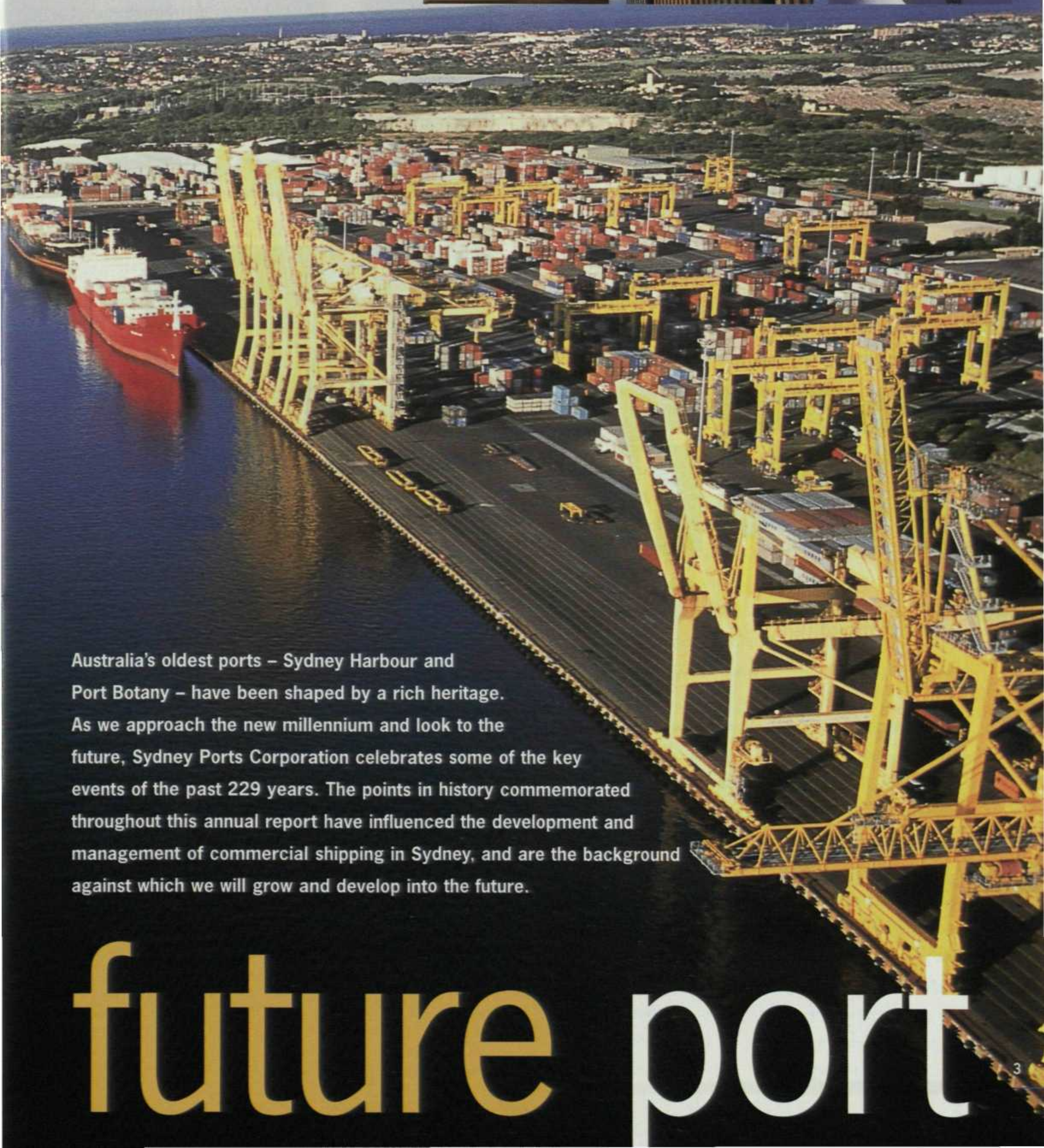
But possibly Cook's greatest observation was just made in passing – literally – as he noted and named Port Jackson without entering.

The magic port we know better as Sydney Harbour, drew the first of many praises from Captain Arthur Phillip and members of his First Fleet upon their arrival in 1778.

"Port Jackson, I believe to be, without exception, the finest and most extensive harbour in the Universe, and at the same time the most secure, being safe from all the winds that blow."

Surgeon John White RN, aboard the *Sirius*. Surgeon-General to the First Fleet in his Journal of the Voyage to NSW, published 1790.[1]



Australia's oldest ports – Sydney Harbour and Port Botany – have been shaped by a rich heritage. As we approach the new millennium and look to the future, Sydney Ports Corporation celebrates some of the key events of the past 229 years. The points in history commemorated throughout this annual report have influenced the development and management of commercial shipping in Sydney, and are the background against which we will grow and develop into the future.

future port

	1997/98	1998/99	% Change
Financial			
Revenue from port operations	$85.1M	$90M	5.8%
Pre-tax profit (including abnormal income)	40.9M	$49.5M	21%
Income tax payable	14.1M	15.3M	8.5%
Capital expenditure	16.6M	25.2M	51.8%
Dividend payable	12.7M	13.5M	6.3%
Shareholder value added	+4.6M	+7.3M	58.7%
Shipping			
Total cargo & passenger vessel calls	2250	2293	1.9%
Total gross registered tonnage	53.8M	56.2M	4.5%
Port services responses	428	512	19.6%
Trade			
Total container trade (in TEUs)	800,778	879,179	9.8%
Total cargo*/mass tonnes	22.4M	22.9M	2.2%

* includes containers, bulk liquids, break bulk and dry bulk cargoes

1998/99 highlights

Pricing

Abolished $10 empty container charge from 1/1/99. Negotiated average 5% reduction in pilotage charges. The latest round of reductions mean that total port charges per revenue tonne (CPI deflated) have decreased by 45% since 1991.

Port Development

Purchased 10ha parcel of land at Port Botany, and called for expressions of interest in port-related development.
Completed Wharf 8 passenger terminal at Darling Harbour at a cost of $8M.
Road works at Glebe Island/White Bay completed for $1.4M

DAVID FIELD, CHAIRMAN (RIGHT) AND
GREG MARTIN, CHIEF EXECUTIVE OFFICER.

Joint Chairman & CEO's report

1998/99 has been another successful year for Sydney Ports Corporation - a year in which income and dividend budget targets were exceeded, underpinned by a stronger than excepted trade performance.

Trade and Profit growth

For the seventh consecutive year container trade volume established a new benchmark. At 879,179 TEU, total container trade was 9.8% higher than last financial year, and exceeded budget by 8%. Part of the variation can be attributed to a lower-than-anticipated impact from the economic downturn in Asia. In fact, trade with some South East Asian countries increased as they sought to trade their way out of recent difficulties. Also, the weaker $A contributed to a 19.3% increase in the export of full containers to the USA, which is now Sydney's fourth largest export trading partner. Total imports of full containers increased by 8.4% during the year, while full container exports increased by 4.4% over 1997/98 volumes.

Total trade volumes, including bulk products, general cargo and containers through the ports of Sydney and Botany increased to 22.9M mass tonnes. Of this amount 17.8M mass tonnes were imports and 5.1M mass tonnes exports.

Largely on the basis of these good trade results, and further reductions in internal operating costs, a net profit (after tax) of $32.3M was achieved, up $6.8M over the 1997/98 result. This represents a return on shareholders funds of 13.8%. The Board has recommended a dividend to the shareholders of $13.6M for the year.

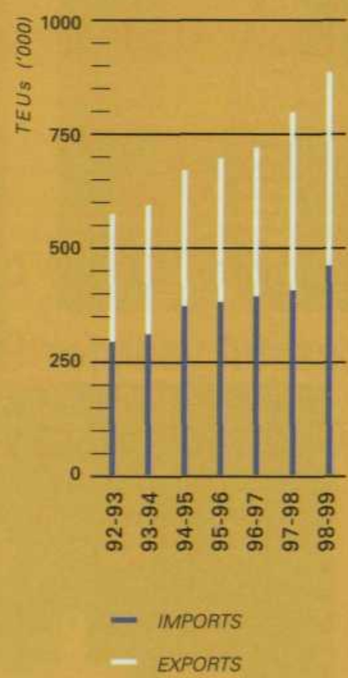
Building Better Ports

Sydney Ports has three major priorities in terms of planning and port development: pursuing options to provide sufficient capacity to cater for continuing trade growth; improving transport access to the ports; and making the most productive use of that land which is currently held by the Corporation.

INCOME
(as a proportion of total income)

EXPENDITURE
(as a proportion of total expenditure)

CONTAINER TRADE GROWTH
FOR THE LAST 7 YEARS



PORTS OF SYDNEY TOTAL CARGO
BY COMMODITY IN MASS TONNES - 1998/99

Description	Total 98/99
Containerised Cargo	8,962,109
Bulk Liquids/Gas	12,105,996
Timber	153,659
Cars	229,413
Gypsum	324,625
Sugar	133,956
Cement	470,253
Other general cargo	528,073
Total (mass tonnes)	**22,908,084**

Sydney Ports has been investigating appropriate inland hub sites to extend the operational capacity of Port Botany by the use of off-port container facilities using rail and road shuttle services.

Meeting long-term trade needs will require the development of additional container handling facilities in Sydney's ports. In this respect, further studies were conducted throughout the year to assess the technical aspects and economic feasibility of the possible expansion of Port Botany.

In parallel with any further development of Port Botany terminal facilities there is a need to ensure road and rail transport to the port is adequate to cater for predicted trade growth.

As a result, Sydney Ports Corporation has been investigating appropriate inland hub sites to extend the operational capacity of Port Botany by the use of off-port container facilities using rail and road shuttle services.

Improving road and rail access was also a major driver behind planning for rejuvenation of the Glebe Island/White Bay port facilities. The Draft Master Plan for Glebe Island/White Bay, which was nearing release for public comment at the end of the reporting period, is central to our plans to make more effective use of the limited space available for port-related activity.

The Plan includes an outline of the new port road, which will take port traffic directly onto major arterial roads and eliminate truck traffic from nearby suburban roads.

