



Newcastle Port Corporation

Annual Report 2003-2004

03-04



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The Hon M R Egan MLC
Treasurer
Governor Macquarie Tower
Level 33, 1 Farrer Place
SYDNEY NSW 2000

The Hon John J Della Bosca MLC
Assistant Treasurer
Governor Macquarie Tower
Level 33,1 Farrer Place
SYDNEY NSW 2000

Dear Treasurer and Assistant Treasurer,

We present the Annual Report of the Newcastle Port Corporation for the year ending 30 June 2004. The report is in accordance with the Annual Reports (Statutory Bodies) Act 1984, the applicable provisions of the Public Finance and Audit Act 1983 and the State Owned Corporations Act 1989. It is submitted for presentation to Parliament.



WILTON AINSWORTH
Chairman



GARY WEBB
Chief Executive Officer

Chairman's Message



Purpose and Commitment

The Port of Newcastle is of national, state, regional and local significance. It is at the same time both an economic driver and a lifestyle asset.

The Port of Newcastle is foremost a working port that has established a world class reputation for efficiency and service and has become the largest exporter of coal in the world. The Port is very much part of the New South Wales infrastructure and with other ports along the State's coast it helps to ensure continued prosperity.

The Chief Executive Officer reports on continued operational success, which has been achieved through cooperative effort with port users, with Government agencies, with regional and local business and with regional and local communities.

Excitingly, the Port of Newcastle has not only achieved record performances and new standards in its traditional activities but it also has a significant role in the future growth of shipping transport for the east coast of Australia.

Newcastle Port Corporation is committed to the development of a multi-purpose terminal on the site of the former BHP Steelworks. This site with its deep-water berthing and land transport connections is a strategic site for the state. That is why it has been designated for the next major container terminal for NSW. There was clear and encouraging interest from the private sector following the Call for Preliminary Proposals for the development of the multi-purpose terminal.

Since its establishment in 1995 the Newcastle Port Corporation has continued a structured and deliberate process of helping to create a new style of harbour and harbour foreshore with the people of Newcastle and the Lower Hunter. While enhancing the capacity of the Port to deliver the best possible service to customers we have been able to help provide greater degrees of common use of both the harbour and the foreshore areas. This was accomplished through close liaison with other NSW State Government agencies, Newcastle City Council, and the wider community.

We have continued to develop this approach and this

year we received encouraging interest from a number of parties in the light marine industry sector for Corporation land at Carrington and for the proposed bed and breakfast/café facility at the historic and iconic Nobbys Head.

On behalf of my fellow Directors, I acknowledge our appreciation of the contribution of management and staff of Newcastle Port Corporation to successful outcomes. I am confident we approach the next few years with purpose and with commitment.

Wilton Ainsworth
Chairman



GAYE HART AM
Director



JOHN FITZGERALD
Director



JOHN McNAUGHTON AM
Director



DOUG HICKLING
Director



PAUL JEANS
Director



CEO's Message

Focus on Stakeholders

I have no doubt that you will read in this report not only the bare facts of our record performances but of the pride the organisation has in those achievements. Trade throughput reached new high levels, including a record export of 77.7 million tonnes of coal.

However, the world's largest coal exporting port has more to report.

There were record imports of alumina, iron, steel and cement. You will see in this report how many aspects of the work of Newcastle Port Corporation have led to these excellent results.

The Corporation has achieved marked improvement in general cargo trade. The port now has regular visits from liner services and we are working with these companies and port operators to grow the general cargo trade.

This growth has been achieved through a dynamic business plan drafted by staff and given direction by the Board and welcomed by port users and other stakeholders.

An independent customer perception survey indicates on-going improvements in: competence; cost effectiveness; commitment to trade and business development; and efficiency in administration and environmental management. This came on top of quality assurance reviews by Lloyd's Register that record the Corporation satisfies all port safety operating licence requirements.

The capacity of the Hunter Valley Coal Chain came under public and industry scrutiny during the year as records continued to be set. A Memorandum of Understanding with Port Waratah Coal Services helped better service customers. For our part, that included the further development of the Ship Handling Guidelines to increase the maximum length of vessels that may be piloted into the port at night from 250 metres to 275 metres.

**NEWCASTLE
PORT CORPORATION
HAS BEEN ABLE TO ACHIEVE
HIGHER STANDARDS
OF SERVICE, WHILE ALSO
PERFORMING WELL
FINANCIALLY**

The Corporation also continues with feasibility work aimed at further deepening and widening the port's main shipping channel.

It is pleasing to report that while the Corporation has been able to achieve higher standards of service, it has also performed well financially. Operational performances were generally ahead of budgeted targets. The Corporation provides employees with the opportunity to advance their professional skills and their careers through structured training and advancement processes and staff surveys indicate a positive response to these initiatives.

I take this opportunity to acknowledge the effective and supportive leadership of managers and the continued achievements of staff.

Gary Webb
CEO



Grain exports have a long history in the Port of Newcastle.

What is the Purpose of the Corporation?

The purpose of the Newcastle Port Corporation is to enhance the economic growth of the Hunter; and New South Wales; by providing efficient, effective and environmentally sustainable port operations, port development and by encouraging regional development.

Newcastle Port Corporation was established by the Ports Corporatisation and Waterways Management Act (1995).

Newcastle Port Corporation is an autonomous Statutory State Owned Corporation pursuant to the State Owned Corporations Act (1989) whose voting shareholders (the Treasurer and Assistant Treasurer) represent the New South Wales Government.

The 2004 Annual Report

This Report reflects achievements against the Business Plan which sets goals and measures for each of the four main areas of the business:

1. **Safe and efficient port operations;**
2. **Fulfilling our corporate responsibilities;**
3. **Winning more business; and**
4. **Looking after our people.**



Frozen orange juice storage tanks are unloaded for installation at the new receiveal facility.

Record Year in Review

- >> Trade throughput for the port of Newcastle in 2003/2004 was 82.7 million tonnes. This was a 7.7% increase on the previous year and four million tonnes more than the previous record set in 1999.
- >> A coal export record of 77.7 million tonnes further strengthened Newcastle's position as the world's largest coal export port. This record was an increase of 8.8% over the previous record and reflects increasing efficiencies and co-operation along the entire Hunter Valley Coal Chain.
- >> A record of 7.172 million tonnes of coal was exported in April with records in rail receipt of coal set in January (7.1 million) and May (7.4 million).
- >> New import records include alumina with 1.2 million tonnes, iron and steel with 174,000 tonnes and cement with 168,000 tonnes.
- >> General cargo trade was 8% above budgeted throughput, mainly due to the greater than expected tonnage of machinery and equipment traded through the port.
- >> The port receives regular visits by liner service vessels such as Austral Asia Line, New Guinea Pacific Line, Gearbulk and Clipper Elite Carriers and is continuing to investigate strategies to increase the liner trade in the port.
- >> The prolonged drought has reduced the volume of agricultural products exported. However late season rain has caused a rise in fertiliser imports resulting in this commodity being 17% above budgeted throughput.
- >> Preliminary proposals for the Multi-Purpose Terminal (MPT) were called in March 2004.
- >> The State Government released the Ports Growth Plan in October 2003, identifying Newcastle as the State's next major container terminal development after Port Botany reaches capacity.
- >> In June 2004, the helicopter pilot transfer service celebrated five years of operation, with some 9,520 marine pilot transfers taking place since its inception.

Summary of Results

	2002/03	2003/04
Operating surplus (\$m after tax)	5.474	9.517
Total assets (\$m)	135.09	156.51
Return on assets	8.0%	10.8%
Total trade (million mass tonnes)	76.81	82.71
Total trade (million revenue tonnes)	77.20	82.96
Total vessel GRT (million tonnes)	53.70	55.42
Average vessel size (Dwt)	68,132	67,840
Vessel visits	1,403	1,456
Average port management charge (\$ per tonne of cargo)	0.48	0.45
Average port management charge per vessel (\$000)	26.54	25.48
Revenue per employee (\$000)	429	410
Number of employees	94	99

Safe and efficient port operations through:

Exceeding Port Safety Operating Licence Requirements

The Corporation holds a Port Safety Operating Licence issued by the Governor of NSW and administered by NSW Maritime Authority.

Lloyd's Register Quality Assurance conducted two independent reviews of the Corporation's compliance with its operating licence during the year. Lloyd's Register found that the Corporation was compliant with all requirements of the operating licence.

Providing a High Level of Service that Delivers Customer Satisfaction

Veritas Business Surveys conducted a Customer Perception Survey to measure changes in customer perception from the previous survey in 2002.

The largest improvements were recorded in the areas of: competence; cost effectiveness; commitment to trade and business development; efficient finance and administration; and environmental management.

SAFETY
IS PARAMOUNT
IN THE OPERATION OF
THE PORT AND THIS YEAR
ALL 3,103 VESSEL
MOVEMENTS
WERE COMPLETED SAFELY



Safely Accommodating Commercial, Recreational and Fishing Vessels

The Corporation supports the use of the harbour for recreational purposes by distributing educational pamphlets to recreational boat users and local yacht clubs to promote safer use of the waterway.

Safety is paramount in the operation of the port and this year all 3,103 vessel movements were completed safely.

During the year pilots successfully trialed the inward movement at night of vessels in ballast with lengths between 250m and 275m. The Ship Handling Safety Guidelines have now been expanded to increase the size of vessels that may make inward movements at night in ballast to 275 metres.

Improving Risk Management

The Corporation's Risk Management System utilises the Australian Standard AS/NZS 4360:1999 to plan and document programs to identify, analyse, evaluate, treat, communicate and monitor risk.

