PORT KEMBLA
PORT CORPORATION

ANNUAL REPORT 2009/2010

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THE YEAR IN REVIEW

HIGHLIGHTS FOR 2009/2010

- All time record trade throughput - 31 million tonnes
- All time record number of vessel visits - 1001
- Relocation of the PKPC office and port control facilities
- Official opening of the new Port Kembla Maritime Centre
- Arrival of new pilot vessel “PV Shearwater”
- Lodgement of Environmental Assessment documentation for the development of the Outer Harbour with the Department of Planning

Our Vision

To be a highly efficient and competitive trade and logistics facilitator that manages its ongoing and growth activities in a sustainable manner.

Our Mission

To promote and facilitate trade and logistics through the provision of superior infrastructure and services, while:

- Achieving commercial returns to shareholders;
- Delivering competitive advantages to our customers;
- Optimising benefits to the community and environment;
- Contributing to regional growth; and
- Promoting improvements to supply chain performance.

PERFORMANCE OUTCOMES

	TARGET 2009/2010	ACTUAL 2009/2010
Trade (million revenue tonnes)	23.8	31.0
Vessel Visits	900	1001
Return on Assets	7.1%	10.6%
Return on Equity	8.0%	11.3%
Net Operating Profit after Tax	$14.3 Million	$24.9 Million
Pilotage Delivery Service	99.0	99.1
Availability of Navigation Aids	98.9	99.9
Lost Time Injury - Frequency Rate	0	24
Lost Time Due to Industrial Disputes (days)	0	0

CHAIRMAN AND CEO'S REPORT

Nicholas Whitlam
Chairman, Board of Directors

Dom Figliomeni
Chief Executive Officer

The Port Kembla Port Corporation (PKPC) has finished the 2009/2010 financial year with a record trade throughput of 31.045 million tonnes and also a record number of ship visits of 1,001. The growth in trade and ship visits have been the catalyst for the planning of the port's Outer Harbour to ensure that the port continues to support the growing economic requirements of the region and NSW.

Following the Master Plan approval in 2008 the Port Corporation during the year continued with the environmental investigations necessary to obtain approval for development of the Outer Harbour. The work involved extensive analysis on the potential impacts from the Outer Harbour development on the environment, the community and infrastructure both within and outside the port. The Environmental Assessment went through an extended six week community consultation process with two information sessions held to brief the community on the project. Following closure of the consultation process 18 submissions were received, with the PKPC response to the submissions being lodged with the Department of Planning on 18 June 2010.

Importantly, none of the submissions from the community, port users or government departments were against the development but the submissions highlighted the need for suitable infrastructure, environmental management and all recognised the port's importance to the regional economy.

Subject to receiving final environmental approval for the first stage of the development, which includes land reclamation for the entire 42ha site plus construction of two berths (a bulk berth and a container berth), construction of the first 8-10ha of land reclamation is expected to commence in the first quarter of 2011.

Importantly, one major customer has already lodged a preliminary Environmental Assessment with the Department of Planning to establish facilities in the

Growth in trade and ship visits have been the catalyst for the planning of the port's Outer Harbour

The past year saw the Port Corporation set the foundation for the next 30 years of port development

redeveloped Outer Harbour area and a number of other parties have expressed interest in the site. The remaining development will proceed as suitable fill material becomes available and there is customer demand.

Other key activities that took place during the year included refinement of the design for construction of a dedicated tug fleet base. Tenders for this work will close on 5 July 2010. Extensive work was also undertaken in upgrading rail services in the port and on the requirements for accreditation under the new National Rail Safety legislation.

Work continued on the geotechnical investigation for the Outer Harbour reclamation, including dredging, preliminary berth design and the construction of dredge material retaining walls. Bedding-down of the vehicle trade at Port Kembla was also a key input during the year. The vehicle relocation operation progressed smoothly but nonetheless work continues on monitoring the external impacts and planning for the future.

To efficiently service the growing number of vessels using the port, the Port Corporation took delivery of a new Pilot Boat, "PV Shearwater", to replace the "PV Alvina", which was some 35 years old and has been performing pilotage duties in the port for in excess of 20 years.

During the year the Australian Government allocated $3 million towards a full feasibility study for the proposed Maldon-Dombarton rail line. This key rail infrastructure, if financially viable, will ensure that there is sufficient rail capacity to service the future needs of the port. The final feasibility report is scheduled to be handed to the Federal Minister for Infrastructure in May 2011.

PKPC is on the Steering Committee managing this project and is supported by a local Reference Group that brings various local insights and information to the project.

Financial Performance

When the 2009/2010 budget was being prepared, the world economy was in the grip of a global financial crisis and PKPC was not immune to the effects. The impact was not as lasting as predicted and the Corporation has had a successful financial year with net profit before tax of $42.02 million, some 106% up on the budget estimate of $20.36 million. The main contributories to this performance were increased coal exports; imports of raw materials such as iron ore; export of steel finished products and imports of motor vehicles.

A key performance indicator is that the berth utilisation ratio for the year has increased to 36.4% in comparison to the previous year of 32%. Another important ratio that reflects the increase in productivity at the main terminals is the average time a vessel is at berth. This ratio has reduced from the estimate of 53 hours to 45 hours and reflects an improvement in berth efficiency.

Capital expenditure for the year of $11.35 million was well below the budget estimate of $25.71 million for the following reasons:

1. Acquisition of the Outer Harbour land from NSW Maritime was below the forecast cost estimate.
2. The original design for the Tug Facility did not proceed as the cost was well above budget. The facility was redesigned to align with expectations while not compromising its usability. As noted, tenders for this close on 5 July 2010.
3. Rail signal separation did not proceed as other options are being explored.

In discussion with NSW Maritime agreement was reached on the Outer Harbour land that will be acquired by PKPC. This has been finalised at a cost to PKPC of $5.7 million. NSW Maritime will retain two portions of land in the Outer Harbour for their future development needs.

As a result of a lease agreement entered into in 1990 between the Port Kembla Coal Terminal and, at that time the Maritime Services Board, as from 1 July 2010 PKPC

CHAIRMAN AND CEO'S REPORT (CONTINUED)

will no longer receive any revenue from coal exports other than what will flow through from unimproved land rental for that land used by the Coal Terminal for the receival, management and handling of coal stockpiles. This change in lease arrangements will result in PKPC losing approximately $30 million in revenue per annum, or around 40% of the annual revenue stream.

Nonetheless, even with the loss of revenue, PKPC still estimates a 4% return on assets in the coming year, with an objective being to achieve at least the Weighted Average Cost of Capital over a five year time frame.

An important element to consider in the profitability of the Port Corporation is that a recent Moody's credit review has confirmed the Corporation's credit status of BAA1 with a stable outlook. In maintaining this rating PKPC will ensure that all port users contribute fairly and equitably to the ongoing operations of the port.

Operations

2009/2010 was operationally a highly successful year with record volumes of throughput and vessels using the port. With the new developments proposed in the Inner and Outer Harbour, it is expected that they will auger well for the continued future growth and expansion of the port.

The Port Kembla Coal Terminal is currently developing plans to address the future expansion needs of coal exporters and in conjunction with PKPC is investigating various rail capacity opportunities. In addition PKPC will embark on a rail master plan for the Outer Harbour to optimise the use of rail services as this Outer Harbour development proceeds.

After many years of PKPC occupying two buildings on the corner of Darcy and Military Roads, both buildings were sold and a purpose-built Maritime Centre in the Outer Harbour was constructed and occupied in August 2009. The building not only houses PKPC but also NSW Maritime, the Water Police and Australian Quarantine and Inspection Service (AQIS). Co-location of these entities in the one building has proven to be highly efficient and has created effective interaction and relationships between the entities.