It also includes upgrades to the rail infrastructure serving the port, to be facilitated by the acquisition of additional land from the State Rail Authority. During the year just under $1.4 million was spent on road works at Glebe Island/White Bay.

The main project was construction of a new one-way internal road system from James Craig Road to Sommerville Road, designed to connect witht the new port access road. Also, around 3.4 hectares of land will be made available for additional port-related activity following the $7 million demolition of the disused Glebe Island Silos.

During the year $25.2M was spent on capital projects, including additional land purchases and development.

The largest purchase was just over $10M paid for Lot 2 at Port Botany. This 10 hectare site at Molineaux Point is the last remaining parcel of unleased waterfront port land at Port Botany.

Expressions of interest were called in February for the development of this prime site for port-related activities.

The new Darling Harbour cruise terminal at Wharf 8 was completed in June at a cost of around $8 million.

The Minister for Transport, Carl Scully, also announced plans for a $15 million refurbishment of Sydney Cove Passenger Terminal, to upgrade passenger-handling facilities and to improve public access to The Rocks and Circular Quay.

Restructure Meets Customer Needs

Early in 1999 Sydney Ports Corporation undertook a review of its organisational structure resulting in several changes that took effect from April 6. The main change was the formation of a new Property and Planning Unit, bringing together all property services under the one General Manager.

The restructure applies a greater focus to our landlord, property management and development functions.

Lessees now need deal with only one unit for everything from leasing to planning approvals, construction and maintenance.

A new unit called Navigation and Environment was formed to concentrate on services to shipping customers and is responsible for navigation control, the Central Booking System, environment and port safety and hydrographic survey.

This unit also has the important task of coordinating risk management within the Corporation.

The previously named Marine Services Unit is now the Port Services Unit, and continues to supply emergency response capability for oil spills and ship-based fires, and perform dangerous goods auditing.

This unit also provides on-site services to lessees and operational support for common-user facilities.

The former Commercial Unit, which previously incorporated business development and commercial property responsibilities, has been replaced by a Trade and Logistics Unit which is to have a sharper focus on trade-related activities. It is also responsible for examining all aspects of the cargo movement chain to ensure Sydney remains a competitive option for importers and exporters.

Over the next 12 months we look forward to demonstrating in an even more convincing manner the vital importance of ports and their future development to the economic prosperity of the State.

New Enterprise Agreement

A landmark enterprise agreement was negotiated between Sydney Ports Corporation and staff, represented by their four unions, making part of future wage increases subject to the achievement of pre-agreed organisational performance goals. The Sydney Ports 1998-2001 Enterprise Agreement, registered in the NSW Industrial Commission on December 14, 1998, also saw over 40 old State and Federal Awards and agreements rescinded and replaced by a single award, to be registered in both NSW and Federal jurisdictions.

Congratulations to all those involved in this amicable and fruitful negotiation, which delivered significant commitments to improved flexibility, efficiency, and corporate performance, with measurable objectives.

Pricing

Sydney Ports continued its drive to be a cost-competitive provider of value-added services to customers. During the year there where two major price-related initiatives; From January 1, 1999, Sydney Ports became the first major Australia container port to abolish wharfage on empty containers saving customers $1.8M in a full year. Also, Sydney Ports awarded a new three-year contract to Sydney Sea Pilots resulting in pilotage price cuts totalling an average 5% over the three-year life of the contract. These latest reductions mean that total port charges per revenue tonne (CPI deflated) have decreased by around 45% since 1991.

Sydney Ports continued its drive to be a cost-competitive provider of value-added services to customers.

Risk Management

During the year a comprehensive Risk Management System was developed for Sydney Ports Corporation, according with requirements of the standard AS/NZS4360. The plan covers all the risk exposures of the Corporation including financial, trade, environmental, navigation, human resources and corporate reputation. In addition to our existing risk management activities, the System will be integrated throughout the management of all Sydney Ports Corporation policies and procedures. An independent audit of the System was scheduled for August 1999.

Board Changes

In December 1998 the three-year term of the inaugural Board of the Sydney Ports Corporation expired and its Chairman, Mr T Brian Finn AO, did not seek reappointment. We extend our sincere thanks to Mr Finn for his contribution in ensuring the Corporation was established on a sound commercial basis in its first term following corporatisation.

Also leaving the Board during the year was staff director Mr Paddy Crumlin and we thank him for his valuable contribution to the work of the Board particularly in regard to his industrial relations experience.

New appointments to the Board were Chairman, Mr David Field and Mr Ken Murray. Ms Cheryl Bart, Mr Vic Smith, Mr Peter Medlock and Mr Greg Martin were reappointed to the Board. Following an election by staff, Mr John Douglas was appointed the new Staff Director, and took up his appointment in July 1999.

Outlook

Sydney Ports Corporation is in a strong position as it heads into the new millennium. In December we celebrate the 20th anniversary of the commissioning of Port Botany. This development allowed Sydney to participate in the modern age of containerised shipping and it continues to offer the deepest water access of all Australia's container ports.

Trade continues to grow strongly, and indications are that performance within the Australian economy will see that growth maintained.

The ongoing confidence of domestic consumers is pivotal to Sydney's success as the major import port in the country.

Over the next 12 months we look forward to demonstrating in an even more convincing manner the vital importance of ports and their future development to the economic prosperity of the State. Several studies have commenced to identify the significance of the ports of Sydney in the growth of the city and State, and the need for further port development. Sydney grew from its ports and the State of NSW continues to depend upon them for its economic prosperity.

We look forward to continuing improvement in the efficiency of our ports as both of the major stevedores in Sydney progress new industrial arrangements at their terminals. Furthermore, within 12 months, we expect the longer-term situation regarding port expansion and road and rail transport options to the ports to be significantly clarified.

Acknowledgments

The success of any organisation is due to the combined efforts of many people. We would like to thank our fellow Board members, and the staff of Sydney Ports Corporation, particularly in their work with our customers. The objective of Sydney Ports Corporation in providing value-added services to customers is based largely on communication between individual members of staff and their contacts within industry. By first listening, and then responding to customer needs, we aim to build successful and long-term business relationships.

We also wish to thank our customers for their ongoing support. We hope to continue to work closely with you to meet, and where possible, exceed your expectations of service into the future.

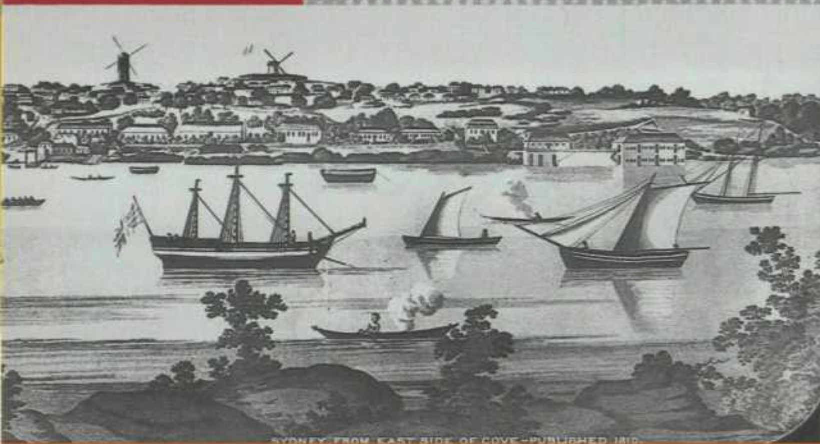
David Field

Mr David L P Field
Chairman

G J Martin

Mr Greg J Martin
Chief Executive Officer
and Managing Director

Sydney from east side of cove, 1810



The fledgling colony was growing. The arrival of convicts, settlers and goods produced more traffic on the harbour that had to be managed. A person was needed with exceptional skills who could control navigation, allocate anchorage, and later wharfage.

First Harbour Master appointed

1811

The answer was a Harbour Master, the oldest commercial maritime role in Australia. The first recorded Harbour Master was Robert Watson[2], also the senior pilot of the harbour. Arriving in Australia on the *HMAS Sirius* with the First Fleet, he was granted land at South Head. Watson's Bay, the current home of Sydney Sea Pilots, was named after him. Today, the position is a statutory appointment within Sydney Ports Corporation.

Robert Watson

who we are

SERVICES TO SHIPPING

TRADE DEVELOPMENT

CELEBRATING STAFF LONG-SERVICE AWARDS

PROPERTY PLANNING & DEVELOPMENT

ORGANISATIONAL STRUCTURE:

CEO and Managing Director
Greg Martin
BE(Civil), BCom

Secretary and General Counsel
Barbara Filipowski
BA, LLB

In-house legal advice and Board of Directors' secretariat.

General Manager Port Property and Planning
John Hayes
BE, Dip T&CP

Port property development, leasing and management, corporate planning and management of the Corporation's involvement in the Olympic Games preparations.

General Manager Navigation and Environment
Murray Fox
BSc(Eng), M Eng Sc

Port safety and services to shipping including the Harbour Management System, navigation control, and hydrographic survey, as well as environment and risk management.

Chief Finance Officer
John Morrison
BCom

Financial management including revenue raising, accounting and budgeting, information technology and administration.

General Manager Port Services
Chris Alsop

Emergency response, dangerous goods auditing and on-site services to lessees and operational support for common-user facilities.

General Manager Human Resources
Bronwyn Orrock
Grad Dip Mgt, MBA

Recruitment, training, employee relations, occupational health and safety, payroll management, library services.

General Manager Trade and Logistics
(Vacant)

Trade development, market research and analysis, logistics research and analysis, customer and corporate communications.

Those named above form the Executive Committee of Sydney Ports Corporation

shipping &

navigation

Much of the historic wealth and prosperity of Sydney is based on shipping and international trade, and Sydney continues its tradition as a working port. Sydney Ports Corporation is responsible for providing services to shipping including navigation and emergency response activities, under a Port Safety Operating Licence (PSOL) from the NSW Government.