Some of the significant management initiatives for the year were:

- » continued demonstration of the Corporation's commitment to the health and safety of staff by the further development of the Occupational Health and Safety system which satisfies the requirements of phase 1 of the Workcover certified Premium Discount Scheme;
- » development of a Port Security Plan to ensure that the port was certified as compliant under the requirements of the International Ship and Port Facility Security Code and the Maritime Transport Security Act; and
- » continued enhancement and renewal of the Corporation's information technology infrastructure to ensure that all equipment and applications are current, robust and supportable.

Fully Implementing the Incident Control System

There has been progressive testing and proving of key components of the Incident Control System throughout the year.

Fulfilling our corporate responsibilities by:

Meeting Statutory Requirements

The Corporation has employed a Secretary and General Counsel, a new position, whose responsibilities include ensuring the Corporation complies with all of its statutory obligations.



Being Environmentally Responsible

The Corporation is responsible for the management of oil and chemical spills in the region from Catherine Hill Bay just south of Newcastle, to Point Danger on the border between New South Wales and Queensland. This is part of the Corporation's responsibilities under its Port Safety Operating Licence and an integral part of the Corporation's wider approach to sustainable environmental management. The Corporation also liaises with various emergency management organisations to ensure that effective plans and procedures are maintained.

The Corporation has oil spill response trailers positioned at appropriate North Coast NSW Maritime Authority depots.

An Environmental Management Committee, a Safety and Environment Manager and a Safety and Environment Officer ensure that the Corporation continues to meet its environmental responsibilities and targets.



Providing Benefits to the Community

Newcastle Port Corporation's contributions to the community include:

- » **Employment;**
- » **Contribution to State GDP, from the largest coal export port in the world;**
- » **Dividends, land tax and income tax equivalents on a commercial basis;**
- » **Channel licence fees via the NSW Maritime Authority;**
- » **Donations and sponsorships to community causes;**
- » **Maintenance of a safe recreational and commercial harbour; and**
- » **Participation in the wider affairs of the local and regional community.**

The Corporation has worked with Newcastle City Council and the Carrington community to ensure a good relationship is maintained between residential and industrial neighbours around the Port of Newcastle.

The Corporation supports the National Maritime Festival, run by the Newcastle Region Maritime Museum and invites the community to appreciate the unique features of the working port and to enjoy its capacity to serve as a recreational area and a major economic driver for the region.

The Corporation proudly supports the Upper Hunter River Rehabilitation Initiative, which implements strategies to prevent erosion in the river.

Other community support includes the Star Struck Schools Spectacular, the Smith Family, Hunter Valley Research Foundation, World Skills Australia, Hunter Medical Research Institute and the Hunter Export Centre.



The Corporation proudly supports the Cruise Hunter Project, a project to bring cruise ships to Newcastle that delivers economic benefit to the whole region.

Corporate Responsibilities



Strong Returns

2003/2004 has produced strong operating results for the Corporation.

Revenues from berth and vessel charges have increased from the previous year, primarily due to an increase in coal throughput but also from a continuing steady revenue base from non-coal trade.

Operating surplus before tax for the year exceeded budget. This result was achieved by increasing revenues; an increase due to an adjustment to the defined benefit superannuation schemes; savings in labour costs, services and materials, and administration costs; and deferral of spending on some major projects.

Integrated Asset Management

Work commenced on the development of asset maintenance plans for two of the higher value asset categories, real property and wharves. These plans will be completed in the 2004/05 financial year.



Coal exports remain a vital component of Newcastle Port Corporation's business.

Winning more business by:

Developing the Multi-Purpose Terminal

The State Government's Ports Growth Plan (released in October 2003) positioned Newcastle as the next major container terminal in NSW after Port Botany reaches capacity. This added to the viability of the MPT, and stimulated strong interest from exporters, logistics providers and investors.

The Ports Growth Plan reserves the former BHP Steelworks site for port use, ensuring this deepwater frontage land is used to its maximum economic advantage.

A call for preliminary proposals for the MPT on the former BHP Steelworks site was opened in February 2004 and closed on 19 July 2004.

A detailed evaluation of proposals is underway and a short list will be identified in the second half of 2004. A call for final detailed and financed proposals is expected to be made in late 2004.

Maximising Best Use of Port Land

The Corporation continues to master plan for the long-term development of a marine precinct covering its land holdings in Carrington. The marine precinct concept has generated interest from a number of parties in the light marine industry sector.

The proposed bed & breakfast / café facility on Nobbys Head is an example of the changing use of port land that will be sympathetic with the historical significance of the site and will provide community access to this unique site.

Grow the Non-Coal Trade

The Corporation continues to work with industry to explore opportunities to expand grain-handling facilities in the port.

Australia's first bulk handling facility for frozen concentrated orange juice was established at the West Basin No 3 berth. The first shipment arrived in August 2004 with a specialised vessel making shipments every three to four months.

The port set a record for alumina imports of 1.2 million tonnes. Trade in nut coal also grew, along with cement, and iron and steel imports were another record at 174,000 tonnes.

Helping to Enhance the 'Coal Chain'

The coal export record of 77.7 million tonne, set this year, was an increase of 8.8%. The entire coal chain

provided a coordinated response to exceptionally high demand with increased communication and service levels.

The expansion of the Ship Handling Guidelines to allow night-time inward movements of vessels in ballast with lengths up to 275m has provided for additional coal ship movements.

Newcastle Port Corporation continues to investigate the proposed Channel

Improvement Project to deepen and widen the port's main shipping channels.

Working to Enhance the Region's Economy

The Corporation works with other Government agencies and industry sectors to encourage regional development. There is a close working relationship with the Regional Land Management Corporation, which sought Expressions of Interest during the year for a number of parcels of vacant industrial land on Kooragang Island. The Call for Preliminary Proposals is due to close in November 2004.

**COAL EXPORT
RECORD
OF 77.7 MILLION
TONNES**

People

Looking after our people by:

Working Together as One Team

The staff survey highlighted a marked improvement in the areas of open co-operation within and between work areas from previous years.

A revised organisational structure was implemented in November 2003, which resulted in a re-aligning of roles and responsibilities within the Executive Team. This review acknowledged the dynamic nature of the business and the increased administration and operational support required in the areas of security, environment and corporate governance.

Effective Leadership

The staff survey revealed that leadership within the Corporation had improved. Managers and executives were subject to 360° reviews that included feedback from superiors, peers and subordinates. These reviews resulted in action plans to address areas of opportunity for improvement. The assessment and monitoring of the outcomes will continue.

Keep Staff Informed About Job Security

The staff revealed in the survey that the Corporation's attempts to communicate honestly and openly about job security were well received.

Open Two Way Communication

The survey showed significant improvements in the area of direct communication from management. Staff assessed honesty in the Corporation's communication as improved and responses to questions about the form of information were encouraging. There were also solid improvements in perceived trust and morale.

Commitment to Health and Safety

The Corporation continues to demonstrate its commitment to the health and safety of staff by ensuring its Occupation Health and Safety system satisfies the requirements of Stage 1 of the WorkCover certified Premium Discount Scheme. An independent report of the system commented on the effectiveness of the Corporation's OH&S committees and the efforts made by staff in all areas.

Continuous improvement will drive the system through the full three-year Premium Discount Scheme cycle.

Training and Development Opportunities

Opportunities for further training and development of staff continued to be identified and implemented through the Performance Management System.

During this year, there was an emphasis on training in the areas of port security and dangerous goods.



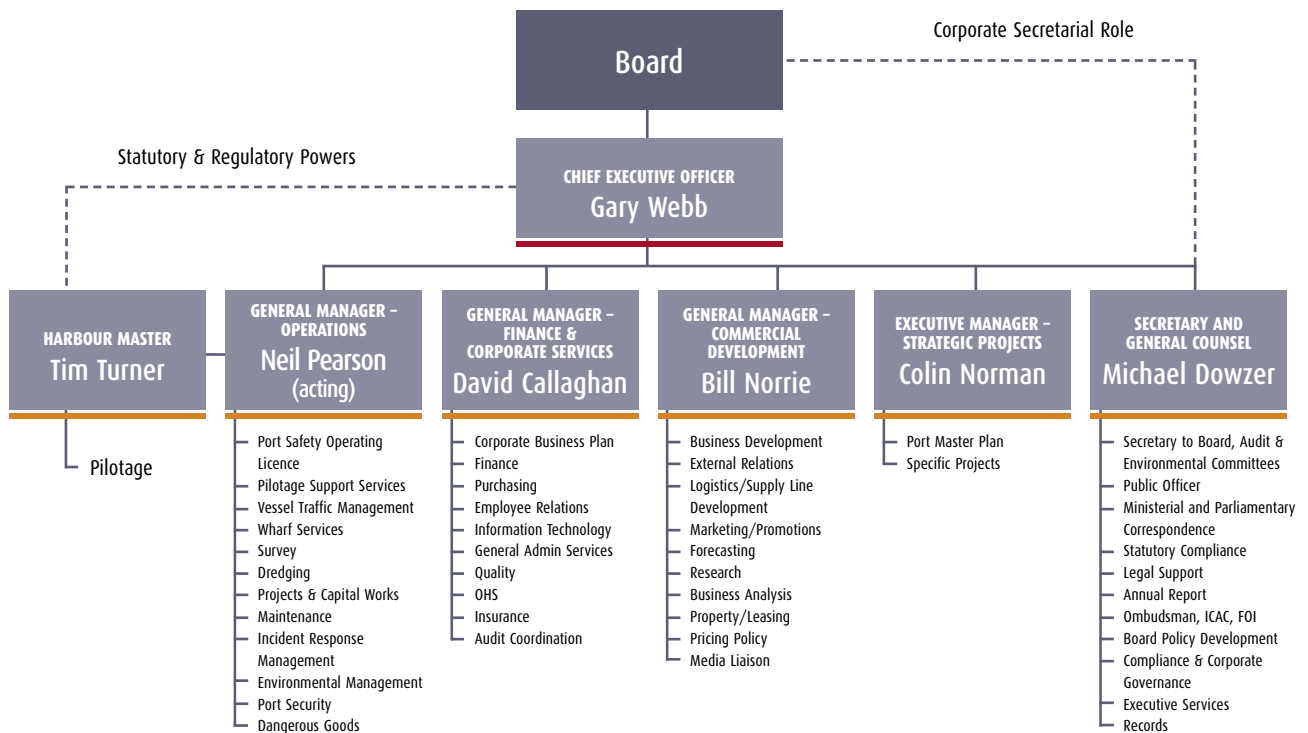
Staff and their families enjoy a range of recreational activities.