Occupational Health and Safety

Matters of Occupational Health and Safety (OH&S) are major considerations for the port and in June 2010 the Corporation's risk profile was reviewed in conjunction with port terminal operators. The intention was to ensure that all port risks, whether they be operational, strategic, financial or environmental, are considered, addressed and managed to as low as reasonably practicable (ALARP). This ALARP principle will ensure that work continues to extract maximum opportunities for the port whilst simultaneously minimising the risk to a level which is sustainable and realistic in the circumstances.

Where further work is identified to reduce a risk to ALARP the risks are prioritised, with the 10 priority risk areas addressed in any given year.

There were no major OH&S issues in the port during the year but nonetheless the employee OH&S Committee continues to be active in monitoring and addressing any OH&S issues that may be identified. The Board's Audit & Risk Management Committee plays an active role in ensuring that all relevant risks and OH&S issues are addressed and managed.

PILOT
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CHAIRMAN AND CEO'S REPORT (CONTINUED)

Community

PKPC continues to support a number of community initiatives and activities and as such provides regular feedback to the community on port operations either through the PKPC website, regular newsletters, features in the local newspaper, mail-outs or participating in various community groups and meetings.

In progressing the Environmental Assessment for the Outer Harbour development PKPC distributed leaflets to all households in the Port Kembla area informing them of the development and details of the two community information sessions that would be held to allow the community ample time to respond to the proposal.

Due to the extensive community consultation and information that was undertaken prior to the consultation period, the response to the development was positive.

With the naming of the new Pilot Boat, "PV Shearwater", a number of local primary schools were invited to submit naming suggestions. All participating schools were awarded book vouchers with the winning school being awarded $1,000 cash. The naming of the Pilot Boat was recognised at an official naming ceremony attended by the Minister for Ports & Waterways and representation from Port Kembla Public School as the successful entrant.

PKPC continues to work with the community and all key stakeholders in managing the environmental impacts of the port. While many of these are outside the control of PKPC we nonetheless seek to liaise and communicate with relevant stakeholders to manage issues wherever possible.

At the time of constructing the new Maritime Centre, PKPC made provision for a cafe which was to be accessible by the local community and to provide a viewing opportunity as vessels enter and exit the port. This cafe has proven to be highly successful and many community members now visit the Outer Harbour to view the operations at the port and watch the passing whales and dolphins.

Conclusion

The past year saw the Port Corporation set the foundation for the next 30 years of port development in the Outer Harbour. Effectively this is a 'back to the future' scenario as the Outer Harbour was where the Port Kembla port first commenced over 100 years ago. This development will gradually take shape over the next 20-30 years as growth in Sydney continues to spread west and south-west, which places the port in a strategic position to work with Sydney's Port Botany to take the container overflow when it eventuates in the future.

The first stage of the Outer Harbour development will be designed to handle bulk cargoes as land in the Inner Harbour is fully committed to lease and as such, for the port to be able to meet its regional and customer objectives, it must provide for the continuing growth opportunities that the region and NSW require.

The challenges in the coming years will be significant as the port positions itself to take advantage of trade opportunities from the growth of existing business and the new industries and investments that establish close to the port. The strategic planning and direction set by the Board earlier this year is designed to steer the port in a clear direction and with the objective of responding to the needs of customers.

The parties that have contributed significantly to the strong financial and operational position of the port are many and none more so than the Board of Directors, our customers and our staff.

The many stakeholders and port users all play their part every day in making sure that the services, facilities and cargo are available as and when needed.

The support received from the State Government and the community has made the job of growing this port for current and future generations in a sustainable manner a reality in the making.

We thank all parties for their support over the last 12 months and look forward to developing the port of Port Kembla for the benefit of the Illawarra Region, the State of NSW and importantly for our customers and stakeholders.

Nicholas Whitlam
Chairman

Don Figliomeni
Chief Executive Officer

BOARD OF DIRECTORS

Nicholas Whitlam

AB cum laude (Harvard), Msc (London)

Chairman, Non Executive Director

Nicholas Whitlam chairs the Remuneration Committee and serves on the Audit & Risk Management Committee. His banking career in New York, London, Hong Kong and Sydney culminated in the CEO's role at the State Bank of New South Wales; he was subsequently President of the NRMA and Chairman of NRMA Insurance/IAG. Mr Whitlam presently has non-executive roles on the boards of the Lifetime Care & Support Authority (as Chairman), WorkCover NSW (Deputy Chairman), the WorkCover Fund (Deputy Chairman), and the Whitlam Institute.

Robin Buckham

MComm, BA, DipEd

Non Executive Director

Ms Buckham is the Deputy Vice-Chancellor (International and Development) at Deakin University. Before her appointment to Deakin she undertook a variety of roles at the University of Wollongong and was previously Manager Oil & Gas Pipelines with Tubemakers (now OneSteel). She is a member of the Deakin Foundation Board.

Geoffrey Cornwall

AssDipSurv, BBus, GradDipMagmt, Dip AICD Company Directors Course Reg. Valuer

Staff Director

Mr Cornwall is Port Kembla Port Corporation's Business Services Manager and has been employed by the Corporation for twenty four years. Mr Cornwall has extensive experience in the management of port asset development projects and the creation and implementation of strategic plans.

Janine Cullen

FAICD

Non Executive Director

Ms Cullen is the owner of a communication consultancy, JC The Power of One. She has extensive experience in marketing, media and DVD production. She is a Councillor on the NSW Business Chamber. Her other board appointments include Illawarra Business Chamber, Illawarra Connections and Greenacres Disability Services. She is also a Fellow of the Australian Institute of Company Directors.

Joseph Di Leo

MBus, FAICD

Non Executive Director

Mr Di Leo has over thirty years experience in the bulk freight, agricultural and food industries and is currently the Managing Director of Allied Mills Australia, a national manufacturer of flour and flour-based products.

Steve Mikosic

AICD (Member)

Non Executive Director

Mr Mikosic is an Engineer and Managing Director of the Multiquip Group of companies. He has experience in the implementation and management of logistic operations for complete industry solutions. Mr Mikosic has held positions on various industry committees and developed several businesses from start up.

Terry Rumble

FCPA

Non Executive Director

Mr Rumble is an Accountant and a former Chairperson of the New South Wales Parliamentary Public Accounts Committee. He is Committee Member and former Chairman of Compeer Illawarra. He has experience in accountancy within the coal mining and iron and steel industries. He is also a fellow of Certified Practising Accountants Australia.

MANAGEMENT STRUCTURE

Dom Figliomeni
Chief Executive Officer

Leanne Taylor (Resigned as of 18 June 2010)
General Manager Corporate Services

Financial Control
Treasury Functions
Personnel Functions
Information Technology
Corporate Secretariat
Business Development
Port Pricing
Trade Statistics
Statutory Financial Reporting
Property Management
Customer Relations
Asset Management
Risk Management

Andrew Dunne
General Manager Engineering & Environment

Port Planning/Development
Capital Works
Asset Maintenance
Dredging
Project Management
Environmental Management
Technical Engineering Advice
Sustainability

Kell Dillon
General Manager Marine & Port Operations

Marine Operations
Port Safety Operating Licence
Quality Assurance
Emergency Response
Statutory Maritime Requirements
Port Security
Pilotage
Vessel Management

OPERATIONAL PERFORMANCE

OBJECTIVES

- Build trade/attract new business.
- Build/maintain relationships with port stakeholders.
- Enable efficiencies in land side logistics.

KEY RESULTS 2009/2010

- Record trade through the port.
- Highest number of ship visits on record.
- Submission of Environmental Assessment for Outer Harbour development.

SIGNIFICANT PROJECTS 2009/2010

- Federal Government commits $3 million to feasibility study for Maldon-Dombarton rail line.
- Design completed for dedicated new tug fleet base.
- New Maritime Centre completed.
- Vessel Traffic Centre recommissioned.
- Environmental Assessment of Outer Harbour underway.