	1997/98	1998/99
Cargo/Passenger vessel call	2250	2293
Gross registered tonnes	53.8M	56.2M

The PSOL sets standards of performance for Sydney Ports Corporation in the areas of pilotage, port communications, navigation aids, inspection of dangerous goods transfers, maintenance of channels and emergency response. These functions are quality accredited to AS/NZS 9002. The Licence is independently audited every six months against established performance criteria, and reported to the Minister for Transport.

In addition, Sydney Ports Corporation successfully passed the three-yearly re-accreditation audit undertaken by BVQI in June 1999. This process involves a full review of systems and procedures to ensure they are robust and appropriate.

Safety and the environment

A key role for Sydney Ports Corporation under the PSOL is auditing the handling of containerised and bulk dangerous goods, including oil, gas and chemical transfers from ships to shore-based facilities.

During the year there were 4420 audit inspections of bulk transfers, as well as 520 inspections of containerised dangerous goods, to ensure compliance with safety regulations and standards.

In 1998/99 there were three successful prosecutions under the Marine Pollution Act resulting from three vessel-sourced incidents involving minor discharges of pollutants of between 10 litres and 100 litres.

Drawing on its extensive experience in safety issues, Sydney Ports Corporation was instrumental in the preparation of the Australian Standard AS3846 *The handling and transport of dangerous cargoes in port areas*, which came into effect on December 1, 1998.

This new standard replaces State-based regulations with a consistent national approach to the management of dangerous goods in port areas.

NEPTUNE VIII EMERGENCY EXERCISE (LEFT), PORT BOTANY, OCTOBER 1998.

Ready to Respond

Sydney Ports Corporation maintains a high degree of readiness through the emergency response capabilities of the Port Services Unit.

Operating rapid response vessels and emergency tugs in Sydney Harbour and Port Botany, Sydney Ports Corporation's employees are on call 24-hours a day. In 1998/99, 512 calls were made to Harbour Control reporting a range of incidents from on-water pollution to dangers to navigation.

271 calls reported pollution incidents, of which only 6% related to commercial shipping covering concerns such as exhaust smoke and water discharge. Standard procedure upon receiving a pollution report is to send a vessel to investigate. Of the pollution investigations, 165 required further action. Actions undertaken ranged from cleaning and recovery of pollutants to further reporting to the Environment Protection Authority in the case of land-based incidents such as stormwater run-off. Of the incidents investigated, the remaining 106 were minor with no further action required. Another 203 responses were for vessel assists, including fire fighting attendances, debris removal or replacement of navigation aids.

Sydney Harbour Land Use Safety Study

Sydney Ports Corporation, in conjunction with the Department of Urban Affairs and Planning (DUAP), carried out a Port Land Use Safety Study of its properties in Port Botany in 1997. As a responsible landowner, Sydney Ports Corporation has extended this process by engaging DUAP to conduct a similar exercise on the port lands in Sydney Harbour, assessing existing risk issues and those which may arise from future uses of various sites.

Pilotage

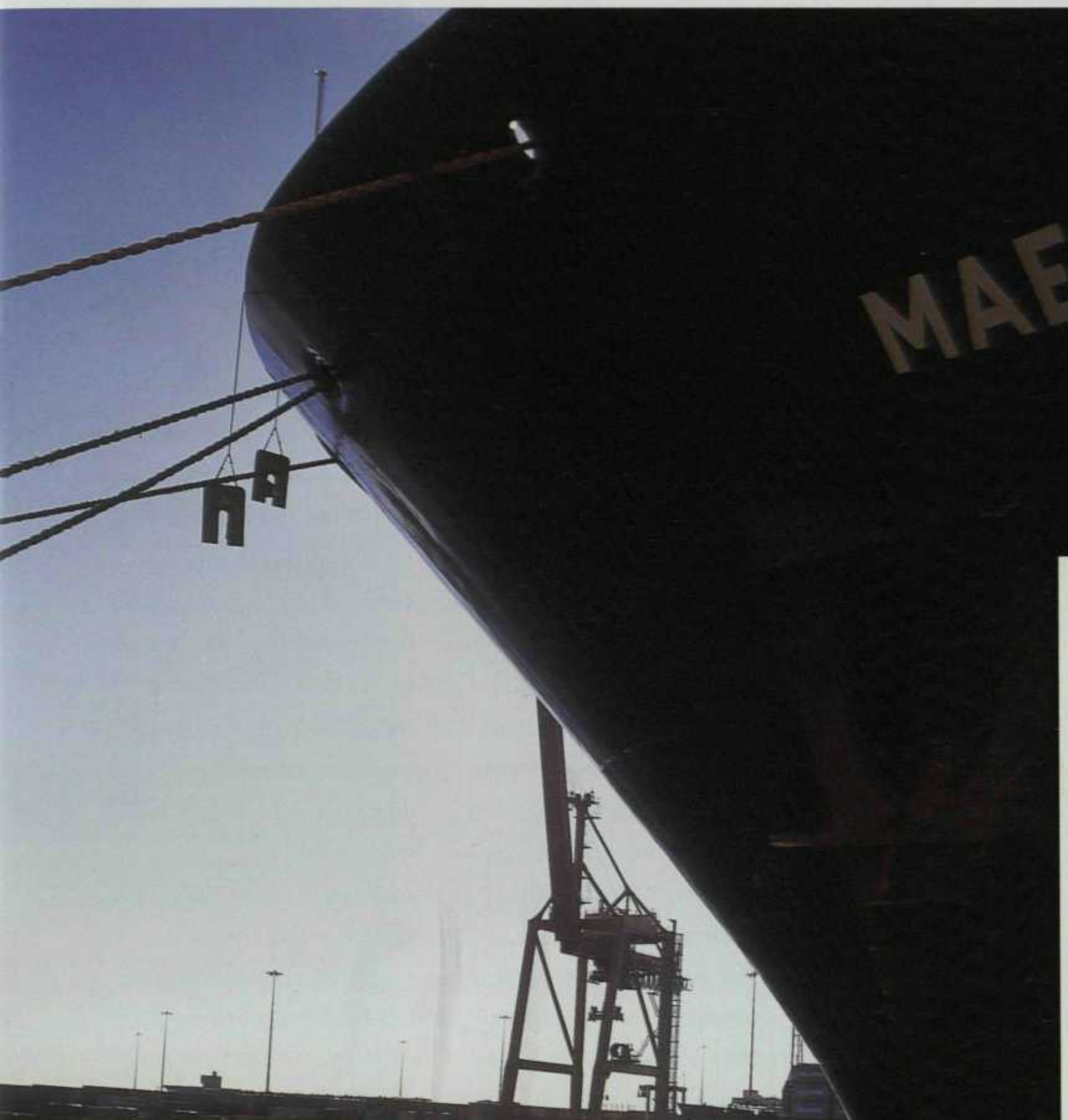
Following a competitive tender process Sydney Sea Pilots was awarded a further three-year contract for the provision of pilotage services in Sydney's ports, with effect from October 26, 1998.

SYDNEY PORTS' MARY GLEN LAUNCHES THE *RECORDER*.

Survey

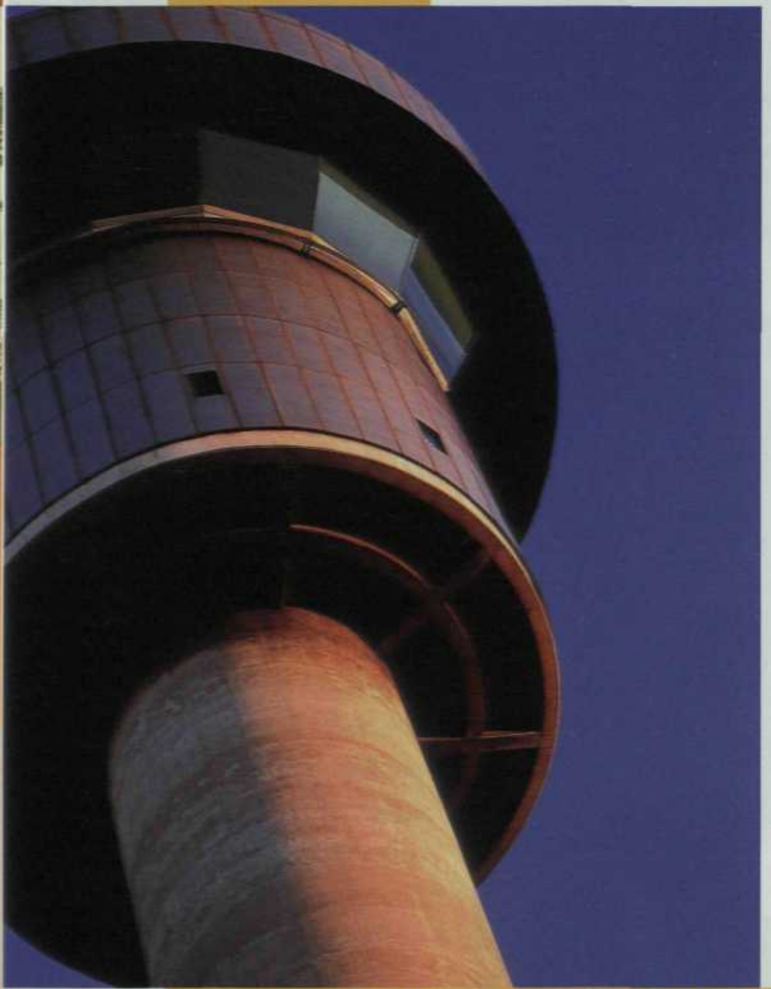
The maintenance of safe navigable shipping channels is one of the important responsibilities of Sydney Ports Corporation under the PSOL. To monitor and map the status of shipping channels Sydney Ports Corporation retains employees skilled in hydrographic survey techniques. During the year the marine survey team was involved in the design of a new purpose-built vessel which more adequately houses the modern equipment used in their work, including the latest global positioning system (GPS) technology, and a digital echo sounder for depth measurements.

On March 1, 1999, Sydney Ports Corporation launched the new *Recorder*, a six-metre, twin-hull survey vessel. In addition to monitoring conditions in Sydney Harbour and Port Botany, the Survey team and their vessel are available for contract work. One of their first jobs with the new vessel was a major survey of the channel of the Clarence River for the then Office of Marine Administration, within the NSW Government.