Board Of Directors

The Directors of the Corporation are:

Wilton Ainsworth BSc (Hons)	Chairman, former Chief Executive of Commonwealth Steel Company.
John Fitzgerald BSc	Director, former Chief Executive and Director of A Goninan and Co Limited.
John McNaughton AM	Director, former Lord Mayor of Newcastle.
Gaye Hart AM, BA, Dip Ed, MED	Director, Director of the Hunter Institute-TAFE NSW.
Paul Jeans BE	Director, Director of Energy Australia, former Senior Manager in BHP.
Doug Hickling	Director, Survey Technician within the Corporation's Operation's Branch, elected Staff Director.

Newcastle Port Corporation Corporate Structure



Executive Management

Gary Webb	BSurv (Hons), Grad Dip Ed (TAFE), GAICD, Grad Cert Bus Admin(Executive)	Chief Executive Officer
Colin Norman	BEng(Civil), MBA(Technology Management)	Executive Manager, Strategic Projects
David Callaghan	BComm, CA	General Manager Finance and Corporate Services
Neil Pearson	BEng, Grad Dip Management, MBA	Acting General Manager – Operations
Timothy Turner	Master Mariner	Harbour Master / Senior Pilot
Bill Norrie		General Manager, Commercial Development
Michael Dowzer	LLB, Grad Dip Legal Practice, GAICD	Secretary & General Counsel

Newcastle Port Corporation
Financial Statements for the year ended 30 June 2004

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Statement of Financial Performance for the financial year ended 30 June 2004

Directors' Statement

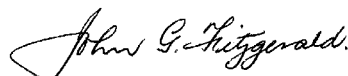
In accordance with a resolution of the Directors of the Newcastle Port Corporation, Clause 14 of the Public Finance and Audit Regulation 2000, and pursuant to Section 41C(1B) and 41C(1C) of the Public Finance and Audit Act 1983, in the opinion of the Directors:

1. the accompanying financial statements exhibit a true and fair view of the financial position of the Corporation as at 30 June 2004 and transactions for the year then ended ;
2. the statements have been prepared in accordance with the provision of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2000 and relevant Treasurer's Directions.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



WILTON AINSWORTH
Chairman



JOHN FITZGERALD
Director

Dated: 30 September 2004



GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

NEWCASTLE PORT CORPORATION

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Newcastle Port Corporation:

- (a) presents fairly the Newcastle Port Corporation's financial position as at 30 June 2004 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 41B of the *Public Finance and Audit Act 1983* (the Act).

The opinion should be read in conjunction with the rest of this report.

The Board's Role

The financial report is the responsibility of the members of the Board of the Newcastle Port Corporation. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows and the accompanying notes.

The Auditor's Role and the Audit Scope

As required by the Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the Board in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does not guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that Board members had not fulfilled their reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Corporation,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



S R Stanton CPA
Assistant Director of Audit

SYDNEY
21 October 2004

Statement of Financial Performance for the financial year ended 30 June 2004

	Note	2004 \$000	2003 \$000
Revenue from Ordinary Activities			
Port Management	2	37,106	37,238
Interest on Deposits		1,120	767
Other	3	2,348	2,323
Total Revenue from Ordinary Activities		40,574	40,328
Expenses from Ordinary Activities			
Salaries, Wages and Related Costs		8,551	8,971
Superannuation	5	(1,164)	2,079
Repairs and Services		6,587	7,588
Utilities and Communications		682	675
Port Fee and Licence		2,917	2,864
Administration		2,508	2,480
Consultants		30	327
Depreciation	11	4,088	4,135
Borrowing Costs		2,285	2,240
Audit Fees - external		51	54
Directors' Emoluments	4	220	204
Decrement in value of Non Current Assets	11	315	-
Loss on Sale of Non Current Assets	11	(19)	61
Total Expenses from Ordinary Activities		27,050	31,678
Profit from Ordinary Activities Before Income Tax Expense		13,524	8,650
Income tax expense relating to ordinary activities	6	(4,007)	(3,176)
Net Profit from Ordinary Activities after Income Tax Expense		9,517	5,474
Total change in equity other than those resulting from transactions with owners as owners		9,517	5,474

The above statement of Financial Performance should be read in conjunction with the accompanying notes

Statement of Financial Position as at 30 June 2004

	Note	2004 \$'000	2003 \$'000
Current Assets			
Cash Assets	7	27,785	18,722
Receivables	8	3,539	3,528
Inventories	9	99	83
Other	10	485	475
Total Current Assets		31,908	22,808
Non-Current Assets			
Property, Plant and Equipment	11	111,512	101,308
Future Income Tax Benefit	6	2,006	1,544
Other	12	11,082	9,429
Total Non-Current Assets		124,600	112,281
Total Assets		156,508	135,089
Current Liabilities			
Payables	13	4,267	4,211
Tax Liabilities	14	2,054	1,001
Other Provisions	15	3,529	4,260
Total Current Liabilities		9,850	9,472
Non-Current Liabilities			
Interest Bearing Liabilities	16	30,753	30,727
Deferred Tax Liabilities	14	5,224	5,130
Other Provisions	15	2,602	2,494
Total Non-Current Liabilities		38,579	38,351
Total Liabilities		48,429	47,823
Net Assets		108,079	87,266
Equity			
Contributed Equity	17	62,283	62,283
Reserves	18	33,436	19,711
Retained Profits	19	12,360	5,272
Total Equity		108,079	87,266

The above statement of Financial Position should be read in conjunction with the accompanying notes

Statement of Cash Flows for the financial year ended 30 June 2004

	Note	2004 \$000 Inflows/ (Outflows)	2003 \$000 Inflows/ (Outflows)
Cash Flows from Operating Activities			
Receipts from Customers		42,574	43,939
Payments to Suppliers and Employees		(24,796)	(26,849)
Interest Received		1,120	767
Interest Paid		(2,341)	(2,222)
Income Tax Equivalent Paid	14	(3,322)	(3,347)
Net Cash Provided by Operating Activities	24(b)	13,235	12,288
Cash Flows from Investing Activities			
Payments for Property, Plant and Equipment	11	(1,516)	(2,224)
Proceeds from Sale of Property, Plant and Equipment	11	372	306
Newcastle Harbour Deepening Account	13	(16)	(237)
Net Cash Used in Investing Activities		(1,160)	(2,155)
Cash Flows from Financing Activities			
Dividends Paid	15	(3,012)	(9,000)
Net Cash Used in Financing Activities		(3,012)	(9,000)
Net Increase in Cash Held		9,063	1,133
Cash at the Beginning of the Financial Year		18,722	17,589
Cash at the End of the Financial Year	24(a)	27,785	18,722

The above statement of Cashflows should be read in conjunction with the accompanying notes

Notes to the Financial Statements for the financial year ended 30 June 2004

Background

Newcastle Port Corporation (NPC) is a Statutory State Owned Corporation under the State Owned Corporations Act 1989 (as amended), responsible for the Port of Newcastle.

1. Statement of Significant Accounting Policies

The following summary explains the significant accounting policies that have been adopted in the preparation of the accounts.

Basis of Accounting

As required by Section 41B(1) of the Public Finance and Audit Act, 1983, the accompanying Financial Statements form a General Purpose Financial Report and have been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Urgent Issues Group (UIG) Consensus Views to exhibit a true and fair view of the financial position and transactions of NPC. The Financial Statements also incorporate financial reporting requirements specified in the Public Finance and Audit Regulation 2000 and relevant Treasurer's Directions.

Proper accounts and records for all of NPC's operations have been kept as required under Section 41(1) of the Public Finance and Audit Act, 1983.

Cost is based on the fair value of the consideration given in exchange for assets. The fair value of cash consideration with deferred settlement terms is determined by discounting any amounts payable in the future to their present value as at the date of acquisition. Present values are calculated using rates applicable to similar borrowing arrangements of the Corporation.

The form of presentation of the Financial Statements has been on the basis of full accrual accounting using historical cost accounting conventions, except for certain items which, as noted, are at fair value. The accounting policies adopted are consistent with those of the previous year except where noted.

Statement of Significant Accounting Policies

(a) Cash in the Statement of Cash Flows

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks (net of any outstanding bank overdraft) and highly liquid investments with short periods to maturity with insignificant risk of changes in value. Cash at the end of the financial year, as shown in the Statement of Cash Flows, is reconciled to the item "Cash" in the Statement of Financial Position at note 24(a).

(b) Valuation of Property, Plant and Equipment

The property, plant and equipment of NPC was initially valued at the date of incorporation on 1 July 1995. The "Deprival" value concept was the basis of valuation used to introduce the assets at "fair value". The value of the property, plant and equipment was recognised as "Net Assets Acquired on Corporatisation" together with the remaining net assets introduced upon corporatisation. The Corporation's accounting policy requires it to undertake a revaluation of property, plant and equipment at least every five years.

In accordance with Australian Accounting Standard AAS10, "Recoverable Amount of Non-Current Assets, a recoverable amounts test was performed as at 30 June 2004 to ensure that the asset's carrying values did not exceed recoverable amounts. As at the abovementioned date the asset's carrying value did not exceed expected recoverable amounts. The expected net cash flows included in determining recoverable amounts of non current assets are discounted to the present values using an appropriate, risk adjusted discount rate. The potential capital gains tax effect has not been included in the revalued carrying amount of the assets as such a liability is not expected to crystallise.