OVERVIEW

The global recovery during 2009/2010 resulted in a significant increase in total trade from the previous year and an all time record of trade volume through the port. The record 31 million tonnes represents an increase of 18% over the 2008/2009 result. The international downturn had a significant impact on port trade during 2008/2009 particularly in those areas directly influenced by consumer spending such as motor vehicle imports and steel products. The strong rebound in the current year has seen an 80% increase in motor vehicle imports and a 30% improvement in steel product exports.

Our Customers

During 2008/2009 BlueScope Steel used the economic downturn to bring forward its scheduled blast furnace reline resulting in a reduction in raw material imports and finished product exports through the port. The blast furnace reline was completed by the beginning of the current year however the restart was delayed until there were signs of an upturn in the market. Although total steel related trade this year was 28% higher than in 2008/2009 it was still some 30% down on the 2007/2008 year.

Coal exports were strong at over 13.7 million tonnes for the year, some half a million tonnes higher than in 2008/2009 although grain exports were marginally lower during the year to 680,472. The car import trade rebounded strongly with just over an 80% increase in the number of cars imported from 2008/2009. This was reflected in the number of visits by car carriers which increased by over 50% in the year.

OPERATIONAL PERFORMANCE (CONTINUED)

Business Development

The relocation of the import car trade also brought with it a significant volume of break bulk trade such as wheeled vehicles associated with the agricultural and mining industries as well as large mass items that are carried on trailers or bolsters. Port Kembla offers an ideal location for distribution of project cargo with easy access to freeway and high capacity bridges adjacent to the port. This year, break bulk and project cargo amounted to over 500,000 revenue tonnes, an increase of 40% over the previous year.

During the year the Port Corporation continued the planning process for the development of the Outer Harbour with completion of all the necessary preliminary engineering, environmental and community processes. This work enabled the Environmental Assessment report to be submitted to Department of Planning for approval of the first stage of development that includes 42ha of land reclamation, construction of two berths - one bulk and one container berth, together with dredging operations.

Subject to gaining approval from Department of Planning, the first stage, involving 8-10ha land reclamation, will commence in the first quarter of 2011.

Apart from detailed engineering design of the port infrastructure further work is progressing to plan for the long term road and rail facilities to service this new trade. Consultants have been engaged to optimise the rail layout in the Outer Harbour to cater for container and bulk trades and to link with the major rail networks serving NSW and beyond.

This project will facilitate new export opportunities for industries in western Sydney and southern NSW. Even at this early stage there is considerable interest from the mining industry looking to exploit mineral deposits that require supporting port infrastructure to access international markets.

Trade Statistics

This year, break bulk and project cargo amounted to over 500,000 revenue tonnes, an increase of 40% over the previous year

TRADE STATISTICS

TRADE 2009/2010 REVENUE TONNES

COMMODITY	IMPORT	EXPORT	TOTAL
COAL - BLACK	104,547	13,726,530	13,831,077
IRON ORE	5,373,287	0	5,373,287
PASSENGER MOTOR CARS ASSEMBLED	3,681,374	59,794	3,741,168
IRON ORE CONCENTRATES & PELLETS	1,752,021	0	1,752,021
STEEL - SLABS	642	1,479,440	1,480,082
STEEL - COILS	81,205	1,214,967	1,296,172
WHEAT	0	589,115	589,115
COPPER ORE & CONCENTRATES	11,550	364,769	376,319
LIMESTONE	325,900	0	325,900
COKE (INC. COKE BREEZE)	0	308,010	308,010
DOLOMITE	280,133	0	280,133
OTHER VEHICLES	232,600	12,460	245,060
FUEL OILS	165,905	0	165,905
COAL TAR	0	116,658	116,658
CONSTRUCTION MACHINERY & PARTS	91,902	16,180	108,082
GYPSUM	96,044	0	96,044
OTHER GRAINS	0	91,357	91,357
SAWN TIMBER	85,707	0	85,707
SHIPS, BOATS & FLOATING STRUCTURES	53,747	16,725	70,472
STEEL - PLATE	8,788	60,353	69,141
SULPHURIC ACID	52,218	6,801	59,019
SLAG	0	51,288	51,288

COMMODITY	IMPORT	EXPORT	TOTAL
MANGANESE ORE	50,693	0	50,693
STEEL PRODUCTS - PIPES ETC	49,873	752	50,625
AGRICULTURAL MACHINERY, EQUIPMENT & PARTS	49,618	906	50,524
INDUSTRIAL MACHINERY & EQUIPMENT	34,964	13,829	48,793
SODA ASH	45,882	0	45,882
FERRO MANGANESE	44,508	0	44,508
GENERAL CARGO	22,182	19,351	41,533
WIND ENERGY EQUIPMENT	20,534	9,903	30,437
PULP (INC. WOOD PULP & PELLETS)	26,122	2,755	28,877
SUPERPHOSPHATE	28,460	0	28,460
PETROLEUM OIL - CRUDE	25,916	0	25,916
MINING EQUIPMENT	22,514	3,101	25,615
CRUDE FERTILISERS	24,832	0	24,832
COPPER METAL	14,010	0	14,010
MOTOR VEHICLES PARTS & ACCESSORIES	9,573	307	9,880
STEEL PRODUCTS - STRUCTURAL	5,389	793	6,182
ETHANOL	3,000	0	3,000
STEEL SCRAP	0	2,077	2,077
SODIUM SULPHATE	1,500	0	1,500
OTHER	97	0	97
MOTOR LORRIES	45	0	45
TOTAL	12,877,282	18,168,221	31,045,503

Major Trade Regions 2009 / 2010

IMPORTS

EXPORTS

Major Trading Commodities - Imports

- Iron Ore - 41.7%
- Motor Vehicles - 28.6%
- Iron Ore & Concentrates - 13.6%
- Limestone - 2.5%
- Dolomite - 2.2%
- Other - 11.4%

NORTH AMERICA - WEST COAST 2.4%

NORTH AMERICA - WEST COAST 2.4%

NORTH AMERICA - EAST COAST 1.5%

CENTRAL AMERICA 1.8%

PACIFIC OCEAN ISLANDS 1.1%

SOUTH AMERICA - EAST COAST 6.0%

SOUTH AMERICA - EAST COAST 1.3%

OTHER 2.6%

OTHER 3.9%

Major Trading Commodities - Exports

FINANCIAL PERFORMANCE

Both return on assets and return on equity exceeded forecasts

FINANCIAL STATISTICS

OBJECTIVES

- Understand and respond to customer needs and expectations.
- Grow and diversify trade and logistics opportunities pertinent to the port and region.
- Maximise the long term net worth of the Corporation.

FINANCIAL INDICATORS

	2009/2010 Actual $M	2008/2009 Actual $M	2007/2008 Actual $M
Revenue	72.6	77.8	54.5
Profit after income tax	24.9	31.0	21.1
Total assets	448.5	412.4	311.1
Debt level	59.7	59.6	59.4

OVERVIEW

Operating profit after income tax was $24.9 million. Both Return on Assets at 10.6% and Return on Equity at 11.3% exceeded forecasts representing effective management of the Corporation's resources.

ENVIRONMENTAL PERFORMANCE

ENVIRONMENT

OBJECTIVES

- Progress the principles of ecologically sustainable development in the management of Corporation activities.
- Minimise the impact on the environment from the port's operations.

KEY RESULTS 2009/2010

- Greenhouse gas emissions intensity similar to 2008/2009.
- No breaches of operating licences or development approvals.
- Extended public exhibition of Environmental Assessment for the proposed Outer Harbour development.

SIGNIFICANT PROJECTS 2009/2010

- Comprehensive environmental assessment of the proposed Outer Harbour Development.
- Review of environmental factors prepared for the proposed Tug Fleet Base.
- Completion of Stage 1 of the Inner Harbour Revegetation program.
- Inner Harbour noise monitoring completed.
- Final hazard analysis completed for the Inner Harbour development.
- Strategic sustainability action plan prepared.