Electronic Harbour Management

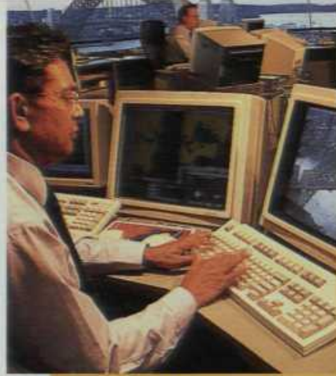
In 1997, Sydney Ports Corporation became the first Australian port to introduce EDI technology and has remained at the leading edge of e-commerce. Around 50% of cargo is now recorded on electronic manifests. The next generation in the electronic management of harbour services will be introduced with the implementation of an Internet-based Harbour Management System (HMS). Significant work was undertaken during the year to upgrade the HMS, including the Central Booking System, for migration from a subscriber network to the Internet system. Major benefits of the new system include acceptance of dangerous goods manifests over the Internet. The transfer of the Windows-based system to the Internet will be completed in the 1999/2000 financial year, making more information available to the public and easier for customers to use.



HARBOUR CONTROL, DARLING HARBOUR

Olympic trials

Sydney Harbour will be the focus of significant activity during the Olympic games – as a venue for the sailing, maritime transport corridor to Homebush, home to a number of floating hotels and the backdrop for other sporting and cultural events. The first Olympic trial was conducted on Sydney Harbour from September 19 to 27, 1998. Approximately 280 Olympic-class racing yachts from 38 nations were based at the Olympic Sailing Shore Base at Rushcutters Bay. Sydney Harbour was closed to commercial shipping movements between 1000 and 1800 hours during race days. The second Olympic trial is scheduled for September 1999, in preparation for the Sydney 2000 Olympics.



INSIDE HARBOUR CONTROL, DARLING HARBOUR

Towage trials

Sydney Ports Corporation, in conjunction with Sydney Sea Pilots and a range of port users, conducted a series of tug reduction trials throughout the year. The aim of the trials was to test a reduction in the number of tugs used to improve efficiency without compromising safety.

As a result of the trials certain vessels, mainly container vessels operating in Port Botany, will benefit from a reduction in the number of tugs required, producing savings to shipping lines.

Ballast study

Stringent conditions are in place, administered by the Australian Quarantine Inspection Service (AQIS), in relation to the discharge of ballast water. AQIS permission is required for ballast discharge in Australian coastal waters. The discharge of ballast is not a common occurrence in Sydney given that it is overwhelmingly an import port, and ballast is usually discharged when goods are loaded onto vessels for export. However, as a result of the past 200 years of maritime activity in the ports of Sydney Harbour and Port Botany, there remains a legacy in the form of introduced species.

Sydney Ports Corporation has engaged NSW Fisheries in conjunction with the Centre for Research into Introduced Marine Pests (a division of the CSIRO) to conduct studies into the current level and range of species to set a benchmark for future operations and monitoring. A community reference committee was established to provide input to the process. A report is expected late in 1999.

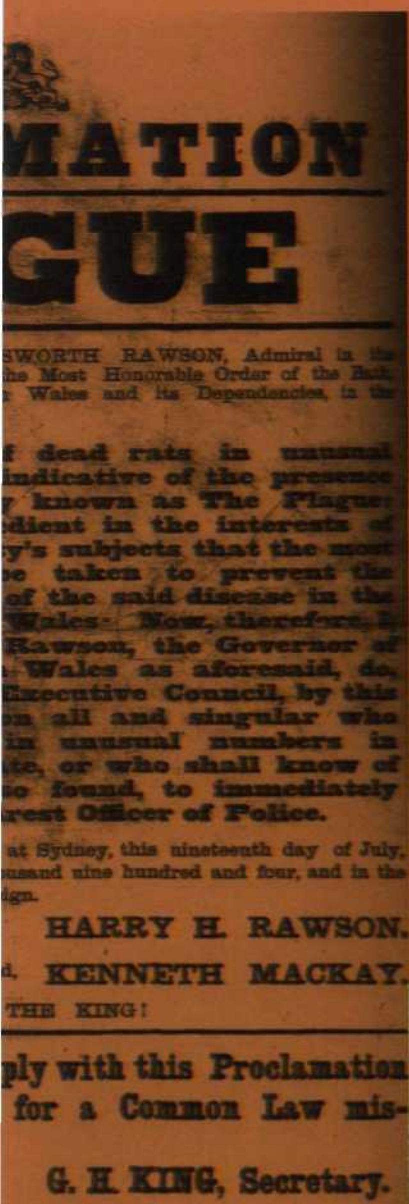
Customer Liaison

As part of Sydney Ports' commitment to efficiency improvements a customer service programme was introduced during the year. The programme involves meetings with all shipping lines or agents by the General Manager Navigation and Environment, Murray Fox, and the Harbour Master, Liam Gavin, to discuss how services can be improved, and to gain a better appreciation of customer issues.

1901 The Sydney Harbour Trust is formed

The Sydney Harbour Trust reported in 1902 that it had retrieved from Sydney Harbour:

2524 rats
1068 cats
283 bags of meat
305 bags of fish
1467 fowls
25 parrots
23 sheep
14 pigs
1 bullock
9 calves
9 goats
5 hares
3 kangaroos
162 rabbits
18 bags of chaff
8 bales of straw
3 flying foxes
and 2 sharks



MATION
GUE

SWORTH RAWSON, Admiral in the
he Most Honorable Order of the Bath
Wales and its Dependencies, in the

f dead rats in unusual
indicative of the presence
y known as The Plague:
dient in the interests of
y's subjects that the most
e taken to prevent the
of the said disease in the
Wales: Now, therefore, I,
Rawson, the Governor of
Wales as aforesaid, do,
Executive Council, by this
n all and singular who
in unusual numbers in
te, or who shall know of
o found, to immediately
rest Officer of Police.

at Sydney, this nineteenth day of July,
usand nine hundred and four, and in the
ign.

HARRY H. RAWSON.
KENNETH MACKAY.
THE KING!

ply with this Proclamation
for a Common Law mis-

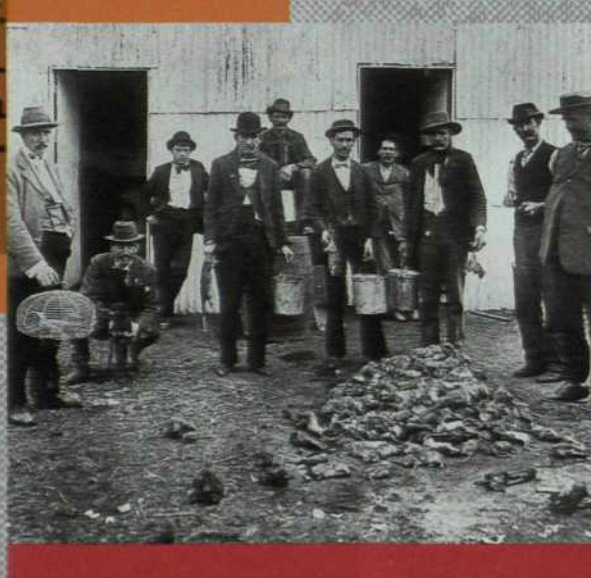
G. H. KING, Secretary.

"Prior to 1901, practically all the wharves in Sydney Harbour were in private hands, and were constructed to meet the requirements of the individual owners. Quite naturally therefore, the absence of plan characterised the provision for shipping, and this feature, combined with the circumstances surrounding the 1900 bubonic plague outbreak, caused the Government to resume the whole of the wharves and certain properties adjoining.

Thus came into being the Sydney Harbour Trust which was charged with the administration of the resumed areas and of the port generally.

Upon its creation in 1901, the Trust immediately commenced remodelling the waterfront, and has since spent upwards of £5,000,000 in providing modern wharf accommodation with appliances and road access thereto."

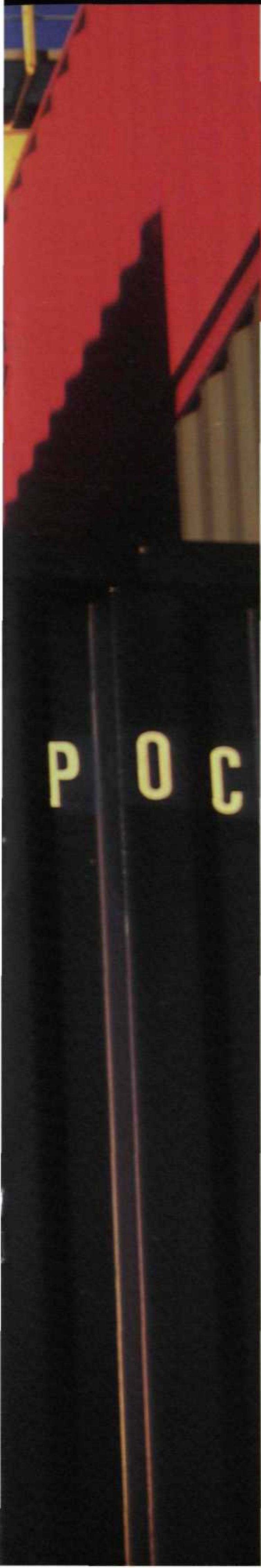
***The Sydney Harbour Trust Officers' Journal* Vol. I, No. I, June 1925.**



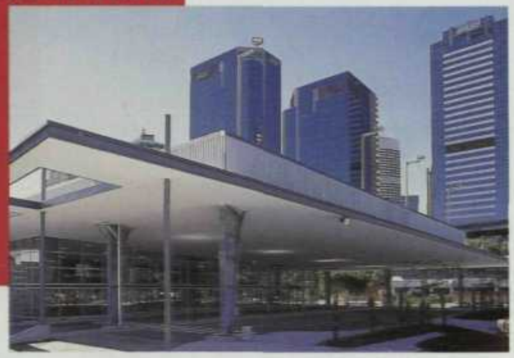
Professional rat catchers were brought in to help clean up the harbour foreshores

CONTAINER TERMINALS OF AUSTRALIA LIMITED AT PORT BOTANY

property



THE NEW WHARF 8 PASSENGER TERMINAL



Sydney developed around its harbour capability. The nucleus of the city was the port, on which the early colony was vitally dependent. Trade through Sydney's ports remains an essential contributor to the NSW economy.