(c) Capitalisation of Property, Plant and Equipment

All capital expenditure on land, reclamations, buildings, workshops, roadways, wharves, jetties and breakwaters, and plant of \$100 or more are capitalised. Only those assets completed and ready for service are taken to Property, Plant and Equipment accounts. The remaining capital expenditures are carried forward as construction in progress but included in Property, Plant and Equipment in the Statement of Financial Position. Additions are initially brought to account at cost.

Statement of Significant Accounting Policies Continued

(d) Depreciation of Property, Plant and Equipment

Depreciation has been calculated on depreciable assets, using rates estimated to write off the assets over their remaining economic lives for the Corporation on a straight line basis in accordance with Australian Accounting Standard AAS4, "Depreciation". Land and reclamation assets have been treated as non-depreciable.

Straight line depreciation rates used for each class of fixed assets are in the following ranges :

Buildings	2 - 7%
Roads	5 - 9%
Wharves and jetties	3 - 8%
Breakwaters	1%
Plant	5 - 50%

(e) Inventories

Inventories have been recorded at year end at the lower of costs and net realisable value. Consumption is charged on issue at the weighted cost of each stock line. A perpetual inventory system is adopted and is supported by annual stocktakes. The extent of stock deterioration and obsolescence is also reviewed regularly. Stock write-downs as a result of stocktakes and obsolescence are charged directly to operating expense.

(f) Bad and Doubtful Debts

Bad Debts are written off against the Provision for Doubtful Debts after thorough investigation and exhaustion of recovery processes. A review was carried out during the year to determine the adequacy of the level of the Provision for Doubtful Debts.

(g) Employee Benefits**Wages, salary, annual leave and sick leave**

NPC continued to provide fully for all employee entitlements in accordance with Australian Accounting Standard AASB1028, "Employee Benefits". Wages, salary and annual leave expected to be settled within 12 months of the year-end are measured at their nominal amounts based on remuneration rates expected to be paid when the liability is settled.

The effect on the current year Statement of Financial Performance by adopting the revised standard was not considered material for disclosure. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long service leave

Long service leave is provided based on the present value of estimated future cash outflows to be made in respect to services provided by employees up to the reporting date. The provision incorporates future increases in wages, on costs and a history of staff turnover. An appropriate discount rate matching the terms of the related liability will be used to calculate the present value.

(h) Assets

The assets of NPC are unencumbered.

(i) Leases

Operating lease payments are charged as an expense in the period in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(j) Rounding Amounts to Nearest \$000

In the financial statements, all amounts are rounded to the nearest thousand dollars.

(k) Taxation Equivalent Regime

The Tax Equivalent regime requires NPC to make tax equivalent payments to the NSW Government's Consolidated Fund and involves income tax and capital gains tax. Tax effect accounting principles have been adopted whereby income tax expense has been calculated on pre tax accounting profit after adjustments for permanent differences. The tax effect of timing differences, which occur when items are included or allowed for income tax purposes in a period different to that for accounting, is shown at current taxation rates in provision for deferred income tax and future income tax benefit, as applicable.

Notes to the Financial Statements for the financial year ended 30 June 2004

Statement of Significant Accounting Policies Continued

(l) Discount on Borrowings

The difference between the debt's long term face value and the non-current value shown in the Statement of Financial Position is taken up as a Discount on Borrowings. The discount will be amortised over the life of the loans.

(m) Investments

Deposits are shown at cost. Hourglass funds are at valuation. Interest is taken to income as earned.

(n) Receivables and Payables

Trade accounts receivable are generally settled within 15 days and are carried at amounts due. Trade accounts payable including accruals not yet billed, are recognised when the Corporation becomes obliged to make future payments as a result of purchase of assets or services. Trade accounts payable are generally settled within 30 days.

(o) Net Fair Values of Financial Assets and Liabilities

Net fair values of financial instruments are determined on the following basis:

Monetary financial assets and liabilities which are not traded in an organised financial market - cost basis carrying amounts of trade debtors, trade account payable and accruals;

Fixed rate loans, floating rate loans - current risk adjusted market rates;

Investments in term deposits and commercial bills - current market rates.

(p) Revenue Recognition

Revenue is recognised for the major business activities as follows:

Charges on vessels - navigation revenue is recognised and accrued after completion of the inward vessel movement.

Charges on vessels - pilotage revenue is generally recognised on departure however the inward movement is accrued if it occurred prior to 30 June 2004.

Berth Charges - revenue is recognised when the vessel departs the berth.

Rental income - revenue is recognised on a monthly basis in accordance with lease agreements.

Interest income - revenue is recognised as earned on a daily basis and not at maturity of the underlying investment.

(q) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- 1) where the amount of GST incurred is not recoverable from the Taxation Office it is recognised as part of the cost of the acquisition of an asset or as part of an item of expense;
- 2) for receivables and payables which are recognised inclusive of GST. GST payable to and recoverable from the Taxation Office is recognised as a payable and receivable respectively in the Statement of Financial Position.

(r) Segment Reporting

The Corporation operates predominately in one business segment, that being Port Management, and within one geographical segment, being Newcastle, NSW, Australia.

(s) Change in Accounting Policy

There have been no changes in accounting policy throughout the year.

	2004 \$000	2003 \$000
2. Port Management		
Charges on Vessels	29,873	28,909
Berth Services	7,233	8,329
	37,106	37,238
3. Other Income		
Non Port Related Lease / Rental	1,994	1,849
Other	354	474
	2,348	2,323
4. Directors Emoluments		
Directors Emoluments	220	204
Remuneration paid to Directors is in accordance with rates determined by the Premiers Office. The Directors received no loans nor any other benefits.		
5. Significant Item - Superannuation		
Decrease in the amount of overfunded superannuation due to:		
- Increase in fund liability	1,681	
- (Positive) / Negative returns on superannuation funds invested.		
Funds are under the control of the SAS Trustee Corporation (STC)	(3,334)	
	(1,653)	1,736
Accumulation fund contributions	489	343
	(1,164)	2,079
6. Income Tax Equivalent		
(a) Income Tax Expense		
The difference between income tax expense provided in the financial statements and the prima facie income tax expense is reconciled as follows:		
Profit from Ordinary Activities Before Tax Equivalents	13,524	8,650
Prima facie tax thereon at 30%	4,057	2,595
Add tax effect of permanent and other differences:		
Non deductible expenses	109	15
Prior year expense now deductible	-	(231)
Non deductible depreciation	337	335
Movement in overfunded superannuation	(496)	462
Total income tax expense attributable to operating profit	4,007	3,176
Total income tax expense comprises movements in:		
Provision for income tax	4,375	3,169
Provision for deferred income tax	94	426
Future income tax benefit	(462)	(419)
	4,007	3,176
(b) Future Income Tax Benefit		
Opening balance	1,544	1,473
adjustment to change in accounting policy	-	(348)
current year movement	462	419
Closing balance	2,006	1,544

Note 1(s)

Notes to the Financial Statements for the financial year ended 30 June 2004

	2004 \$000 At Cost	2003 \$000 At Cost
7. Cash Assets		
Cash assets at 30 June 2004 consist of:		
Cash on Hand	3	3
Cash at Bank	316	221
T Corp Hourglass Facility Trust	27,318	18,498
Advance held by Third Party	148	-
	<u>27,785</u>	<u>18,722</u>
Investment at both 30 June 2004 and 30 June 2003 are very short term, hence market value approximates cost.		
(a) Net Fair Value		
The Corporation considers the carrying amount of investments approximate their net fair values.		
(b) Significant Terms and Conditions		
There are no significant terms and conditions relating to investments.		
(c) Credit Risk		
The Corporation considers it does not have any significant risk exposure for investments. The maximum credit risk is considered to be the net fair value.		
8. Receivables		
Current		
Trade Debtors	2,515	2,096
Accrued Income	128	148
Other Debtors	936	1,284
	<u>3,579</u>	<u>3,528</u>
Less: Provision For Doubtful Debts	(40)	-
	<u>3,539</u>	<u>3,528</u>
(a) Provision for Doubtful Debts		
Opening Balance	-	-
Less: Bad debts written off	(40)	-
Closing Balance	<u>(40)</u>	<u>-</u>
(b) Net Fair Value		
The Corporation considers the carrying amount of debtors approximate their net fair value.		
(c) Significant Terms and Conditions		
Trade debtors are required to be settled within 7 days.		
(d) Credit Risk		
The Corporation does not have any significant exposure to any individual customers or counterparty. The maximum credit risk is considered to be the net fair value.		
Major concentrations of credit risk that arose from the Corporation's receivables in relation to the industry categories and location of the customers by the percentage of the total receivables from customers are:		
	%	
Mining industry	73	
Manufacturing industry	14	
Agricultural industry	13	
Asia	86	
Australia	3	
Other	11	
9. Inventories		
Consumable Store Items	99	83
Reviews of all store items have been carried out during the year ended 30 June 2004 to determine stock obsolescence and stock on hand adjustments. Stores are valued at net the lower of cost and net realisable value.		
10. Other Current Assets		
Prepayments	485	475