OVERVIEW

Environmental management activity in 2009/2010 focussed on planning for the future development of the Outer Harbour, post-operational compliance tasks in the Inner Harbour and developing a vision for sustainability within the Corporation.

Environmental Assessment of Outer Harbour Development

PKPC is planning for the next generation of port development in the Outer Harbour. A comprehensive environmental assessment report was prepared and placed on public exhibition as part of an application for approval of the project. The public attended information sessions during the exhibition period and a total of 18 submissions were received. A submissions report was prepared in response and lodged with Department of Planning for consideration. The environmental assessment proposes mitigation measures to protect air and water quality, minimise noise and manage traffic impacts. It is also proposed that aquatic habitat features will be included in the development and that restoration works will be undertaken in Gurungaty Waterway and Tom Thumb Lagoon.

Review of Environmental Factors for Tug Fleet Base

A new tug fleet base is proposed for the Outer Harbour to replace the existing outdated facility and make way for future reclamation and cargo handling activities. A detailed review of environmental factors (REF) was undertaken in consultation with Industry and Investment NSW and Department of Environment, Climate Change & Water. Appropriate mitigation measures were proposed to ensure that there will be no significant impact on the environment as a result of the activity.

ENVIRONMENT (CONTINUED)

Environmental Management of Inner Harbour Operations

During 2009/2010, PKPC commissioned noise monitoring of the general cargo handling facility in the Inner Harbour. Noise levels were measured on site and at the nearest neighbouring residential and commercial premises in Coniston. Operations at the facility were found to be inaudible at the Coniston receivers and compliant with the relevant noise criteria. A final hazard analysis was prepared to demonstrate that dangerous goods are being handled safely at the facility. Both the noise monitoring and hazard analysis reports were accepted by the Department of Planning.

Vegetation Management

The first stage of the Inner Harbour Vegetation Corridors program was completed in 2009/2010. Over 3000 native plants were established in a 4,500m^2 area adjacent to the Tom Thumb Road gates. Further stages of revegetation works are planned for the Inner Harbour.

Green and Golden Bell Frog Recovery

PKPC continued to support the recovery of the local population of endangered Green and Golden Bell Frog (GGBF). The 2009/2010 breeding season was another success with several tadpoles and juvenile frogs observed in the pond constructed by PKPC in the Port Kembla Heritage Park.

Port Kembla Coal Terminal also established breeding ponds in Greenhouse Park to the north of the Inner Harbour to provide alternative habitat for GGBF away from potentially hazardous industrial activities.

Greenhouse Gas Emissions

Greenhouse gas (GHG) emissions from facilities under PKPC's operational control in 2009/2010 were 1.44 tonnes of CO^2 equivalent per ship visit. This year's figure includes emissions due to electricity consumption for cathodic protection systems and berth lighting that were not able to be measured in previous years. After adjusting the 2008/2009 figures to include these sources it is apparent that emissions intensity has increased slightly by 0.02 tonnes per ship.

Increased emissions are attributable to the changeover from PKPC's Military Road offices to the new Maritime Centre and a full year's operation of the new cathodic protection system at Berth 103. Energy efficiency of the Maritime Centre will be optimised in 2009/2010 to reduce emissions.

Sustainability Action Plan

PKPC developed a strategic sustainability action plan in 2009/2010 as part of the Sustainability Advantage program. The plan includes actions to improve the eco-efficiency of PKPC operations, develop sustainable infrastructure in the port and optimise the efficiency of the port supply chain.

SOCIAL PERFORMANCE

OUR PEOPLE

OBJECTIVE

- To ensure a safe working environment in which all employees understand and are motivated to achieve the Corporation's mission, objectives and values.

KEY RESULTS 2009/2010

- Two Lost Time Injuries.
- Nil stoppages arising from industrial disputes.
- Continuing participation in Aboriginal Employment Program.

SIGNIFICANT PROJECTS 2009/2010

- Regular OH&S inspections.
- Provide appropriate support and training to ensure employees have the skills and knowledge to fulfil mutually beneficial personal and organisational objectives.
- Ensure effective staff consultative mechanisms are in place.

OVERVIEW

The continuing growth and diversification of trade together with the planning and development of major capital works projects continue to present challenges to employees and opportunities to build on existing knowledge, skills and experience.

Importantly, shared responsibility for safe systems of work, an active OH&S committee and support from Management and the Board of Directors all provide an excellent springboard for the proper maintenance of a safe and healthy workplace. Despite the variable work conditions and 24/7 operations only two Lost Time Injuries occurred in the reporting year.

Throughout the year information and feedback sessions were made available at whole of organisation, branch and consultative committee levels. In part these sessions ensured the efforts of staff were aligned to the goals and objectives of the Corporation. These sessions allowed for the sharing of information and solutions to improve workplace productivity.

The Corporation has continued with the program for the engagement of an Indigenous Trainee with the objective to deliver tangible improvements and job opportunities to Aboriginal people.

Support and recognition of staff for their commitment have been provided by:

- Continuing provision of an Employee Assistance Program.
- Corporation sponsored functions.
- Wellbeing initiatives such as the Flu Vaccination Program.
- Continuing review of outcomes of the staff opinion survey.
- Provision of a corporate uniform.
- Staff policies which reflect fair and equitable working arrangements.

In all, there were two departures and three appointments in the reporting year. These positions were filled in accordance with the Corporation's recruitment policy.

COMMUNITY

SUPPORTING OUR COMMUNITY

During the year, we continued our program of community partnerships and initiatives supporting a range of organisations including environmental, cultural and sporting groups.

In 2009/2010, $31,954 was provided to assist various organisations with their community events, projects and activities. Key sponsorships and/or donations were provided to:

- Mission to Seafarers
- Vision Australia
- Port Kembla Cricket Club
- Port Kembla Public School P&C
- Warrawong High School (on behalf of Permaculture Partners)
- Port Kembla Palliative Care Volunteers
- Kiama Municipal Council
- Illawarra Senior College
- Port Kembla Junior Rugby League
- Port Kembla Junior Football Club
- University of Wollongong
- TAFE NSW – Illawarra Institute
- The Cancer Council of NSW
- Port Kembla Heritage Park
- Wollongong City State Emergency Service
- Port Kembla Surf Life Saving Club
- Rotary Club of Corrimal
- Illawarra Business Chamber
- Regional Development Australia Illawarra
- Shipping Australia Limited

Along with monetary support we continued involvement or provided in-kind support to:

- Port Kembla Harbour Environment Group
- Port Kembla Pollution Meeting
- Conservation Volunteers Australia
- Clean-Up Australia Day
- Port Kembla Heritage Park

INFORMING OUR COMMUNITY

Port Kembla Port Corporation uses various communication tools to communicate with shareholders, stakeholders as well as the community on a regular basis.

These include:

- Production and distribution of a Port Information CD which is updated annually – providing a comprehensive guide of the facilities and services available at the port.
- Production and distribution of "Harbourline", a quarterly newsletter which is distributed to port users and stakeholders in order to keep them informed about port related matters and developments.
- Contribution to "Your Port", a full page feature published regularly in the local media and distributed to the wider community.
- The Corporation's website (www.portkembla.com.au) is regularly updated with relevant information and news items.
- General media coverage generated by regular media releases.

COMMUNITY ENGAGEMENT - MARITIME COMMUNITY DAY 2009

In excess of 3,000 people visited Port Kembla's Outer Harbour for the "Maritime Community Day".

Incorporating the official opening of the new "Port Kembla Maritime Centre" by the Premier of NSW, the day allowed visitors to view the new Maritime Centre as well as learn more about the maritime history of the port, heritage and environmental achievements, port operations, maritime boating safety plus many other marine related activities.