The management and development of port property is one of the three major lines of business undertaken by Sydney Ports Corporation, the others being services to shipping, and trade development.

A restructure of Sydney Ports Corporation took effect from April 6, 1999, reflecting these three distinct areas of operation. The major change was to bring together into one group all property strategy, management and development functions, thus more closely aligning the organisation of the Corporation with services to different customer groups.

As at June 30, 1999, total assets under management, most of which were comprised of port lands, were valued at over $557 million.

The land assets are at four locations: White Bay/Glebe Island, Darling Harbour, Port Botany, and the Sydney Cove Passenger Terminal at west Circular Quay.

Most of the land in this portfolio is leased to private companies that provide services to shipping such as stevedoring, container packing/unpacking, bulk liquids storage and handling, and dry bulk cargo distribution. Sydney Ports operates four common-user facilities: Sydney Cove Passenger Terminal, Wharf 8 passenger terminal at Darling Harbour, the dry bulk berths at 7 and 8 Glebe Island, and the Bulk Liquids Berth at Port Botany.

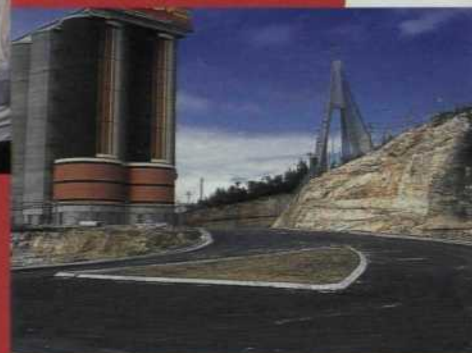
Leasing

During 1998/99 Sydney Ports received $21.2M from rental income which was $2.8M greater then 1997/98. The increase was due to several factors including strong performance by some properties subject to turnover-based rentals. Among the main property transactions during the year was a lease over lots 11, 12 and 13 Port Botany. The lease was awarded to Port Botany Container Park (PBCP) following a tender process. This group was subsequently purchased by MPG Limited. At the end of the reporting period, PBCP was preparing to open a new $6 million container packing and unpacking facility in the first 2.6ha stage of the site's development. This facility, with almost 8000m² under cover, is expected to handle up to 12,000TEU annually, and have on-site storage for 500TEU.

In February 1999 expressions of interest were called from potential users of a 10ha parcel of land at Molineaux Pt, Port Botany, known as Lot 2. At the end of the reporting period a short list of tenderers were to be invited to submit detailed proposals for port-related use of the site.
Negotiations to lease a small site comprising 2ha on Simblist Road Port Botany were unconcluded, and future users of the site will be sought.


THE WHARF 8 PASSENGER TERMINAL OPENING


GRAEME ALLEY, DAVID SOLOMONS AND DAVID YAU, AT THE GLEBE ISLAND LINK ROAD OPENING


STAGE ONE OF THE NEW ACCESS ROAD AT GLEBE ISLAND

Construction

Several significant projects were completed throughout the year that will have long-term benefits for the operation of the port.

Glebe Island Access

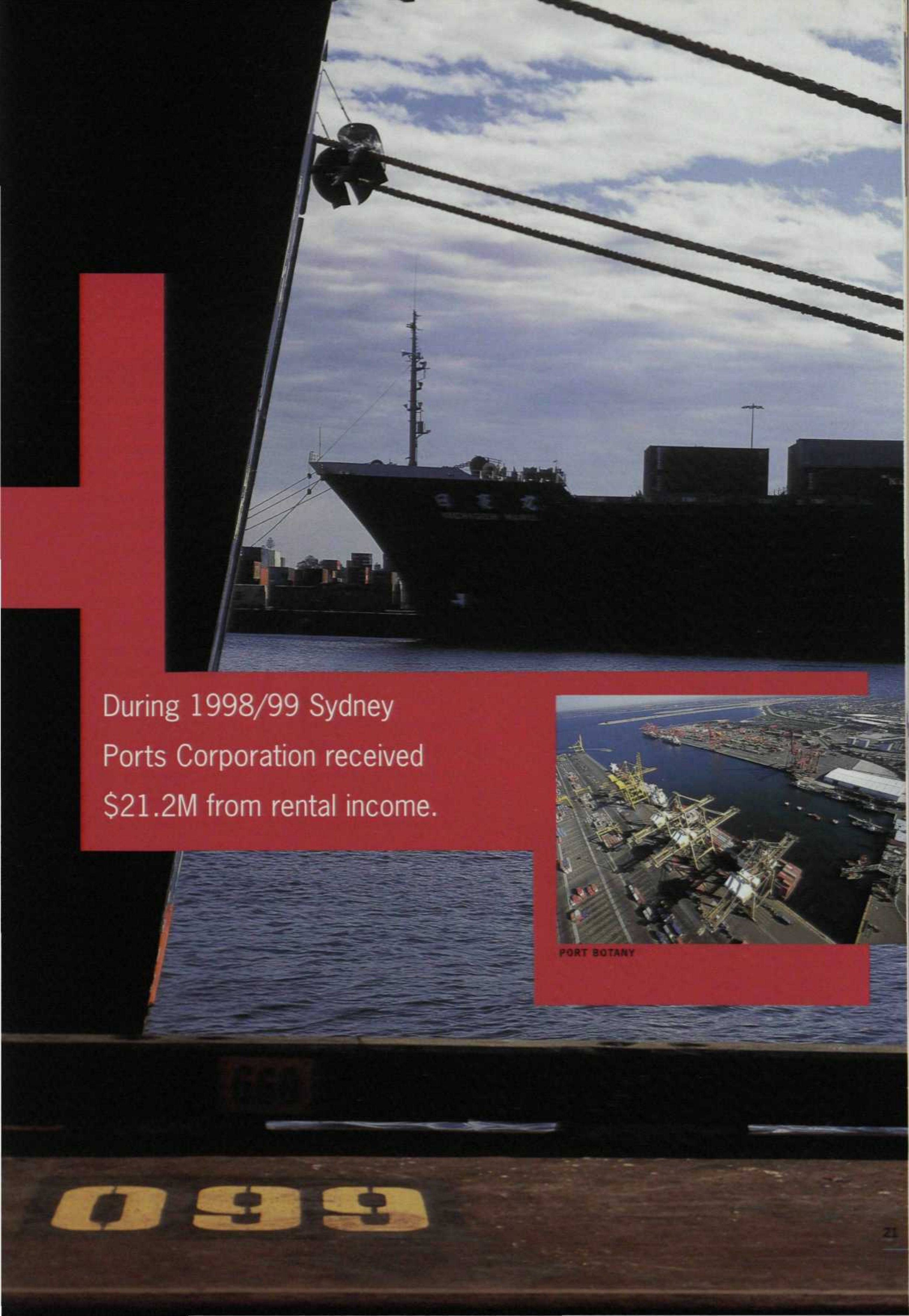
A new 350m access road at Glebe Island has allowed the introduction of a safer and more efficient one-way traffic system.
The $800,000 project was contracted to Living City Services, part of the City of Sydney Council. It involved removing 8000m³ of stone to form a cutting into the previous steep slope from the silos to the lower level of Sommerville Road.
With the future in mind, the road has been designed to form part of a major new port access road, planned to take traffic directly onto city arterial roads and away from residential roads.

Wharf 8

Sydney's reputation as a world-class cruise destination was enhanced on June 26, 1999, with the opening of Wharf 8 passenger terminal at Darling Harbour by the Chairman of Sydney Ports Corporation, David Field. Built by Richard Crookes Constructions, and project-managed by Sydney Ports Corporations' Property and Planning Unit, the $8M cruise terminal provides facilities superior to those that had been available at 10 Darling Harbour. These improvements include dedicated car, taxi and coach circulation, almost 2500m² of air-conditioned space, and an extensive passenger balcony.

Lessee projects

Among the major construction works of Sydney Ports Corporation's lessees has been the construction of an underground LPG storage cavern by Elgas.
The excavation was almost concluded at the end of the reporting year. When finally complete the cavern will store 65,000 tonnes of LPG some 130m underground.
Van Ommeren Tank Terminals secured development consent for the construction of a new tank to store methanol.

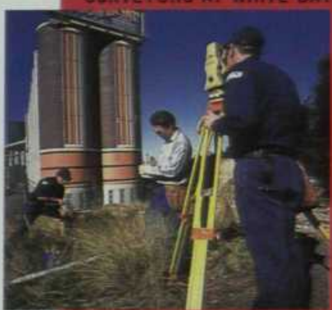


During 1998/99 Sydney Ports Corporation received $21.2M from rental income.

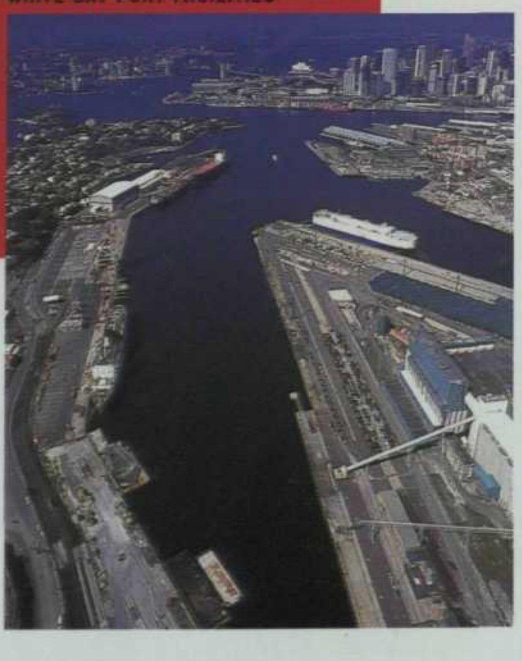
PORT BOTANY

Sydney Ports made significant progress toward the development of a Master Plan for the White Bay/Glebe Island port complex.