	2004 \$000	2003 \$000
11. Property, Plant and Equipment		
Property, Plant and Equipment (at cost or valuation)	115,229	117,520
Accumulated Depreciation	867	(16,796)
Construction in Progress	(4,584)	584
	<u>111,512</u>	<u>101,308</u>
Land and Buildings		
At cost	-	2,217
At valuation	48,090	32,699
	<u>48,090</u>	<u>34,916</u>
Accumulated depreciation at cost	-	99
Accumulated depreciation at valuation	162	1,345
	<u>162</u>	<u>1,444</u>
Written Down Value	<u>47,928</u>	<u>33,472</u>
Roads		
At cost	-	2,655
At valuation	3,276	2,164
	<u>3,276</u>	<u>4,819</u>
Accumulated depreciation at cost	-	560
Accumulated depreciation at valuation	87	520
	<u>87</u>	<u>1,080</u>
Written Down Value	<u>3,189</u>	<u>3,739</u>
Wharves and Jetties		
At cost	-	344
At valuation	34,543	45,250
	<u>34,543</u>	<u>45,594</u>
Accumulated depreciation at cost	-	35
Accumulated depreciation at valuation	130	7,593
	<u>130</u>	<u>7,628</u>
Written Down Value	<u>34,413</u>	<u>37,966</u>
Breakwaters		
At cost	-	-
At valuation	14,979	13,377
	<u>14,979</u>	<u>13,377</u>
Accumulated depreciation at cost	-	-
Accumulated depreciation at valuation	12	301
	<u>12</u>	<u>301</u>
Written Down Value	<u>14,967</u>	<u>13,076</u>
Plant		
At cost	111	2,156
At valuation	14,229	16,658
	<u>14,340</u>	<u>18,814</u>
Accumulated depreciation at cost	2	508
Accumulated depreciation at valuation	4,191	5,835
	<u>4,193</u>	<u>6,343</u>
Written Down Value	<u>10,147</u>	<u>12,471</u>
Total Property Plant and Equipment in operation	<u>110,644</u>	<u>100,724</u>
Construction in Progress		
Land and Buildings	-	23
Wharves & Jetties	38	227
Plant	829	334
Total	<u>867</u>	<u>584</u>
Disposals		
Proceeds from Sale	372	306
Written Down Value	(353)	(367)
Net Amount included in the Statement of Financial Performance	<u>19</u>	<u>(61)</u>

Notes to the Financial Statements for the financial year ended 30 June 2004

11. Property, Plant and Equipment (continued)

Reconciliation of the carrying amounts of each class of property plant and equipment at the beginning and end of the current and previous financial year are set out below:

30 June 2004

	Land and Buildings	Roads	Wharves & Jetties	Breakwaters	Plant	Construction in Progress	Total
Carrying amount at start of year	33,472	3,739	37,966	13,076	12,471	584	101,308
additions	-	-	-	-	-	1,516	1,516
disposals	-	-	-	-	(353)	(281)	(634)
transfer to asset register	3	-	-	-	948	(951)	-
revaluation increment to reserve	14,848	(18)	(1,685)	2,026	(1,446)	-	13,725
revaluation decrement to expense	-	(285)	-	-	(30)	-	(315)
depreciation expense	(395)	(247)	(1,868)	(135)	(1,443)	-	(4,088)
Carrying amount at end of year	47,928	3,189	34,413	14,967	10,147	868	111,512

Land and buildings, roads, wharves and jetties, breakwaters and major items of plant were revalued as at 1 June 2004.

The revaluation covered 96% of the book value of assets in all classes. Assets deemed immaterial and not subject to revaluation are recognised at fair value based on the carrying value as at 1 June 2004 projected to 30 June 2004. As in the prior year they are classified as "at valuation". Assets acquired during the month of June 2004 were not subject to revaluation and are shown at cost. Breakwaters were revalued by management while the independent review of plant was basically limited to floating plant and major land based navigation aids. All land and building of a rental nature were valued by M Nicholson Registered Valuer No 2883 of the NSW Department of Commerce. Other buildings, roads, wharves and jetties and major navigation aids were valued by F Julier AAPI Certified Registered Valuer of the Rushton Group. Floating plant was valued by R Behan, Naval Architect, of Marine Matters Pty Ltd through the Rushton Group.

The Physical Non-Current Assets were valued at fair value in accordance with Australian Accounting Standard AASB 1041 Revaluation of Non-Current Assets. "Fair value" is defined in paragraph 9.1 of the standard as "the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction". Additional guidance regarding implementation of the principles of AASB1041 in the Public sector was gained from the New South Wales Treasury paper "Guidelines for the Valuation of Physical Non-Current Assets at Fair Value (TPP 03-02)"

A recoverable amounts test, in accordance with Australian Accounting Standard AAS10, was conducted to ensure that the carrying value of the assets were not greater than the future net cash inflows from future use and disposal of those assets. Refer to Note 1(b) Statement of Accounting Policies for further details regarding the Recoverable Amounts Test.

		2004 \$000	2003 \$000
12. Other Non-Current Assets			
Overfunded Superannuation	(a)	11,082	9,429
Movement in Overfunded Superannuation			
	Balance on 30-Jun-03 \$000	Charge to Revenue \$000	Payments \$000
			Balance 30-Jun-04 \$000
Superannuation	9,429	1,653	-
(a) Overfunded Superannuation			
Future Retirement Benefits under the State Superannuation Scheme, the State Authorities Superannuation Scheme and State Authorities Non-Contributory Superannuation Scheme have been provided as under:			
	Liability \$000	Funding \$000	2004 Net Asset \$000
			2003 Net Asset \$000
State Superannuation Scheme	(10,071)	20,009	9,938
State Authorities Superannuation Scheme	(4,449)	5,177	728
State Authorities Non-Contributory Superannuation Scheme	(1,055)	1,471	416
	(15,575)	26,657	11,082
			9,429

Mercer Ltd has completed an assessment of the Gross Superannuation liabilities for the defined benefits schemes administered by the SAS Trustee Corporation for the financial year ending 30 June 2004. These schemes include the funds listed above.

The 2004 assessment is based on the full requirements of AAS25. This requires that a "market determined risk adjusted discount rate" be applied as the valuation interest rate in the calculation of the value of accrued benefits. A review of the interest rate assumptions used in the 2003 valuation has confirmed that the interest rate of 7% per annum should remain unchanged for the 2004 liability calculations. The assumptions that were applied for the 2003 calculations have been replaced by the rates in the following table:

	2004/05 %	2005/06 %	2006/07 %
Rate of investment return	7.0	7.0	7.0
Rate of general salary increase	4.0	4.0	4.0
Rate of increase in CPI	2.5	2.5	2.5

Notes to the Financial Statements for the financial year ended 30 June 2004

	2004 \$000	2003 \$000
13. Payables		
Payables comprise:		
Trade Creditors	1,428	1,714
Accrued Financial Expenses	576	632
Port Cargo Access Charge (a)	495	452
Accrued Salaries and Wages	258	607
Harbour Deepening Account (b)	111	119
Other Creditors and Accruals	1,399	687
	4,267	4,211

- (a) Relates to the port cargo access charge collected, on behalf of the Consolidated Fund from port users, but not yet remitted. A management fee is retained by NPC.
- (b) Under an agreement with Newcastle Shippers of coal to overseas destinations and importers of ores, the former MSB was provided from 1 May 1976 to 31 May 1982 with funds by means of a special levy of \$1 per tonne on such goods to finance the cost of deepening the Port's channel to 15.3 metres. Work on this project was completed in 1984/85 at a total cost of \$104.242 million of which \$86.242 million was funded by contributions from the levy.

Upon completion of the project, it was decided by mutual agreement between the Coal Representatives and the MSB that the balance of funds available in the Levy Account as at 1 July 1985 and any future income earned on those funds would be applied to a Newcastle Harbour Study Fund to investigate the possibility of large ship movements within the Port.

Movements in the Levy Account are as shown below:

	2004 \$000	2003 \$000
Opening Balance	119	359
Add - Interest on funds invested	16	16
Less - Expenditure on channel development	(24)	(256)
Closing Balance	111	119

- (c) Net Fair Values
The Corporation considers the carrying amounts of trade and other accounts payable approximate their net fair values.
- (d) Significant terms and conditions
Trade accounts payable are generally settled in 30 days.

	Note	2004	2003
		\$000	\$000
14. Tax Provisions		CurrentNon-Current	CurrentNon-Current
Income Tax Equivalent	(a)	2,054-	1,001-
Deferred Income Tax		-5,224	-5,130
		2,0545,224	1,0015,130

Movement in Tax Provisions

	Balance on 30-Jun-03 \$000	Charge to Revenue \$000	Less Payments \$000	Balance 30-Jun-04 \$000
Income Tax Equivalent	1,001	4,375	(3,322)	2,054
Deferred Income Tax	5,130	94	-	5,224
	6,131	4,469	(3,322)	7,278

(a) Income Tax Equivalent

Provision for Income Tax is calculated by adjusting Income Tax Expense for timing differences using a tax rate of 30%. (Also refer note 6.)

15. Other Provisions					
		Current	Non-Current	Current	Non-Current
Dividend	(a)	2,429	-	3,012	-
Annual Leave	(b)	1,100	-	1,248	-
Long Service Leave	(c)	-	2,602	-	2,494
		3,529	2,602	4,260	2,494

Movement in Other Provisions

	Balance on 30-Jun-03 \$000	Charge to Revenue \$000	Less Payments \$000	Balance 30-Jun-04 \$000
Dividend	3,012	2,429	(3,012)	2,429
Annual Leave	1,248	734	(882)	1,100
Long Service Leave	2,494	256	(148)	2,602
	6,754	3,419	(4,042)	6,131

(a) Dividend

A dividend of \$2.429m was negotiated between the Corporation's Board of Directors and the Voting Shareholders.

(b) Annual Leave

NPC's liability for annual leave, calculated at 30 June 2004 wage rates and entitlement of personnel, has been assessed as \$1.1m and is fully provided.

(c) Long Service Leave

NPC's liability for long service leave, calculated at 30 June 2004 wage rates and entitlement of personnel, has been assessed as \$2.6m and is fully provided. This figure excludes allowance for personnel still subject to completion of service conditions.

(d) Net Fair Value

The Corporation considers the carrying amount of provisions approximate their net fair value.