Along with the ceremony to officially open the facility, other activities on the day included; display stands showcasing local "marine based" organisations, giveaways and prizes with the maritime "passport trail", activities and entertainment including jumping castles, walking tours of Heritage Park, free entry to the Breakwater Battery Military Museum along with food and refreshment stalls. A highlight of the day was the opportunity for the public to not only view, but take a special guided tour of the Police vessel *Nemesis*.

Special thanks go to the efforts and contributions of various local community organisations in making the day a success. These included the Port Kembla Surf Lifesaving Club, the Mission to Seafarers, the Wollongong City SES, St John's Ambulance and Corrimal Rotary Club.

PORT DIRECTORY

INNER HARBOUR TERMINALS

101. Operator: Port Kembla Coal Terminal
Materials: Bulk Export

102. Operator: Port Kembla Coal Terminal
Materials: Coal Export

103. Operator: Australian Amalgamated Terminals
Materials: Container/Breakbulk/Bulk

104. Operator: GrainCorp
Materials: Grain Export & Import/RoRo/General Cargo

105. Operator: Australian Amalgamated Terminals
Materials: Car Imports/General Cargo

106. Operator: Australian Amalgamated Terminals
Materials: Car Imports/General Cargo

107. Operator: Australian Amalgamated Terminals
Materials: Car Imports/General Cargo

108. Future Development

109. Operator: BlueScope Steel
Materials: Breakbulk (Private Facility)

110. Operator: BlueScope Steel
Materials: RoRo (Private Facility)

111. Operator: BlueScope Steel
Materials: Bulk Products (Private Facility)

112. Operator: BlueScope Steel
Materials: Bulk Products (Private Facility)

113. Operator: BlueScope Steel
Materials: Bulk Products (Private Facility)

OUTER HARBOUR TERMINALS

201. Operator: Port Kembla Port Corporation
Materials: Bulk Liquids

202. Operator: Port Kembla Gateway
Materials: Bulk Products

203. Operator: Port Kembla Gateway
Materials: Bulk Products

204. Operator: Port Kembla Gateway
Materials: Bulk Products

205. Operator: Port Kembla Gateway
Materials: Bulk Products

206. Operator: Port Kembla Port Corporation
Materials: Bulk Liquids

100 50 0 100 200 300 400 500 Metres
Scale 1:12500
Property Boundary
Springhill Rd
Tom Thumb Rd
PDI Facilities
AUSTRALIAN AMALGAMATED TERMINAL (AAT)
GRAIN TERMINAL
AAT
PORT KEMBLA COAL TERMINAL
BLUESCOPE STEEL
108
103
107
104
109
Eastern Basin
106
102
110
105
INNER HARBOUR
101
111
112
BLUESCOPE STEEL
113
The Cut
Northern Breakwater
201
OUTER HARBOUR
202
204
PORT KEMBLA GATEWAY
205
203
Flinders St
MASTER PLAN FOOTPRINT
206
Eastern Breakwater
Property Boundary
Boat Harbour
TUG
Heritage Park
Foreshore Rd
PORT KEMBLA MARITIME CENTRE
Five Islands Rd
Darcy Rd

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE

The Port Kembla Port Corporation Board is committed to best practice in Corporate Governance.

BOARD OF DIRECTORS

The *State Owned Corporations Act 1989* provides for the appointment of between three and seven Directors, of which one must be a Staff Director. As an officer of the Corporation, the Staff Director is not considered an independent Director.

As at 30 June 2010, the Board consists of six non-executive independent Directors and one Staff Director, listed below.

Directors are appointed by the Governor of NSW on the recommendation of the voting shareholders. The Staff Director is elected in accordance with the requirements of the *Ports and Maritime Administration Act 1995* and appointed by the Governor of NSW.

The Board is accountable to the voting shareholders and reports to the Portfolio Minister on strategic and policy matters. The Board is governed by the *State Owned Corporations Act 1989*, the Memorandum and Articles of Association of the Corporation and the *Ports and Maritime Administration Act 1995*.

	Term of Office
Nicholas Whitlam, Chairman	Continuing term as Chairman to 3 December 2011
Robin Buckham, Director	Continuing term to 16 March 2011
Janine Cullen, Director	Appointed 1 April 2010 for a 3 year term
Joseph Di Leo, Director	Continuing term to 31 October 2010
Steve Mikosic, Director	Appointed 15 September 2009 for a 3 year term
Terry Rumble, Director	Continuing term to 26 March 2012
Geoff Cornwall, Staff Director	Continuing term to 30 September 2011

Through the Statement of Corporate Intent the Board and the voting shareholders agree each year on key performance targets for the Corporation. The Board is responsible for the overall Corporate Governance of the Corporation including its strategic direction, conduct of operations and establishing goals for management and monitoring the achievement of these goals. The Board delegates responsibility for the day to day management of the Corporation to the Chief Executive Officer who has regard to matters reserved for the Board.

The Board is responsible for the internal control framework and has developed a set of policies, procedures and practices which set criteria to enable the Board to monitor compliance with statutory, legal, stakeholder and best practice requirements. The Board is supported by two committees: the Audit & Risk Management Committee and the Remuneration Committee.

CONFLICT OF INTEREST

It is the practice of the Corporation to submit an annual declaration of any conflicts of interests to the Board. In addition, any potential conflict that occurs during the course of Board and Committee meetings is raised at the meeting.

REMUNERATION

The *State Owned Corporations Act 1989* provides for the voting shareholders to determine the remuneration of the Chairperson and Directors of State Owned Corporations.

PERFORMANCE EVALUATION

The Board conducts an annual review of its operations. The Chairman meets with Directors individually to discuss and review the performance of the Board of Directors as a whole as well as a Director's individual performance. Non Executive Directors meet biannually to discuss the performance of the Chief Executive Officer and senior management. The Board also annually reviews the Charters and membership of its Committees.

The Board appoints an independent consultant to also conduct an independent biannual assessment of the overall Director and Board performance.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The table, top right, details the number of Board and Committee Meetings attended by each Board Member. During the year ended 30 June 2010 there were 10 scheduled Board meetings, four Audit & Risk Management Committee meetings and six Remuneration Committee meetings.

MEMBER	BOARD MEETINGS	NUMBER OF MEETINGS ELIGIBLE TO ATTEND
Mr Nicholas Whitlam, Chairman	10	10
Ms Robin Buckham, Director	*9	10
Mr Geoff Cornwall, Staff Director	10	10
Ms Janine Cullen	3	3
Mr Joseph Di Leo, Director	*9	10
Mr Steve Mikosic, Director	8	8
Mr Terry Rumble, Director	10	10

MEMBER	AUDIT & RISK MANAGEMENT COMMITTEE MEETINGS	NUMBER OF MEETINGS ELIGIBLE TO ATTEND
Mr Terry Rumble, Chairman	4	4
Ms Robin Buckham	4	4
Mr Joseph Di Leo	4	4
Mr Steve Mikosic	2	2
Mr Nicholas Whitlam	4	4

MEMBER	REMUNERATION COMMITTEE MEETINGS	NUMBER OF MEETINGS ELIGIBLE TO ATTEND
Mr Nicholas Whitlam, Chairman	6	6
Ms Robin Buckham	*5	6
Ms Janine Cullen	1	1
Mr Joseph Di Leo	6	6
Mr Steve Mikosic	3	3
Mr Terry Rumble	6	6

* Leave of absence granted

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

SHAREHOLDERS

The Board aims to ensure that the shareholders and the Portfolio Minister are informed of all major developments affecting the Corporation's state of affairs. Information is communicated to shareholders as follows:

- The Annual Report is distributed to the shareholders. The Board ensures that the Annual Report includes relevant information about the Corporation's operations during the year, changes in the state of affairs and details of future developments;
- Reports which provide details of actual and forecast performance against the Corporation's agreed Statement of Corporate Intent (SCI);
- The half-yearly report contains summarised financial information and a review of the Corporation's operations for the period;
- Proposed major changes in the Corporation which may impact on agreed performance indicators are discussed with shareholders' representatives; and
- Completion of an SCI and Business Plan. These documents cover, in financial and business terms, a ten year horizon and set out the Corporation's business strategy.