SURVEYORS AT WHITE BAY



WHITE BAY PORT FACILITIES



Planning

The NSW Government has affirmed its commitment to retaining Sydney as a working harbour. This not only reflects the history and heritage of the harbour city, but recognises the economic imperative of vital cargo handling operations in Port Jackson.

Consistent with this commitment, Sydney Ports Corporation made significant progress toward the development of a Master Plan for the White Bay/ Glebe Island port complex.

A discussion paper was released to the public in a series of briefings in December 1998, and followed with further consultations with the community, lessees and other business groups in June 1999. At the end of the reporting period Sydney Ports was working on a draft master plan to be submitted to the Department of Urban Affairs and Planning (DUAP).

In line with the plans for White Bay/Glebe Island, Sydney Ports Corporation let a contract to Metropolitan Demolitions for the $7M task of demolishing the former grain silos at Glebe Island.

At the end of the financial year, DUAP approval had been received for both the demolition works and a plant to recycle much of the concrete for re-use on site.

Sydney Ports Corporation was also extensively involved in planning for the provision of services to 11 cruise ships destined to provide additional accommodation for visitors during the Sydney 2000 Olympic Games. In the NSW Budget handed down on June 22, $4 million was made available to link services such as sewerage, telephone and water to berths traditionally used for cargo or Naval purposes.

The Maritime Services Board comes into existence

1936

The former Maritime Service Board head office, now the Museum of Contemporary Art

On February 1, 1936, the Maritime Services Board was formed from the amalgamation of the Sydney Harbour Trust, with its port development role, and the Navigation Department, responsible for the management of shipping. The MSB grew to become a major bureaucracy responsible not only for Sydney Harbour, but thirty regional ports, together with navigation, pilotage and conservancy in all navigable waterways in NSW and a major portfolio of commercial property as well as port lands.

Over the next 60 years, the MSB was responsible for major infrastructure, and landmark Sydney buildings, including the Glebe Island and White Bay complex, the Homebush Bay reclamation, berths at Darling Harbour, Sydney Cove Passenger Terminal, Port Botany and what is now the Museum of Contemporary Art, formerly the MSB head office.

trade &

logistics

Continuing container trade growth

Reflecting the importance of landside port access to the growth of its business, Sydney Ports Corporation created the Trade and Logistics unit in the April 1999 organisational restructure.

During 1998/99 containerised trade volumes through Sydney's ports set a new record level for the seventh consecutive year.

In 1998/99 container trade increased by 9.8% to 879,179 TEUs. Despite initial concerns over the financial downturn in certain key markets, container trade grew in most major regions with which Sydney trades. Imports of full containers increased by 8.4% while full container exports increased by 4.4% over the previous financial year.

Figures for the top containerised commodities and the main trade markets are outlined in the table below and on page 28.

SYDNEY PORTS CONTAINER TRADE BY COUNTRY
TEUs, 12 MONTHS ENDING 30 JUNE 1999

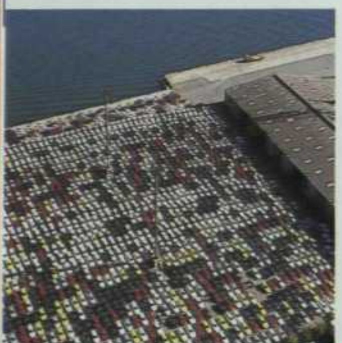
	Imports 1998/99			Exports 1998/99			Total Trade	
Country	*Full*	*Change**	*Empty*	*Full*	*Change**	*Empty*	*1998/99***	*Change**
China	71,788	12.5%	972	27,983	-13.3%	33,010	133,753	7.3%
New Zealand	29,129	24.0%	3,467	43,047	11.6%	12,676	88,319	16.7%
United States	58,382	-5.5%	2,572	20,425	19.3%	2,684	84,063	-9.2%
Singapore	33,018	6.1%	1,631	15,971	-0.6%	31,214	81,834	11.6%
Japan	26,699	0.0%	1,133	33,431	-9.0%	11,058	72,321	0.1%
South Korea	24,581	24.0%	536	11,250	36.7%	11,136	47,503	25.7%
Taiwan	21,694	4.5%	220	10,911	-2.0%	9,105	41,930	6.5%
Indonesia	18,518	62.0%	46	15,004	17.9%	2,978	36,546	46.9%
Malaysia	18,462	22.2%	54	6,587	-10.8%	10,384	35,487	33.2%
Australian Coastal	2,007	95.2%	879	11,227	66.5%	20,530	34,643	35.8%
Great Britain	13,805	-18.3%	37	6,344	7.8%	8,549	28,735	21.1%
Italy	19,185	0.2%	38	5,717	-28.7%	264	25,204	-11.8%
Thailand	15,016	30.7%	70	7,086	33.6%	345	22,517	31.3%
Germany	16,149	-8.0%	22	2,275	-15.4%	431	18,877	-9.9%
Netherlands	16,674	21.6%	319	1,576	-3.7%	219	18,788	15.2%
South Africa	7,019	0.4%	3,214	4,070	0.0%	384	14,687	18.8%
Other	47,018	6.3%	5,482	39,367	7.4%	2,105	93,972	4.5%
TOTAL	**439,144**	**8.4%**	**20,692**	**262,271**	**4.4%**	**157,072**	**879,179**	**9.8%**

*% Change over 1997/98

** Includes empty twenty foot equivalent units (TEUs)

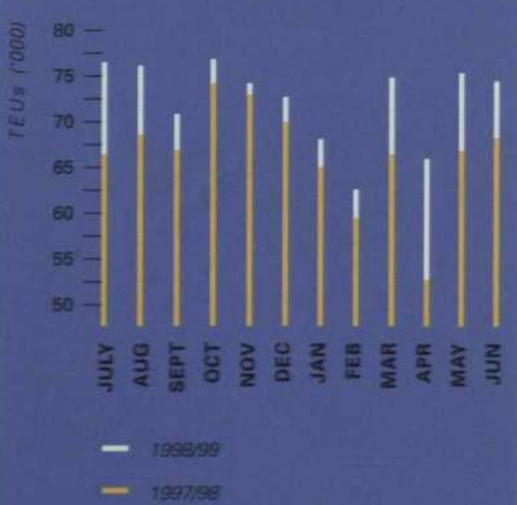
Non-containerised trades

While Port Botany is responsible for around 85% of all containers handled in Sydney and most gas and bulk liquids, the port facilities at White Bay/Glebe Island and Darling Harbour handle all Sydney's other non-containerised trades. These include dry bulk products such as gypsum, cement and sugar, general cargo such as timber and steel products, roll-on/roll-off cargo including cars and large machinery, as well as containers. Total non-containerised trade was 13.9M mass tonnes of which oil comprises 83% and dry bulk a further 9%.



CAR HANDLING AT PATRICK, DARLING HARBOUR

CONTAINER TRADE MONTH ON MONTH COMPARED WITH LAST YEAR



Cruising

The commencement of a new Sydney-based cruise service, Norwegian Capricorn Line (NCL), helped boost cruise calls to 82 in 1998/99 from 53 in 1997/98. NCL operates the *Norwegian Star*, an 800-passenger vessel which made her first call to Sydney on December 18, 1998.

The upswing in cruise visits was particularly notable in February 1999, at the height of the cruise season, when there were 25 cruise calls in just 27 days. This included a number of occasions when both cruise terminals were occupied and third and fourth vessels were accommodated at Darling Harbour Wharves 3 and 8.

Sydney Ports Corporation's employees continued their active involvement in the promotion of cruise shipping, in association with Tourism NSW, welcoming 32 international cruise vessels through the Meet and Greet Program and working with local cruise operators and service providers in the Sydney Cruise Industry Forum. The Forum met at the beginning and the end of the cruise season and successfully resolved many issues relating to terminal development, traffic management, baggage handling, ship services and promotion.

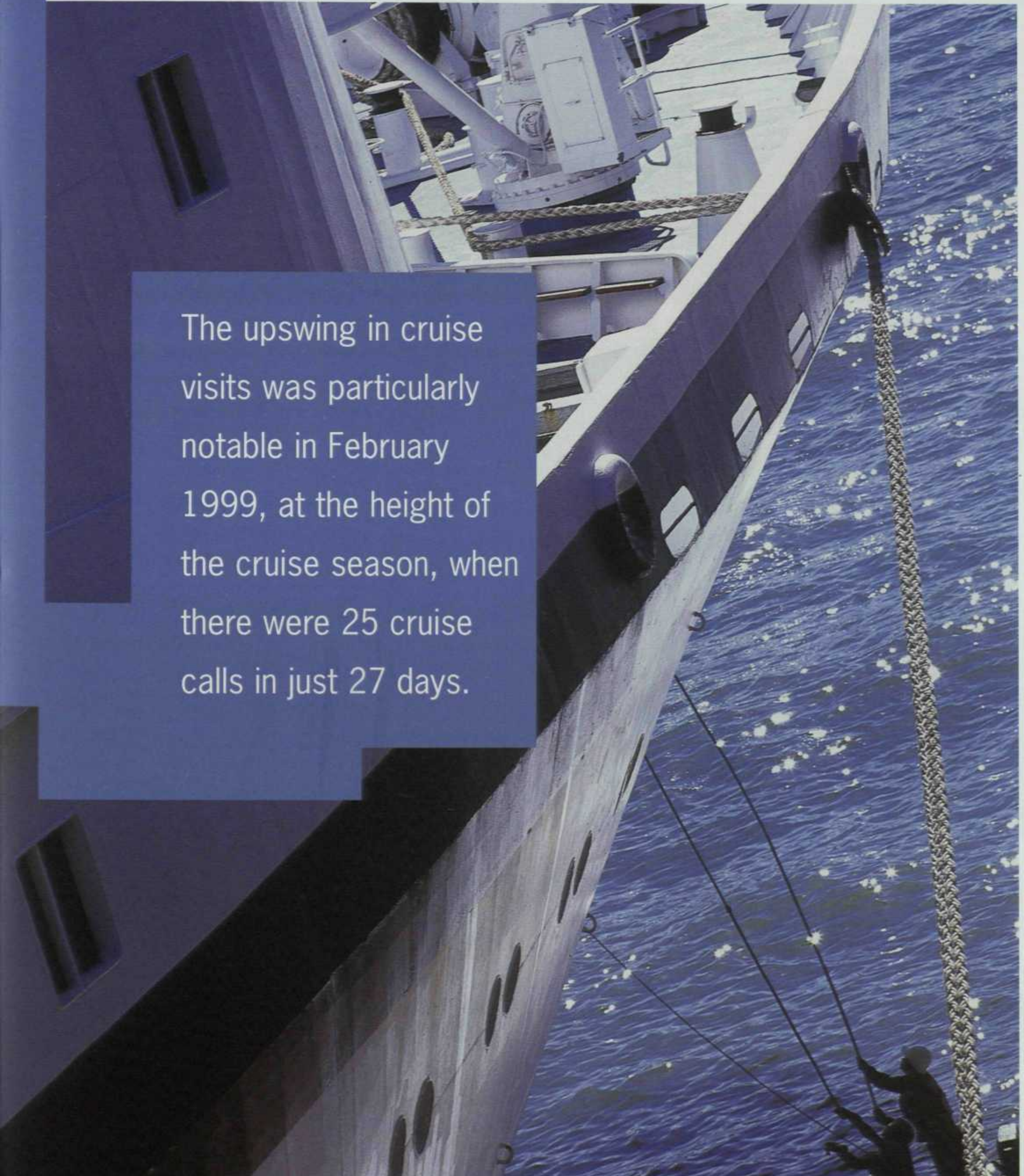
On June 26, 1999, Sydney Ports Corporation opened the new Wharf 8 passenger terminal at Darling Harbour, coinciding with the first visit to the terminal by P&O Holidays' *Fair Princess.*