Notes to the Financial Statements for the financial year ended 30 June 2004

	2004 \$000	2003 \$000
16. Interest Bearing Liabilities		
NSW Treasury Corp Borrowings	<u>30,753</u>	<u>30,727</u>
Classification of liability		
Non-Current - Face value	30,934	
- Discount on purchase	(181)	
	<u>30,753</u>	<u>30,727</u>
(a) Net Fair Value		
The Corporation considers the market value of the borrowings approximate their fair net value.	<u>31,779</u>	<u>33,211</u>
(b) Significant Terms and Conditions		
Borrowings consist of NSW Treasury Corporation floating and fixed rate loans. NSW Treasury Corporation loans are based upon installment payments of interest only and repayment or rollover of principal at maturity. All borrowings are secured by Government Guarantee.		
Total loans are due for repayment as follows:		
Within 1 year	<u>5,284</u>	<u>8,472</u>
Later than 1 year and not later than 5 years	<u>9,993</u>	<u>9,971</u>
Later than 5 years	<u>15,476</u>	<u>12,284</u>
	<u>30,753</u>	<u>30,727</u>
17. Contributed Equity		
Ordinary Share Capital (a)	<u>62,283</u>	<u>62,283</u>
(a) Share Capital		
The State Owned Corporations Act 1989 (as amended) requires the Corporation to have two voting shareholders ; the Treasurer, Mr M Egan, and one other Minister, being the Special Minister of State, Mr J J Della Bosca. Each shareholder must at all times have an equal share in the equity of the Corporation. As at 30 June 2004 each shareholder held a \$1 share.		
There has been no movement in Contributed Equity during the year.		
18. Reserves		
Asset Revaluation Reserve	<u>33,436</u>	<u>19,711</u>
	<u>33,436</u>	<u>19,711</u>
Asset Revaluation Reserve		
Balance at the Beginning of the Financial Year	<u>19,711</u>	<u>19,868</u>
add increment on asset revaluation	<u>13,725</u>	<u>-</u>
less sale of revalued item	<u>-</u>	<u>(157)</u>
Balance at the End of the Financial Year	<u>33,436</u>	<u>19,711</u>
19. Retained Profits		
Balance at the Beginning of the Financial Year	<u>5,272</u>	<u>1,997</u>
add Write back of Dredging provision	<u>-</u>	<u>813</u>
add Net Profit	<u>9,517</u>	<u>5,474</u>
less Dividend provided for or paid	<u>(2,429)</u>	<u>(3,012)</u>
Balance at the End of the Financial Year	<u>12,360</u>	<u>5,272</u>

	2004 \$000	2003 \$000
20. Contingent Liabilities		
A contingent liability existed as at 30 June 2004. It relates to an insurance claim and the maximum exposure to the Corporation is \$ Nil. (2003 - \$Nil)		
21. Commitments		
Capital Expenditure		
Forward obligations of NPC under major contracts committed as at 30 June 2004 but not otherwise brought to account have been assessed as follows (GST inclusive):		
Not later than one year	1,143	1,473
Operating Leases		
Minimum future lease payments payable for non-cancellable operating leases are as follows:		
Not later than one year	42	48
Later than one and not later than five years	23	67
	65	115
22. Events Occurring After Reporting Date		
There are no known events occurring after balance date that materially affect the financial statements.		
23. Leases		
	2004 \$000	
	Land and Buildings	Wharves and Jetties
		Plant
Gross book value of leased assets	23,662	11,714
Accumulated depreciation on leased assets	20	42
Depreciation expense on leased assets for the year	182	593
	2003 \$000	
	Land and Buildings	Wharves and Jetties
		Plant
Gross book value of leased assets	17,544	15,649
Accumulated depreciation on leased assets	705	2,645
Depreciation expense on leased assets for the year	166	606
	2004 \$000	2003 \$000
Lease commitments receivable as at 30 June 2004 (inclusive of GST)	31,301	27,796
Minimum future lease payments receivable from non-cancellable operating leases are as follows:		
Not later than one year	3,953	4,159
Later than one and not later than five years	14,581	12,645
Later than five years	12,767	10,992

Lease income consists of a combination of base and throughput rents.

Notes to the Financial Statements for the financial year ended 30 June 2004

	2004 \$000	2003 \$000
24. Notes to the Statement of Cash Flows		
(a) Reconciliation of Cash		
Cash on Hand	3	3
Cash at Bank	316	221
Current Investments	27,318	18,498
Advance held by Third Party	148	-
	27,785	18,722
(b) Reconciliation of Profit from Ordinary Activities after Income Tax Equivalents to Net Cash Flows from Operating Activities.		
Profit from Ordinary Activities after Income Tax Equivalent	9,517	5,474
Depreciation	4,088	4,135
Harbour Deepening Account	8	-
Write-off opening Construction in Progress	281	437
Write-off on revaluation of assets	315	-
Write back tax effect of provision for dredging	-	(348)
(Profit) / loss on sale of Non Current Assets	(19)	61
	14,190	9,759
Changes in Assets and Liabilities		
(Increase) / Decrease in Receivables	(298)	82
(Increase) / Decrease in Recoverables	287	(64)
(Increase) / Decrease in Inventories	(16)	(36)
(Increase) / Decrease in Superannuation Overfunding	(1,653)	1,543
(Increase) / Decrease in Other Current Assets	(10)	169
(Decrease) / Increase in Creditors	89	196
(Decrease) / Increase in Provisions	646	639
Net Cash from Operating Activities	13,235	12,288
(c) Financing Facilities		
The Corporation has approved access to NSW Treasury Corporation's "come and go" facility.		
Amount used	-	-
Amount unused	-	20,000
	-	20,000

25. Additional Financial Instrument Disclosures**(a) Interest Rate Risk**

The Corporation's exposure to interest rate risk and the effective interest rates on financial instruments on balance date are:

	Weighted average effective interest rate	Floating interest rate \$000	Fixed interest rate			Non interest bearing \$000	Total \$000
			less than 1 year \$000	1 to 5 years \$000	Over 5 years \$000		
30 June 2004							
Assets							
Cash	4.56%	464				3	467
Trade receivables						2,515	2,515
Investments	5.25%	27,318					27,318
Interest rate swaps		(1,000)		1,000			-
Total financial assets		26,782	-	1,000	-	2,518	30,300
Liabilities							
Trade payables						1,428	1,428
Borrowings	6.80%		5,284	9,993	15,476		30,753
Interest rate swaps		(1,000)		1,000			-
Total financial liabilities		(1,000)	5,284	10,993	15,476	1,428	32,181
Net financial assets / (liabilities)		27,782	(5,284)	(9,993)	(15,476)	1,090	(1,881)
30 June 2003							
Assets							
Cash	4.25%	221				3	224
Trade receivables						2,096	2,096
Investments	4.84%	18,498					18,498
Interest rate swaps		(2,100)		2,100			-
Total financial assets		16,619	-	2,100	-	2,099	20,818
Liabilities							
Trade payables						1,714	1,714
Borrowings	6.90%		8,472	9,971	12,284		30,727
Interest rate swaps		(2,100)		2,100			-
Total financial liabilities		(2,100)	8,472	12,071	12,284	1,714	32,441
Net financial assets / (liabilities)		18,719	(8,472)	(9,971)	(12,284)	385	(11,623)

Notes to the Financial Statements for the financial year ended 30 June 2004

25. Additional Financial Instrument Disclosures (continued)**(b) Credit risk**

All financial assets are unsecured.

The carrying amount of financial assets included in the Statement of Financial Position represents the Corporation's maximum exposure to credit risk in relation to these assets. Where the Corporation has a right of set-off and intends to settle on a net basis, this set-off has been reflected in the financial statements in accordance with accounting standards.

(c) Derivative Financial Instruments

The nature of Newcastle Port Corporation's business gives rise to gaps in maturity of its cashflows and to exposures arising from possible changes in the repricing of financial positions upon their maturity.

The Corporation has identified the risks that arise from such gaps and exposures and has established policies to prudentially monitor and limit those risks. In managing such risks, the Corporation may be involved in derivative financial instruments.

A derivative financial instrument is a contract or agreement whose value is derived from the value of the underlying instrument, reference rate or index. Derivative financial instruments are used to alter and modify the natural risks inherent in the Statement of Financial Position.

The Corporation uses futures contracts and interest rate swaps to hedge financial exposures arising from its borrowing portfolio thereby limiting the risk that changes in interest rates will adversely affect profit.

Gains or losses on derivative transactions are brought to account when realised.

Net Exposure

The market value of the Corporation's derivative financial instruments outstanding at year end are as follows:

i) Interest Rate Swap Contract

Asset and liability swaps in place at 30 June 2004 have fixed interest rates ranging between 5.55% and 5.64% and variable rates that range between 5.95% and 6.30%.

As at 30 June 2004 the notional principal amounts and periods of expiry of the interest rate swap asset and liability are as follows:

	2004	2003
	\$000	\$000
1-2 years	600	600
2-3 years	400	1,100
3-4 years	-	400
1-2 years	*(1,000)	(2,100)

* The negative amounts represent asset interest rate swap contracts

ii) Interest Rate Futures

Derivative Financial Instruments Receivable

Interest Futures	669	634
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The futures position at the end of the financial year is as follows:

Delivery Month	Contracts Sold/(Bought)	2004	2003
		\$000	\$000
3 year bond futures	nil	-	1300
10 year bond futures	nil	-	300

26. Adopting Australian equivalents to International Reporting Standards (AIFRS)

(a) How the transition is being managed

The Corporation will apply the Australian Equivalents to International Financial Reporting Standards (AIFRS) from the reporting period beginning 1 July 2005. The Corporation is managing the transition to the new standards by allocating internal resources and engaging consultants to analyse the pending standards and Urgent Issues Group Abstracts to identify key areas regarding policies, procedures, systems and financial impacts affected by the transition.