In addition to the above the Corporation's Chief Executive Officer maintains regular contact with the shareholders, the Portfolio Minister and their representatives.

INTERNAL CONTROL FRAMEWORK

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board engages independent internal auditors to ensure compliance with internal controls and has instigated the following:

- Financial reporting – there is a comprehensive budgeting system with an annual budget approved by the Directors. Monthly and year to date results are reported against budget, the previous year and revised forecasts for the year which are updated quarterly. The Corporation reports to shareholders half-yearly and yearly;
- Functional specialty reporting – the Corporation has identified a number of key areas which are subject to regular reporting to the Board, these being Investment Management, Risk Management, and Occupational Health and Safety;
- Investment appraisal – the Corporation has clearly defined guidelines for capital expenditure. These include project budgets and milestones, Board delegated levels of authority; detailed business case appraisal for projects greater than $1 million and review and monitoring procedures; and
- Independent advice that the application of the internal controls in use across the Corporation is appropriate to minimise risks.

ETHICAL STANDARDS

The Board acknowledges the need for the highest standards of Corporate Governance practice and ethical conduct by all Directors and employees of the Corporation. The Directors abide by the Directors' Code of Conduct. The Corporation's Staff Code of Conduct has been distributed and made known to all staff. All Directors, managers and employees are required to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Corporation. The Corporation's Code of Conduct also provides guidance on how to resolve uncertainties and how to deal with suspected breaches by others.

Corporate policies are also reviewed regularly to ensure that they are relevant to the changing stakeholder expectations and legislative framework.

ENVIRONMENT

The Corporation aims to ensure the highest standard of environmental care is achieved. The Board of Directors and management ensure that the Corporation's environmental policies are adhered to and that the Corporation is aware of and complies with all relevant environmental legislation. The Corporation manages its environmental obligations in accordance with the ISO 14001 standard.

AUDIT & RISK MANAGEMENT COMMITTEE

The Board's Audit & Risk Management Committee comprises between three and five independent non executive Directors. The Committee members and Chairman are appointed by the Board on an annual basis. The Chairman of the Board cannot be Chairman of the Audit & Risk Management Committee.

The Audit & Risk Management Committee currently consists of five independent non executive Directors.

The Committee meets at least quarterly and keeps under review the effectiveness of the Board's control systems. It reviews the Corporation's financial statements; adequacy and effectiveness of the internal and external audit functions; the Corporation's insurance program and implementation and maintenance of the Corporation's risk management program. To assist the Audit & Risk Management Committee in carrying out its duties and functions it invites the Chief Executive Officer, the General Manager Corporate Services, the Finance Manager and internal and external auditors to all meetings to provide comment and explanation where required. The Committee also meets, independently from management, with the internal and external auditors.

REMUNERATION COMMITTEE

The Remuneration Committee comprises all independent non executive Directors, with the Chairman of the Board appointed Chairman of the Committee by the Board of Directors. The Committee meets at least quarterly and its role is to set key performance targets for management; review the performance of the Chief Executive Officer; consider the Chief Executive Officer's performance review of senior management; consider the remuneration paid to the Chief Executive Officer and senior management and review as appropriate the terms and conditions of the Chief Executive Officer's and senior management employment contracts. The Committee makes recommendations to the Portfolio Minister on the Chief Executive Officer's employment contract as required.

STATUTORY INFORMATION

AIMS AND OBJECTIVES

Charter

The Port Kembla Port Corporation (PKPC) was established under the *Ports and Maritime Administration Act 1995* with the purpose to manage the port of Port Kembla.

The principal objectives prescribed under this Act are:

(a) to be a successful business and to this end:

- To operate at least as efficiently as any comparable businesses;
- To maximise the net worth of the State's investment in the Port Corporation, and
- To exhibit a sense of social responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate these when able to do so;

(b) to promote and facilitate trade through its port facilities;

(c) to ensure its port safety functions are carried out properly;

(d) to promote and facilitate a competitive commercial environment in port operations; and

(e) to improve productivity and efficiency in its ports and the port-related supply chain.

The principal functions for the port, prescribed under this Act, are:

(a) to establish, manage and operate port facilities and services in the port;

(b) to exercise the port safety functions for which it is licensed in accordance with the port's operating licence; and

(c) to facilitate and co-ordinate improvements in the efficiency of the port-related supply chain.

Mission

To promote and facilitate trade and logistics through the provision of superior infrastructure and services, while:

- Achieving commercial returns to shareholders;
- Delivering competitive advantages to our customers;
- Optimising benefits to the community and environment;
- Contributing to regional growth; and
- Promoting improvements to supply chain performance.

Core Business

The Port Kembla Port Corporation (PKPC) is responsible for managing the port of Port Kembla, including providing port shipping management. The Corporation also owns and/or manages a number of wharf, rail and property assets which are used for the purpose of handling, storing and moving cargo through the port.

The port serves the needs of regional industries such as coal (export) and steel (import of raw materials and export of steel products); it is the principal grain export port for producers in southern and south-western NSW and is also the major port for vehicle imports into NSW. A number of other commodities and cargoes are also handled in the port.

The Corporation continues to actively seek new customers for our port and rail facilities. The nature and scope of the principal activities are:

- The facilitation of business growth both inside and outside the port environs by planning, marketing and promoting our services and facilities; and
- The provision of port, rail and associated infrastructure which is cost-effective and relevant to the needs of current and prospective customers.

Within these activities the Corporation specifically provides:

- Port shipping management, including channels and vessel movement scheduling;
- Navigation services and port security;
- Pilotage services;
- Common use unloading and loading infrastructure such as berths;
- Rail infrastructure on a common use basis;
- Onshore facilities such as land, roads, lighting, etc, to enable the movement and storage of cargo or the development of port related industries;
- Strategic logistics facilitation; and
- Regular communications with customers (current and potential) to champion trade and logistics opportunities.

The Corporation manages and maintains Corporation assets, including land, berths, rail and wetland areas. In doing so, the Corporation:

- Carries out activities in a commercial and sustainable manner;
- Leads, plans and facilitates the development of efficient, effective and reliable services in the port; and
- Provides corporate services to the above activities whilst ensuring the Corporation maintains sufficient financial and other resources to remain viable.

EXECUTIVE OFFICERS

Executive Service

There is a Chief Executive Officer who is on a five (5) year contract from 1 July 2007.

There was one female executive officer for the current reporting period. (The Officer resigned 18 June 2010). There is one executive officer on or above Senior Executive Level 7 for the current reporting year.

Number of Executive Officers

Number of Executive Officers with remuneration equal to or exceeding equivalent of SES Level 2:

End of current reporting year - 3

End of previous reporting year - 3

Executive Salary Reporting

In reporting executive salaries for SES Level 1 and above, the following information is provided for the year ended 30 June 2010.

Band	Total	Salary Range
7	1	$300,801 - $377,250
3	1	$187,351 - $212,800
2	1	$174,651 - $187,350
1	1	$149,150 - $174,650

STATUTORY INFORMATION (CONTINUED)

PRINCIPAL OFFICERS (AS AT 30 JUNE 2010)		
TITLE	NAME	QUALIFICATION
Chief Executive Officer	Dom Figliomeni	*B Bus, Grad Dip Bus, Dip Pub Admin, FCPA, FCILT, FECU, GAICD*
General Manager Engineering & Environment	Andrew Dunne	*B Eng (Civil)*
General Manager Marine & Port Operations	Kell Dillon	*Assoc. Dip Mgt, Dip Marine Studies*
General Manager Corporate Services	*Leanne Taylor	*BA Bus, Grad Dip Adult Education, M Ed*
*Resigned 18 June 2010.		