In May, 1999, the Minister for Transport, Carl Scully, announced plans for a $15 million refurbishment of the Sydney Cove Passenger Terminal.

Sydney's excellent facilities and services contributed to it again being named the 'best destination in the world outside Europe and the Caribbean' by the publishers of *International Cruise and Ferry Review* and *Dream World Cruise Destinations.*

1998/99 CONTAINER IMPORTS AND EXPORTS BY MONTH

	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	CUMULATIVE TOTAL
Exports	38, 407	37,180	33,180	36,617	33,818	38,264	31,882	31,451	36,861	30,305	36,317	35,061	**419,343**
Imports	38,872	39,620	38,182	40,760	41,201	35,263	37,350	32,458	38,789	36,961	39,990	40,390	**459,836**
Total	77,279	76,800	71,362	77,377	75,019	73,527	69,232	63,909	75,650	67,266	76,307	75,451	**879,179**



The upswing in cruise visits was particularly notable in February 1999, at the height of the cruise season, when there were 25 cruise calls in just 27 days.

SILVER WIND AND SILVER CLOUD, DARLING HARBOUR

SYDNEY PORTS USER CONSULTATIVE GROUP AND BOARD MEMBERS

Customer satisfaction — a measure of success

For the third year running, Sydney Ports Corporation improved its performance in an annual survey of customer satisfaction. The survey was conducted by an external consultant from personal interviews with port users - shipowners and agents, tenants, port community and cargo interests/government agencies - and measured the results in such areas as reliability and credibility, responsiveness and communications, environmental management and commercial development. In each of these key function areas, Sydney Ports Corporation scored higher than last year. This survey also provided valuable feedback to Sydney Ports Corporation from port users on areas requiring further improvement.

Pricing

On January 1, 1999 Sydney Ports Corporation became the first major container port in Australia to remove the wharfage charge on empty containers. The charge had been reduced from $25 to $10 per TEU in January 1996, but the full abolition of the charge will save shipping lines an additional $1.8 million per annum.

Sydney's pilotage charges were reduced by an average 2.5% in May 1999, as part of a new three-year contract between Sydney Ports Corporation and Sydney Sea Pilots. The latest round of reductions means that total port charges per revenue tonne (CPI deflated) have decreased by 45% since 1991.

CONTAINER CONTENTS BY COMMODITY

(Mass Tonnes, 12 months ended June 30, 1999)

Top Exports	Mass tonnes	Top Imports	Mass tonnes
Non Ferrous Metals	364,729	Chemicals & Related Products	714,561
Cereals	348,497	Paper	496,063
Chemicals & Related products	342,761	Machinery	422,580
Cotton	271,725	Food Preparations	176,391
Meat	257,385	Iron & Steel	166,813
Iron & Steel	238,670	Non Metallic Minerals	145,415
Paper	175,725	Textile Yarns	144,617
Wool	140,927	Beverages	108,985
Animal Foods	140,737	Fruit & Vegitables	94,835
Oil Seeds/Nuts	105,165	Non Ferrous Metals	93,667
Food Preparations	101,235	Timber	88,101
Machinery	78,300	Rubber Manufactures	69,635

Promoting trade

Among the trade events attended by Sydney Ports Corporation to promote the port and the services available to exporters and importers were Ag-Quip Agricultural Field Days '98 held in Gunnedah, the FIATA World Congress in Sydney, Mystery Creek Field Days in New Zealand, and Cotton Trade Show in Moree.

Sydney Ports Corporation also sought to raise its profile within industry through several sponsorship events including the Premier's NSW Export Awards, the Western Sydney Industry Awards, Lloyd's List Shipping Awards and the ACOS annual dinner and Olympic lunch.

Consistent with the company-wide shift to an on-line environment, Sydney Port Corporation completely remodelled its Internet site, incorporating four domains with information tailored to different types of users — neighbouring communities, analysts, prospective port users and e-commerce customers.

Logistics

An origin/destination study was conducted at Port Botany involving 5900 container movements, the largest study of its type at the Port. The study provided a range of information relating to container truck movements by road, including origin/destination, truck utilisation, journey times and routes taken.

As well, it found that the first or last movement of 92% of the containers travelling to or from Port Botany by road was within just 40km of Botany.

The study also showed that 20% of containers now move to and from the Port via rail. Increasing the proportion of containers moved by rail remains a major priority for the Corporation.

Sydney Ports Corporation is working with rail companies and stevedores to facilitate the increased use of rail. One initiative undertaken by Sydney Ports Corporation was the publication and distribution of a directory of intermodal services called *Well Connected: a Guide to Intermodal Links with Sydney Ports*. There are presently 15 intermodal terminals in regional NSW and nine in metropolitan Sydney.

Sydney Ports Corporation is participating in several committees, with Government and business representation, investigating options to link Port Botany with new road infrastructure – the Eastern Distributor and the M5 East.

Increasing the proportion of containers moved by rail remains a major priority for the Corporation.

1979

Port Botany container terminal commissioned

"On 10 December, one of the most ambitious projects in Australian maritime history became reality. The Premier of NSW, the Hon NK Wran, QC MP, commissioned the magnificent Port Botany container complex and, at a stroke, more than doubled Sydney's already huge container handling capacity."

"The complex known as Brotherson Dock, is a major part of the spectacular new Port Botany, a tremendous engineering feat that is giving Sydney and NSW a huge new port and significant economic boost."

Ports of New South Wales
Vol. 2, No. 2, December 1979.

"But a responsible Government must at all times weigh the economic advantages of any proposed development against the inevitable environmental consequences. In this case we have to balance the need to provide an efficient and economical port against the necessity to minimise disruption to residents of the surrounding areas."

The Premier of NSW, the Hon. NK Wran, QC MP
December 10, 1979.

SYDNEY PORTS' ANTHONY MEIJER (LEFT) PRESENTS A BOTANY REGATTA TROPHY TO JOHN GRANT.

ADRIAN BEER, YARRA BAY 16FT SAILING CLUB.

Sydney Ports Corporation operates facilities close to many local communities, and there is a significant level of interest in port operations and the physical environment in which shipping and trade take place.

Sydney Ports Corporation has sought to work with the community to develop relationships that build a greater understanding of port operations, the importance of ports to State development, Sydney Ports Corporation's role in monitoring safety around the ports, and in protecting the marine environment.

Community activities fall into two broad categories: sponsorships and initiatives to support community endeavours or to raise general awareness; and involvement in community committees as a means of gaining local resident views and input into specific projects or general port operations.

Supporting community endeavours

Sydney Ports Corporation seeks to be a good neighbour by contributing to initiatives which the community values. This has included a sponsorship of the Botany Gift track carnival, the Yarra Bay 16ft Junior Sailing Club, the art competition of the inaugural Randwick Council Eisteddfod, the Botany Bay Regatta, and the Botany Bay Business Enterprise Centre Olympic Dinner.

Community Consultation

Sydney Ports Corporation also maintains a dialogue with the community through several groups it has specifically established, and through participation in existing resident groups.

The Port Botany Neighbourhood Consultative Group was formed by Sydney Ports Corporation in February 1997 as a result of recommendations from the Port Landuse Safety Study. Through the Group, Sydney Ports' employees meet quarterly with community representatives to share information about Port activities, developments and any incidents. It is also an opportunity for resident representatives to express the views and interests of members of the community.

During the year Sydney Ports Corporation established a Reference Committee to seek community involvement in a study investigating the presence of marine species introduced to Port Botany over the 229 years since European contact.

Sydney Ports Corporation chairs the Botany Bay Coastal Management Committee, which includes community representatives, local government and other government agencies with an interest in the foreshores of the Bay. The Committee has been the major consultative mechanism considering proposals to restore foreshore amenity and is considering plans for the northern end of Lady Robinsons beach.

Sydney Ports Corporation also convenes the White Bay/Glebe Island Noise Reference Committee, which includes residents, representatives of Leichhardt Council and the EPA, and the main operator in the area, P&O Ports. Sydney Ports Corporation developed a Noise Reduction Plan which was presented to the May 1999 meeting of the Committee. The plan outlines a range of initiatives for further investigation and/or trial.

board of directors

David L.P. Field*

FAICD

Chairman *(from 23/12/98)*

Mr Field is the Managing Director of Tourism & Leisure, a Division of Amalgamated Holdings Limited. From 1996 to 1998 he was the Chief Executive Officer and Managing Director of Blue Star Line (Aust) Pty Ltd and Chairman of Blue Star Line (Asia) Pty Limited.