As a result of this exercise, the Corporation has taken the following steps to manage the transition to the new standards:

The Newcastle Port Corporation Audit Committee is overseeing the transition. The General Manager - Finance and Corporate Services is responsible for the project and will report regularly to the Committee on progress against the plan.

The following phases that need to be undertaken have been identified:

1. identify and disclose the likely impacts of AIFRS in the 30 June 2004 financial report in accordance with AASB 1047,
2. complete a full analysis of the impacts of AIFRS and set up appropriate systems to track transactions,
3. reassess the opening balance sheet as at 1 July 2004 including recognising assets and liabilities new to AIFRS, derecognising items not permitted under AIFRS, reclassifying items, and checking the measurement of assets and liabilities,
4. prepare both GAAP and AIFRS financial reports for the year ended 30 June 2005,
5. prepare full AIFRS financial statements for the year ended 30 June 2006.

To date, management has completed step 1 and are progressing through steps 2 and 3. NSW Treasury is assisting the Corporation to manage the transition by developing policies, including mandates of options; presenting training seminars; providing a website with up-to-date information to keep agencies informed of any new developments; and establishing an IAS Agency Reference Panel to facilitate a collaborative approach to manage the change.

(b) Key differences in Accounting Policies

The Corporation has identified a number of significant differences in accounting policies that will arise from adopting AIFRS. Some differences arise because AIFRS requirements are different from existing AASB requirements. Other differences could arise from options in AIFRS. To ensure consistency at the whole of government level, NSW Treasury has advised the Corporation of options it is likely to mandate, and will confirm these during 2004-05. This disclosure reflects these likely mandates.

The Corporation's accounting policies may also be affected by a proposed standard designed to harmonise accounting standards with Government Finance Statistics (GFS). This standard is likely to change the impact of AIFRS and significantly affect the presentation of the income statement. However, the impact is uncertain, because it depends on when this standard is finalised and whether it can be adopted in 2005-06.

Based on current information, the following key differences in accounting policies are expected to arise from adopting AIFRS:

AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards requires retrospective application of the new AIFRS from 1 July 2004, with limited exemptions. Similarly, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors requires voluntary changes in accounting policy and correction of errors to be accounted for retrospectively by restating comparatives and adjusting the opening balance of accumulated funds. This differs from current Australian requirements, because such changes must be recognised in the current period through profit or loss, unless a new standard mandates otherwise.

AASB 110 Events after the balance sheet date states that only dividends "declared" or appropriately "authorised" before the reporting date can be recognised. This is more restrictive than the current approach which is based on "valid expectations". However, this change is not expected to impact on dividend recognition as the signing of the Statement of Corporate Intent / Statement of Business Intent before the reporting date to which it relates, "authorises" the dividend and any change in the amount of the dividend after the reporting date constitutes an "adjusting event after the reporting date".

However, the amount of the dividend may be affected by other AIFRS, such as AASB 139 Financial Instrument Recognition and Measurement and AASB 119 Employee Benefits (refer below) as these standards may impact on retained earnings (on first adoption) and the amount and volatility of profit/loss.

AASB 112 Income Taxes requires a balance sheet approach where the entity must identify differences between the accounting and tax value of assets and liabilities. The previous approach was to account for tax by adjusting accounting profit for temporary and permanent differences to derive taxable income. The AASB 112 approach may alter the quantum of tax assets and liabilities recognised.

In addition, the income tax expense and deferred tax assets and liabilities may be affected by other AIFRS to the extent that they impact on the balance sheet and profit or loss.

Notes to the Financial Statements for the financial year ended 30 June 2004

26. Adopting Australian equivalents to International Reporting Standards (AIFRS) (continued)

AASB 116 Property, Plant and Equipment requires the cost and fair value of property, plant and equipment to be increased to include restoration costs, where restoration provisions are recognised under AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

Major inspection costs must be capitalised and this will require the fair value and depreciation of the related asset to be re-allocated.

For-profit entities must account for asset revaluation increments and decrements on an individual asset basis, rather than on a class basis. This change may decrease accumulated funds.

AASB 117 Leases requires operating lease contingent rentals to be recognised as an expense on a straight-line basis over the lease term rather than expensing in the financial year incurred.

AASB 119 Employee Benefits requires the defined benefit obligation to be discounted using the government bond rate as at each reporting date rather than the long-term expected rate of return on plan assets. Where the unfunded superannuation liability is not assumed by the Crown, this will increase the amount and the future volatility of the unfunded superannuation liability and the volatility of the employee benefit expense.

AASB 123 Borrowing Costs provides the option to expense or capitalise borrowing costs. NSW Treasury is likely to mandate expensing of borrowing costs to harmonise with GFS. Previously, borrowing costs related to qualifying assets were capitalised.

AASB 132 Financial Instrument Disclosure and Presentation prohibits in-substance defeasance. Agencies can no longer offset financial assets and financial liabilities when financial assets are set aside in trust by a debtor for the purposes of discharging an obligation, without assets having been accepted by the creditor in settlement of the obligation. This will have the effect of increasing both assets and liabilities but will have no net impact on equity.

AASB 136 Impairment of Assets requires an entity to assess at each reporting date whether there is any indication that an asset (or cash generating unit) is impaired and if such indication exists, the entity must estimate the recoverable amount. However, the effect of this Standard should be minimal because all the substantive principles in AASB 136 are already incorporated in Treasury's policy Valuation of Physical Non-Current Assets at Fair Value.

AASB 139 Financial Instrument Recognition and Measurement results in the recognition of financial instruments that were previously off balance sheet, including derivatives. The standard adopts a mixed measurement model and requires financial instruments held for trading and available for sale to be measured at fair value and valuation changes to be recognised in profit or loss or equity, respectively. Previously they were recognised at cost. This may increase the volatility of the operating result and balance sheet.

The standard also includes stricter rules for the adoption of hedge accounting, and where these are not satisfied, movements in fair value will impact the income statement.

To achieve full harmonisation with GFS, entities would need to designate all financial instruments at fair value through profit or loss. However, at this stage it is unclear whether this option will be available under the standard and, if available, whether Treasury will mandate this option for all agencies.

AASB 140 Investment Property requires investment property to be measured at cost or fair value. NSW Treasury is likely to mandate the adoption of fair value. In contrast to current treatment as an asset classified within property, plant and equipment, investment property recognised at fair value is not depreciated and changes in fair value are recognised in the income statement.

NSW Treasury is likely to mandate that any investment property interest held by a lessee under an operating lease should be classified and accounted for as investment property. Previously such operating lease payments were accounted for as an expense over the lease term based on the pattern of benefits.

END OF AUDITED FINANCIAL STATEMENTS

Corporate Governance

Appointment of Board of Directors

Each of the Directors was appointed or elected for a three year term on the following dates:

W Ainsworth	appointed by the Governor of NSW on 4 December 2001
J Fitzgerald	appointed by the Governor of NSW on 4 December 2001
J McNaughton	appointed by the Governor of NSW on 4 December 2001
G Hart	appointed by the Governor of NSW on 4 December 2001
P Jeans	appointed by the Governor of NSW on 28 October 2002
D Hickling	elected Staff Director effective 1 October 2002

Directors Meetings

There were 11 meetings of the Newcastle Port Corporation's Board during the year. The number of meetings attended by each Director was:

W Ainsworth	11
J Fitzgerald	9
J McNaughton	11
G Hart	10
P Jeans	10
D Hickling	11

Committees of the Board

Audit Committee

John Fitzgerald (Chair)
Wilton Ainsworth
Gaye Hart
Paul Jeans

Environmental Management Committee

John McNaughton (Chair)
Doug Hickling

Executive Management

On 16 January 2004 Chris Oxenbould resigned as Chief Executive Officer of the Corporation to take up a position as Acting Chief Executive Officer of the Waterways Authority. Gary Webb was appointed as acting Chief Executive Officer effective from 17 January 2004.

As at 30 June 2004 the total annual remuneration package for the Acting Chief Executive Officer was \$200,000 which included an at risk component of \$10,000.

At 30 June 2004 three other executives were in receipt of a remuneration package paid at equivalent or higher than SES level 1 (\$122,500) but less than SES level 5 (\$190,551).

Statutory Prescribed Information

Committees

During 2003/2004 the Corporation officers participated in the following established external committees.

Coal Chain Transport Planning Group	Gary Webb/Neil Pearson
Hunter Advantage Steering Committee	Chris Oxenbould
Hunter Valley Coal Chain Forum	Gary Webb/Neil Pearson
Hunter District Emergency Management Committee	Gary Webb/Neil Pearson
Hunter Economic Development Corporation	
» Manufacturing and Industries Taskforce	Chris Oxenbould
» Regional Industry Taskforce	Bill Norrie
» Infrastructure Taskforce	Colin Norman
Mid North Coast District Emergency Management Committee	Gary Webb/Neil Pearson
Newcastle Alliance-Board	Chris Oxenbould
Newcastle Port Users Group	Gary Webb/Neil Pearson
Newcastle Port Welfare Committee	Gary Webb
NSW National Plan Technical Working Group	Henk Zeeman
Northern Rivers District Emergency Management Committee	Gary Webb
Sea Freight Council NSW	Bill Norrie
South Arm Dredging Steering Committee	Gary Webb/Colin Norman
Technical and Operations Committee AAPMA	Tim Turner
The Industry and Environment Land Development Taskforce	Chris Oxenbould/Gary Webb

The Industry and Environment Land Development Taskforce concluded in 2003/04.

New involvement in Committees included:

Hunter Business Chamber Regional Infrastructure Committee	Colin Norman
Kooragang Island Port-side Land Steering Committee	Gary Webb / Colin Norman
Maritime Logistics Forum	Michael Ulph
NSW National Plan Executive Committee	Gary Webb

Overseas Visits

No overseas visits were undertaken during the year.