COMMITTEES

During 2009/2010, Corporation officers participated in the following external boards/committees:

Australian Logistics Council	Dom Figliomeni
Australian Vessel Traffic Services Working Group	Jim Robinson
Australian Automatic Information System Working Group	Jim Robinson
Cram Foundation	Chris Townend, Simon Kaleski
Freight & Logistics Council NSW	Dom Figliomeni
Illawarra Business Chamber	Dom Figliomeni
Illawarra District Emergency Management Committee	Jim Robinson
Illawarra TAFE Advisory Committee	Dom Figliomeni
Mission to Seafarers Port Kembla NSW	Rod Thompson
NSW Marine Pests Working Group	Trevor Brown
NSW National Pollution Executive Committee	Dom Figliomeni
PIANC Australia	Tonilee Andrews
Port Kembla Harbour Environment Group	Trevor Brown
Port Kembla Pollution Committee	Trevor Brown
Port Kembla Port User Council	Dom Figliomeni, Kell Dillon & Sandy Rae
South East Australia Transport Strategy	Dom Figliomeni
Transport NSW National Plan Technical Working Group	Jim Robinson
University of Wollongong Board	Dom Figliomeni
Wollongong Local Emergency Management Committee	Jim Robinson

There were no significant PKPC Committees established or abolished during the year.

LEGAL MATTERS

Legislation

During 2009/2010, the Port Kembla Port Corporation administered or operated under a range of legislation:

- *Navigation Act 1901*;
- *Maritime Services Act 1935*;
- *Marine Pilotage Licensing Act 1971*;
- *Marine Pollution Act 1987* and associated regulation;
- *State Owned Corporations Act 1989*;
- *Marine Safety Act 1998*;
- *Ports and Maritime Administration Act 1995* (previously *Ports and Waterways Management Act 1995*);
- *Dangerous Goods (General) Regulation 1999*;
- *Management of Waters and Waterside Lands Regulation - NSW*;
- *Commercial Vessels Act 1979*;
- *Protection of the Environment Operations Act 1997*;
- *Maritime Transport and Offshore Facilities Security Act 2003.*

The *Marine Safety Act 1998* is partially proclaimed. When fully proclaimed it will repeal and replace the *Navigation Act*, *Maritime Services Act*, *Marine Pilotage Licensing Act* and *Commercial Vessels Act* and all regulations under those Acts.

Changes to Legislation

There were no legislative amendments in 2009/2010 that impact on the operations of the Port Kembla Port Corporation.

STATUTORY INFORMATION (CONTINUED)

EXEMPTIONS FROM REPORTING PROVISIONS

As a Statutory Corporation in competition the Port Kembla Port Corporation is exempt from some areas of the *Annual Reports (Statutory Bodies) Act 1984* and Regulation 1995 (ARSBA & ARSBR), the *Public Finance and Audit Act 1983* (PF&AA) and *Public Finance & Audit Regulation 2010* (PF&AR).

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

PREPARATION OF MANUFACTURING AND TRADING STATEMENTS	S.41B(c) PF&AA
INCOME/EXPENDITURE ON A PROGRAM OR ACTIVITY BASIS	S.1 P.1 Cl.13 PF&AR
SUMMARY REVIEW OF OPERATIONS	S.7 ARSBA & Sc.1 ARSBR
MANAGEMENT ACTIVITIES	Schedule 1 ARSBR
CONSULTANTS	Schedule 1 ARSBR
CONSUMER RESPONSE	Schedule 1 ARSBR
HUMAN RESOURCES (OVERSEAS VISITS ONLY)	Schedule 1 ARSBR
CONTROLLED ENTITIES (PKPC HAS NONE)	Schedule 1 ARSBR

The following matters are exempt:

AMOUNTS FOR RENEWAL OR REPLACEMENT OF FIXED ASSETS	S.1 P.1 Cl.2 PF&AR
AMOUNTS SET ASIDE FOR PROVISION FOR KNOWN COMMITMENTS	S.1 P.1 Cl.4 PF&AR
AMOUNTS APPROPRIATED FOR REPAYMENT OF LOANS ETC.	S.1 P.1 Cl.6 PF&AR
EXCESS OF NON-CURRENT ASSETS VALUE OVER REPLACEMENT COSTS	S.1 P.3 Cl.13 PF&AR
BUDGETS-OUTLINE AND DETAILS	S.7 ARSBA & Cl.6 ARSBR
RESEARCH AND DEVELOPMENT	Schedule 1 ARSBR
LAND DISPOSAL	Schedule 1 ARSBR
PAYMENT OF ACCOUNTS INCLUDING TIME	Schedule 1 ARSBR
SIGNIFICANT JUDICIAL DECISIONS	Schedule 1 ARSBR
INVESTMENT MANAGEMENT PERFORMANCE	Cl.12 ARSBR
LIABILITY MANAGEMENT PERFORMANCE	Cl.12 ARSBR

CUSTOMER SERVICE

Commitment to Service

The main areas of service include: The management of shipping operations, for which the Port Corporation has ISO 9001:2000 quality certification, requires 24 hour pilotage service, emergency response, ship scheduling and provision of shipping information. The Quality System also includes, under a Port Safety Operating Licence issued by the Minister for Ports & Waterways, performance standards for:

- The survey, monitoring and promulgation of depths in Channels & Berthing boxes.
- The handling of Dangerous Goods.
- Port Emergency Response/ requirements.
- The performance of Navigation Aids.
- Provision of Pilotage Service including licensing of Marine Pilots and Pilot Exempt Masters.
- The provision of port communications.

These functions are audited by third party accreditation on a regular basis to ensure compliance with the performance criteria set by the Minister for Ports & Waterways. The Corporation also maintained full security compliance for the period.
The Port Corporation supports and is a member of the Port User Council, a body representing all facility operators and service providers in the port. Regular meetings are held under an independent Chair to discuss service delivery standards associated with the port as a whole. The Corporation responds to suggestions for improvements where there is a whole of port benefit.

Consumer Response

Five formal complaints were received during 2009/2010 regarding operational issues within the port. The issues were addressed with the relevant parties at the time and actions taken to ensure appropriate outcomes in the future.

FACTORS AFFECTING ACHIEVEMENT OF OPERATIONAL OBJECTIVES

There were no unforeseen factors during the year that impacted upon the achievement of the Port Kembla Port Corporation operational objectives.

CONTRACT AND MARKET TESTING

The Corporation has in place a policy for the engagement of contractors. A list of preregistered contractors for various types of work is created every two years via a public Expression of Interest. Competitive quotes are sought from these companies for contract works. Public tenders are called for works greater than $75,000 in value. A number of period contracts are also called on a two or three yearly basis. These include electrical maintenance for the port, hydrographic survey, port security services, port wide landscaping maintenance and cleaning of Corporation premises. Other contracts are let following competitive tendering.

CONSULTANTS

Total spent on consultants by the Corporation for the 2009/2010 financial year was $85,605.34. The classification of this expenditure is as follows:

Management Services
(7 engagements) $85,605.34.

STATUTORY INFORMATION (CONTINUED)

RESPONSE TO THE ISSUES RAISED BY THE AUDITOR GENERAL

The following were issues raised by the Auditor General in the 2008/2009 Statutory Audit Report.

The Corporation reviewed the carrying value of the Finance Lease Receivable as at June 2009. Based on its review it restated the Finance Lease Receivable which resulted in a decrease of revenue by $13.6 million and increase of assets by $12.5 million in the financial statements for financial year end 30 June 2009.

The Corporation acquired four parcels of land from the Maritime Authority of New South Wales at fair value of $16.7 million. The Corporation contributed $1.1 million for the transfer. It recognised the balance of $15.6 million as contribution by owners as per NSW Treasury Policy.