Mr Field is also the Chairman of Blue Star Line (Aust) Pension Investments Pty Ltd.

Brian Finn AO

FACS, FIE(Aust), FTSE, FUTS

Chairman *(until 3/12/98)*

Mr Finn was formerly Chief Executive and Chairman of IBM Australia Ltd. He is Chairman of Impart Corporation Pty Ltd, Deputy Chairman of Southcorp Limited, and PowerTel Limited, a Director of National Mutual Holdings Limited, Heytesbury Pty Ltd, and the John Holland Group Pty Ltd.

Greg Martin*

BE (Civil), Bcom, ASIA, FAICD

Chief Executive Officer and Managing Director

Mr Martin was appointed Chief Executive Officer of Sydney Ports Corporation and took office on April 15, 1996. He was appointed Managing Director on May 29, 1996. From 1990 to 1996 he was Chief Executive Officer of the Port of Brisbane Corporation and was a former Senior Vice President of the Association of Australian Ports and Marine Authorities Inc.

Cheryl Bart*

BCom, LLB, FAICD

Director

Ms Bart is a lawyer and company director. She is Chairman of the Australian Sports Foundation, Director of ETSA Corporation, ETSA Transmission Corporation, ETSA Energy Corporation and is also a member of the Legal Compliance Committee.

She is a Director of the Institute of Biomedical Research at the University of Sydney and a member of the Advisory Board of the PA Consulting Group. Ms Bart is the Executive Chairman of a private company which manufactures, exports and imports plastics and textiles. She holds directorships with a number of private companies and is the chairman of a charitable organisation.

Paul Binsted

BEc, LLB, ASIA

Director *(until 31/7/98)*

Mr Binsted is an investment banker. He specialises in corporate financial advice. He is a Vice Chairman of Salomon Smith Barney Australia Pty Ltd as well as a Director of Barker Foundation Limited.

Previous appointments include Director and Joint Head of Investment Banking, Schroeders Australia Ltd and Director and Principal, Lloyds Corporate Advisory Services.

Mr Binsted resigned from the Board on July 31, 1998 to take up a Board position with Rail Access Corporation.

Padraig Crumlin

Staff Director *(until 24/4/99)*

Mr Crumlin is the Assistant National Secretary of the Maritime Union of Australia. He is currently a Director of the Seafarers Rehabilitation and Compensation Authority, Maritime Workers of Australia Credit Union, Seafarers Retirement Fund and Tranby Aboriginal College.

Mr Crumlin's term of appointment expired on 24 April 1999.

For further information on Corporate Governance and activities of the Board see page 23 of the annexe report.

corporate governance

FROM LEFT TO RIGHT:
SYDNEY PORTS CORPORATION BOARD OF DIRECTORS
VIC SMITH, KEN MURRAY, GREG MARTIN (CEO), CHERYL BART, JOHN DOUGLAS (STAFF DIRECTOR), PETER MEDLOCK AND DAVID FIELD (CHAIRMAN).

John Douglas

Staff Director Elect

(from 1/7/99)

Mr Douglas was elected to the Board following elections for the position of Staff Director in May 1999.

Mr Douglas is an employee of Sydney Ports Corporation, currently working as an Administrative Co-ordinator in the Navigation and Environment Unit. He joined the Maritime Services Board of New South Wales in 1976. He has been Vice-President of the Ports Division Committee of Management of the New South Wales Branch of the Australian Services Union since 1994.

Peter Medlock*

BEc

Director

Mr Medlock is currently a Director of Fellows Medlock & Associates, which specialises in providing industrial relations and human resource management advice to organisations in the public and private sectors and is also a member of the Advisory Board of Totalcare Industries.

Previous appointments have included a role with Concrete Constructions Pty Ltd, member of the Expert Panel – Federal Government Best Practice Demonstration Program and member of the Advisory Board – Australian Construction Services.

Ken Murray*

Director *(from 15/12/98)*

Mr Murray is the Executive Director of Casinoworld Australasia Pty Ltd and is Managing Director of a privately owned property development and investment company. He is also the Chairman of a large licensed club. He has significant experience in the stevedoring industry.

Vic Smith*

Director

Mr Smith is the Mayor of South Sydney City Council. Previous appointments include Manager Community Services – Sydney City Council, Deputy Director Community Services – South Sydney Municipal Council and Assistant Electorate Officer, Minister for Police. He is currently Vice Chairman of South Sydney Development Corporation and a Director of Southern Sydney Waste Board.

* Board member as at June 30, 1999

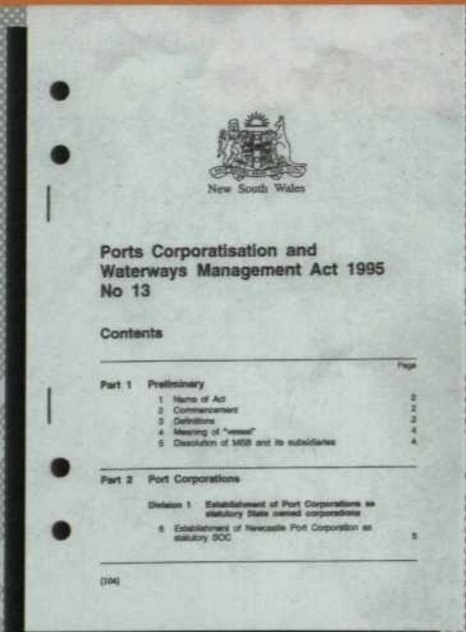
1995

Sydney Ports Corporation formed

The formation of the Sydney Ports Corporation in July 1995 was the last in a series of reforms dating back to 1983 designed to produce a more commercially orientated organisation with improved customer service.

In 1984 a decision was made to divest the MSB of all those residential and commercial properties not required for port purposes. MSB employees had risen in number to 3475 by 1986, but following a process of rationalisation and reorganisation over a decade, the organisation was seriously trimmed to focus on core business.

A staff of under 200 now provides port development and land management services, navigation, emergency response and environmental monitoring, logistics and trade promotion, as well as corporate services for the ports of Sydney and Botany.


New South Wales

Ports Corporatisation and Waterways Management Act 1995 No 13

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(104)

SIGNING SYDNEY PORTS 1998-2001 ENTERPRISE AGREEMENT

our people

Sydney Ports Corporation's employees have been the key to achieving increased efficiency in operations and improved customer responsiveness.

A reduction of 10 employees (5.2%) saw an end-of-year level of 189.

The aims of efficiency and customer satisfaction are now factored into part of future pay increases to employees through a new enterprise agreement.

The Sydney Ports 1998-2001 Enterprise Agreement was negotiated with four unions representing employees of the Corporation: Australian Maritime Officers' Union; Association of Professional Managers, Engineers and Scientists of Australia; Australian Services Union; and Maritime Union of Australia.

A Heads of Agreement was completed in June 1998, and in December 1998 the NSW Industrial Commission approved and registered the new Enterprise Agreement.

The new salary model included allows for economic adjustments over its three-year life, and a further 4% which is subject to the achievement of pre-agreed organisational performance goals. An enhanced benefit available to employees is income protection insurance for those unable to work due to illness or incapacity.

The agreement confirms, in addition to a number of other work-related improvements, certainty that employees will provide emergency services on a 7 day, 24 hour, 365 day basis. In another action, over 40 old State and Federal Awards and agreements have been replaced by a single negotiated minimum condition award, to be registered in both NSW and Federal jurisdictions.

A new organisational structure commenced in April 1999 in response to customer surveys and the employee consultation processes.

OH&S

During the financial year a number of initiatives were undertaken to improve the safety of the workplace, reduce the accident rate and to maximise rehabilitation, including an external audit of the Port Botany and Sydney Harbour workplaces, practices and procedures against the AS/NZS 4804: 1997 standard. The Sydney Ports Corporation Health and Safety Management Plan was similarly audited.

Sydney Ports Corporation appointed an Employee Services Co-ordinator to support managers and supervisors in on-the-job OH&S activity and assist the implementation of rehabilitation and return-to-work strategies, in accordance with the management plan.

Sydney Ports Corporation revised incident and accident notification procedures, and developed a Minor Works Contractors' Health and Safety Management Plan to cover small maintenance and repair activities undertaken by external contractors on Sydney Ports Corporation sites. The organisation's performance payments for employees, negotiated under the new enterprise agreement, in part incorporate OH&S and sick leave minimisation goals.

There were four work-place injuries during the year resulting in the loss of 27 days/shifts due to injury, down from 34.5 days/shifts in 1997/98. The average number of sick days per employee continued to reduce from 4.2 days per employee in 1997/98 to a new low of 3.7 days per employee in this financial year.

2000

Sydney Ports Corporation is ready to respond to the challenges and opportunities of the new Millennium. Key directions for the future include:

- Maintaining trade growth by providing excellent customer service and by the successful promotion of the ports
- Pursuing increased trade-handling capacity at Port Botany including further inland facilities
- Finalising the Master Plan for Glebe Island/White Bay and confirming the future of the working port
- Constructing a new road/rail access to Glebe Island/White Bay and developing port land in the area to improve the capacity of the ports
- Completing the refurbishment of Sydney Cove Passenger Terminal to improve facilities for international cruise passengers, and provide greater amenity to the people of Sydney
- Expanding the port's e-commerce capability incorporating an Internet-based Harbour Management System
- Implementing the new Risk Management System and incorporating new risk management policies and procedures
- Maintaining negotiations with customers and transport providers to improve the efficiency and capacity of land-based links with the ports
- Promoting further internal efficiency through the implementation of the new Enterprise Agreement based on the achievement of organisational performance goals
- Continuing to build links with neighbouring resident communities, supporting the exchange of ideas
- Raising awareness of the role of Sydney Ports Corporation within the community

the future port

Footnotes:

1 Stephenson, P R
The History & Description of Sydney Harbour,
Rigby Ltd, 1966, p12.

2 Stringer, Michael
Sydney Harbour: a pictorial history from the first settlers to present day,
JMA Stringer & Co. 1984.

SYDNEY PORTS

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