Credit Card Use

Credit card use has been in accordance with the Premier's Memoranda and Treasurer's Directions together with the provisions of the State Owned Corporations Act.

Exemptions

The Treasurer has granted the Corporation exemptions from certain provisions of the Annual Reports (Statutory Bodies) Act.

The following matters are exempt but require report in a summarised form:

S41B(c) Financial Statements

- » Preparation of Manufacturing and Trading Statements.
- » Material items of income and expenditure on a program or activity basis.
- » Summary Review of operations.
- » Management activities - Schedule 1 ARSBR.
- » Consultants - Schedule 1 ARSBR.
- » Consumer response - Schedule 1 ARSBR.
- » Risk Management - Schedule 1 ARSBR.

The following matters are exempt as they are no longer required for performance assessment and accountability:

Schedule 1 Part 1

- » Amounts set aside for renewal or replacement of fixed assets.
- » Amounts set aside to any provision for known commitments.
- » Amount appropriated for repayment of loans.

Schedule 1 Part 3

- » Schedule of outstanding public borrowing or other repayable advances.
- » Non-current asset value exceeds replacement costs.
- » Performance in Payment of Accounts - Schedule 1 ARSBR.

The following items are exempt on a Commercial in Confidence basis:

- » Budgets - outline and detail - S.7(1)(a)(iii)ARSBA/Schedule 1 ARSBR.
- » Significant Judicial Decisions - S.9(1)(f) ARSBA/Schedule 1 ARSBR.
- » Research and Development - Schedule 1 ARSBR.
- » Human Resources - Schedule 1 ARSBR.
- » Land Disposal - Schedule 1 ARSBR.
- » Investment Management Performance - Cl.12 ARSBR/TCG 1991/5.
- » Liability Management Performance - Cl.12 ARSBR/TCG 1991/5.

Funds Granted To Non-Government Community Organisations

There were no grants to non-government community organisations during the year.

Sponsorship

In 2003/04 the Corporation committed \$151,292 in sponsorship pledges. None of these items appeared on the Government Budget Papers.

Legal Change

The Maritime Transport Security Act 2003 and Maritime Transport Security Regulations were enacted by the Commonwealth Parliament in December 2003. The effect of this legislation was to introduce a new maritime security regime effective from 1 July 2004. The Act and Regulations placed significant obligations on the Corporation to ensure the Port of Newcastle was compliant at 1 July 2004.

Subordinate Legislation

There were no departures from the Subordinate Legislation Act.

Statutory Prescribed Information

Response To Matters Raised By The Auditor General

The Auditor General of NSW has extended the scope of reviews in recent years to be broader than a specific comment on the Statutory Financial Statements. Specific compliance reviews were conducted covering the security of information technology and the accounts payable function. The Corporation's core practices and policies were again shown to be sound, active with internal controls and were consistent with statutory requirements.

It was identified that improvements to information technology security could be introduced with regard to policy development in accordance with Australian Standard AS7799. An action plan has been developed towards compliance.

Disclosure Of Controlled Entities

The Corporation has no controlled entities.

Freedom of Information

There were no requests for information received as outlined in the Freedom of Information Act 1989.

Inquiries for access to documents under the Freedom of Information Act may be made to the Corporation's Secretary and General Counsel.

Heritage

During the year the Corporation's draft Section 170 Heritage and Conservation Register underwent internal review. Further review is currently being undertaken to take account of the adoption of the Newcastle Local Environment Plan 2003 in August 2003 and the listing of the Coal River Precinct on the State Heritage Register in December 2003. The Corporation has a number of properties and items affected by these developments.

Pursuant to Section 170A of the Heritage Act 1977, set out below is a statement of the condition of items and land within the Coal River Precinct that are under the Corporation's care, control or management.

Asset	Condition Statement
Nobbys Grounds	Good
Macquarie Pier	Good
Pilot Station (boat harbour)	Good
Nobbys Gun Emplacement & Observation Tower	Fair
Boom Defence Net Anchor Point (Macquarie Pier)	Good
Submarine Trap and Gun Emplacement (Pilot Station)	Fair
Nobbys Head Bunker & Foghorn Siren	Fair
Nobbys Lighthouse Cottages	Good
Nobbys Signal Station	Good
Stone Steps (Macquarie Pier)	Good
Sandstone Wall (Macquarie Pier)	Fair

Economic Factors Affecting Achievement Of Operational Objectives

Total trade through the Port of Newcastle in 2003/2004 increased by 7.7% to 82.7 million tonnes. Strong growth in thermal coal demand, especially in the Asian region, resulted in an increase in coal exports by 8.8% to 77.7 million tonnes.

Continuing drought in rural areas of NSW impacted on grain exports through the Port.

The stronger Australian Dollar improved the competitiveness of steel imports from Japan and other Asian countries. This resulted in record imports of steel.

Human Resources

Equal Employment Opportunities

EEO principles are included in the Corporation agreements and policies. Mechanisms are also in place to ensure timely, effective and confidential resolution of workplace grievances.

The following major outcomes were achieved in 2003/4:

- » The negotiation of Enterprise Agreements ensured EEO provisions were retained;
- » 360-degree review of all managers. Personal development plans used as the process to address and continue to adhere to EEO principles;
- » A staff climate survey was conducted and analysed with results circulated to all staff, in a twelve-month period the Corporation moved from a Bronze result to Gold;
- » An internal communication plan was developed in consultation with all staff that included the formation of an Internal Communication Committee and the distribution of a regular monthly newsletter; and
- » "Switched on Stress" sessions conducted for staff to assist coping with the balance of work and families.

Outcomes to be achieved in 2004/5 include:

- » Performance Agreements for all staff to incorporate individual and team behaviour standards that match those in the Corporation's Code of Conduct policy and Corporate Business Plan;
- » Performance Agreements will continue to include personal development such as training and career progression;
- » Grievance Handling training courses will be conducted for all staff;
- » All managers will receive refresher training in appraising staff's performance; and
- » Code of Conduct and Communication and Electronic Equipment Policies will be reviewed in consultation with staff and communicated through training and awareness focus sessions.

Code Of Conduct

The Corporation's Code of Conduct and Ethics describes the standard of behaviour and ethical requirements expected by all employees in the performance of daily business. There were no changes to the Code of Conduct during the year.

Action Plan For Women

This whole of government strategy seeks to improve the position of women in the community. The Corporation objectives remain to:

- » Promote safety and prevent violence against women;
- » Promote a workplace that is equitable, safe and responsive to all aspects of women's lives;
- » Promote access to learning and life skills and successful outcomes from this education; and
- » Improve health and quality of life.

Achievements in the past year include:

- » Continued commitment to elimination of discrimination against women;
- » Continued maintenance of flexible working conditions to enable women to better balance work and family life; and
- » Continued participation in the Spokeswomen program.

Status Report on Ethnic Affairs Priority Statement

The Corporation abides by the NSW Charter of Principles for a Culturally Diverse Society. The Corporation supports the principles of cultural diversity. Practices adopted in the past year include:

- » Continual review of the erection of signs and notices around the port and waterways to ensure the safety of the general public including the use of international symbols to improve messages;
- » Sponsorship of Missions to Seafarers which provides services to crew of visiting international vessels;
- » Ongoing inclusion of cultural diversity principles in all position descriptions;
- » Ongoing compliance with International Maritime Organisation standards;
- » Merit based recruitment practices;
- » Provision of Employee Assistance Program, which includes interpreter services;
- » Working arrangements that accommodate cultural and religious differences; and
- » Incorporation of anti-discrimination clauses in agreements.

Throughout the 2004/05 the Corporation will continue to support cultural diversity. The Corporation will:

- » Continue to review and practice of all current Ethnic Affairs Priorities;
- » Include community languages on the website; and
- » Consider Ethnic Affairs policies in implementation of business plan goals for 2004-2005.

Statutory Prescribed Information

Community Access and Responsibilities

The Corporation continues to maintain community amenities surrounding the port, including the northern breakwater, southern breakwater, Macquarie Pier and fishing in Carrington.

Waste Reduction and Purchasing Policy (WRAPP)

Paper with a high recycled component is used in the production of brochures and newsletters.

The Corporation has recycling bins for waste paper, emptied daily by cleaning contractors and forwarded to recyclers. Used toner cartridges are recycled. Summer Hill Waste Management Centre is used for green waste. Mulch is also used for landscaping.

Consultants

The Corporation spent \$29,777.50 on consultants during the year.

Promotion - Publications

The following publications were made free of charge to customers and the general public during the year:

- » Annual Report 2002/03;
- » Plans for Our Future brochure;
- » Eastern Basin Distribution Centre brochure;
- » Multi-Purpose Terminal brochure;
- » Guarantee of Service Statement;
- » Port Facilities brochure;
- » Port information sheets;
- » Tide Chart and Information Handbook; and
- » Scuttlebutt bi-monthly newsletter.

Guarantee Of Service

The Newcastle Port Corporation has in place a Guarantee of Service that provides guidelines and service standard commitments. The published statement lists the categories of Corporation's customers, the services/ assets provided by the Corporation and the measurements of service standards. Operational service and assets are available 24 hours per day, 7 days per week. The head office operates between 8.30 am and 5.00 p.m. weekdays.

Pilots, vessel traffic management, emergency response and communications are available 24 hours per day, 7 days a week.

Contact names and numbers are listed to enable easy access to the Corporation for suggestions and complaints.

Annual Report

The 2003/04 Annual Report has been produced on CD-ROM with limited number of hard copies for statutory purposes. A copy of the Annual Report is also available on the Corporation's web site at www.newportcorp.com. Total external costs incurred in the production of the report are \$30,373.

Notes

Newcastle Port Corporation

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Internet: <http://www.newportcorp.com>

Email: mail@newportcorp.com

Business hours: 5 days per week, 8.30 am - 5.00 pm

Service hours: 7 days per week, 24 hours per day