The Corporation sold its former corporate administration property for a value of $1.4 million and settled the sale on 30 September 2009.

DISCLOSURE OF CONTROLLED ENTITIES

There are no controlled entities.

ASSETS MAJOR ACQUISITIONS

In addition to the items outlined in the Capital Works program there have been land assets acquired from NSW Maritime.

CREDIT CARD USE

Credit card use is in accordance with the Credit Card Policy of the Corporation.

HUMAN RESOURCES

Employee Assistance Scheme

The Corporation again funded the provision of an independent, professional and confidential counselling service for all employees and their families. The use of these services was promoted through staff meetings and one-on-one discussions.

Occupational Health and Safety

There were two lost time injuries in the 2009/2010 reporting period. There were no work related illnesses or prosecutions under the *OH&S Act* during the year in review. The OH&S Committee met on a quarterly basis to review safety performance and identify opportunities for promotion and improvement of safe work practices. Regular workplace inspections ensured the identification and control of workplace risks. The Board is provided with monthly OH&S reports.

EQUAL EMPLOYMENT OPPORTUNITY

Statements supporting the EEO Principles can be found in the Corporate Plan, Code of Conduct and Enterprise Agreements. These documents are freely available to all staff. Mechanisms are also in place to ensure timely, effective and confidential resolution of workplace grievances.

Major EEO Outcomes Achieved 2009/2010

The outcomes achieved in the 2009/2010 reporting period were maintained. The employment of an indigenous trainee to undertake training in Certificate III Business Administration in the previous period is still underway.

Major Outcomes to be Achieved 2010/2011

In 2010/11 PKPC will continue with support and development of an indigenous trainee.

Finalisation of the Marine Pilots Enterprise Agreement (which nominally expired in March 2009) ensuring the terms and conditions are equitable to all staff covered by that agreement.

Distribution of staff from defined EEO groups are as follows: (% of Total Staff)

EEO GROUP	BENCHMARK OR TARGET	2004/ 2005	2005/ 2006	2006/ 2007	2007/ 2008	2008/ 2009	2009/ 2010
Women	50%	17%	15%	21%	19%	19%	21%
Aboriginal people and Torres Strait Islanders	20%	-	-	-	-	-	4%
People whose first language was not English	20%	11%	9%	5%	4%	4%	4%
People with a disability	12%	12%	2%	2%	2%	2%	2%
People with a disability requiring work-related adjustment	7%	-	-	-	-	-	0%

DISABILITY PLAN

The Corporation regularly reviews its administrative and operational facilities to ensure they satisfy current and anticipated needs of employees and customers with disabilities. Wherever possible the Corporation seeks to accommodate the special needs of persons with disabilities. In the first quarter 2009/2010 all employees of the Corporation relocated to offices in the new Maritime Centre. The design of office accommodation incorporates the needs of people with disabilities.

MULTICULTURAL POLICIES AND SERVICES PLAN

The Corporation does not provide direct services to the culturally and linguistically diverse community of NSW. However, the Corporation does support the principles of multiculturalism, recognises individual differences and where possible accommodates community needs. Throughout 20009/10 the Corporation's commitment to cultural diversity was displayed by:

- Providing work arrangements that accommodate cultural and religious differences through the provision of cultural and religious holidays;
- Continued provision of an Employee Assistance Program coupled with interpreter services;
- Continuing commitment to support the Port Kembla Mission to Seafarers and the Port Kembla Heritage Park; and
- Actively engaging with communities associated with the port of Port Kembla through liaison groups, newsletters and media releases.

These initiatives will be maintained throughout 2010/2011.

SOCIAL PROGRAMS

There were no Social Programs funded by the Corporation during the year.

ACTION PLAN FOR WOMEN

This whole of government strategy seeks to improve the position of women in seven key areas: employment, education and training, violence against women, health and quality of life, microeconomic reform, transport, and the overall position of women in the community. The Corporation supports the integration of needs and concerns of women into their everyday work. Principles of merit and respect are embodied in the PKPC Code of Conduct, Enterprise Agreement and Corporate Plan.

STATUTORY INFORMATION (CONTINUED)

Representation of women on selection committees, evaluation panels, occupational health and safety committee, project teams and negotiating groups raises the awareness of employment rights and issues for women. Access to training and development opportunities, aligned to individual and workplace needs, is available through Corporation funded internal and external programs.

Flexible work arrangements have been negotiated to allow an appropriate balance between work and family obligations. The Corporation adheres to the principle of equal pay for equal work.

CODE OF CONDUCT

Codes of Conduct are in place for all employees and the Board of Directors. The Fraud Prevention Strategy was reviewed during the year.

PROMOTION

General Publications

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

- Port Kembla Port Corporation Annual Report 2008/2009
- Port Information CD
- 'Your Port' community newsletters
- 'Harbourline' stakeholder newsletters

Annual Report

The total external cost of producing the 2009/2010 Annual Report is $26,320 excluding GST. The Annual Report is also available on the Corporation's website at www.portkembla.com.au.

OVERSEAS VISITS

There were no overseas visits during 2009/2010.

FUNDS GRANTED TO NON-GOVERNMENT ORGANISATIONS

ORGANISATION	AMOUNT
Illawarra Business Chamber	$2,200
Mission to Seafarers	$10,680
Vision Australia	$1,000
Port Kembla Cricket Club	$1,000
Regional Development Australia Illawarra	$2,500
Port Kembla Public School P&C	$300
Warrawong High School (on behalf of Permaculture Partners)	$1,818
Port Kembla Palliative Care Volunteers	$80
Kiama Municipal Council	$1,500
Illawarra Senior College	$450
Port Kembla Junior Rugby League	$500
Port Kembla Junior Football Club	$1,000
University of Wollongong	$500
Shipping Australia Limited	$5,250
TAFE NSW – Illawarra Institute	$1,000
The Cancer Council of NSW	$176
Port Kembla Heritage Park	$500
Wollongong City State Emergency Service	$500
Port Kembla Surf Life Saving Club	$500
Rotary Club of Corrimal	$500
Total	$31,954

FREEDOM OF INFORMATION

There were no FOI requests during the 2009/2010 year. Inquiries for access to documents under the new *Government Information (Public Access) Act 2009* may be made to:

The Information Officer
Port Kembla Port Corporation
PO Box 89
Port Kembla NSW 2505

ELECTRONIC SERVICE DELIVERY

The NSW Government made a commitment for all appropriate government services to be available electronically via the Internet. A number of the Corporation's services are on the Internet and we continue to review our service.

WASTE REDUCTION & PURCHASING

The Port Corporation has a Waste Reduction and Purchasing Policy in line with Government requirements. Progress has been made in the following areas:

Reducing the Generation of Waste

Ongoing use of electronic information for internal and external work requests, memos, engineering plans and diagrams, property and lease management has reduced the need for paper copies and toner cartridge use. The Corporation encourages the use of double sided printing and copying to reduce paper consumption.

Resource Recovery

The provision of specific bins for mixed paper only and non-recyclable waste throughout the workplace. All used printer and copier toner cartridges are collected for recycling. Port demolition material is reused for landscaping, maintenance and traffic barriers. Gardening and landscaping waste is recycled onto landscaped areas. Other materials collected for recycling included motor oils, scrap metal, and batteries.

Use of Recycled Material

Corporate stationery (letterhead and compliments slips) is printed on 100% recycled paper. General office paper is now 50% recycled and certified (mixed sources) by the Forest Stewardship Council. Approximately 25% of toner cartridges used are of a recycled type. Extensive use is made of blast furnace slag (a waste product from steel making) in port development works.

The pulp for this report's paper is sourced from certified well managed sustainable plantation forests and is manufactured ECF (Elemental Chlorine Free) at an ISO 14001 accredited mill.

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