

Sydney ... a working port



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MISSION STATEMENT Sydney Ports Corporation's mission is:

To plan, develop and control the Ports of Sydney, facilitating shipping movements and seaborne trade growth, while effectively managing our business for the optimum benefit of the people of New South Wales.

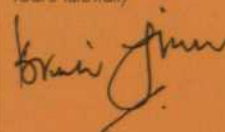
The Hon. M.R. Egan, MLC
Treasurer; Minister for Energy,
Minister for State and Regional Development,
Minister Assisting the Premier,
Vice President of the Executive Council
Governor Macquarie Tower
Level 33, 1 Farrer Place
SYDNEY NSW 2000

The Hon. M.S. Knight MP
Minister for the Olympics
Governor Macquarie Tower
Level 34, 1 Farrer Place
SYDNEY NSW 2000

Dear Messrs Egan and Knight

This annual report covers Sydney Ports Corporation's operations and statement of accounts for the year ended 30 June 1997, in accordance with the provisions of the Annual Reports (Statutory Bodies) Act 1984 and the applicable provisions of the Public Finance and Audit Act 1983 and the State Owned Corporations Act 1989, and is submitted for presentation to Parliament.

Yours faithfully



Mr T. Brian Finn AO
Chairman



Mr Greg J. Martin
Chief Executive Officer

Sydney's Ports – Sydney's Pride

Sydney's ports are as much a part of Sydney as the city's magnificent harbour itself, acknowledged as one of the finest in the world.

As the city and the New South Wales economy have grown, the ports of Sydney Harbour and, more recently, Botany Bay have become the nucleus of a shipping and cargo handling industry that serves the nation.

The natural amenities and convenience of the ports of Sydney have driven their development into a major centre of coastal and international trade, now accounting for \$30 billion of cargo each year. This is of immense importance to Sydney, New South Wales and Australia, representing:

- \$7,500 in trade for each resident of the Sydney region;
- 57% of the state's international cargo trade (another 37% passes through Sydney airport);
- 20% of Australia's total international cargo trade.

Sydney Ports Corporation had its beginnings in the Maritime Services Board of New South Wales, founded in 1936 with responsibility for all New South Wales ports, including overseeing their commercial and recreational uses. In 1989 the Maritime Services Board's functions were distributed among a number of statutory authorities and in 1995 the ports of Sydney were corporatised under the Ports Corporatisation and Waterways Management Act 1995, leading to the establishment of Sydney Ports Corporation.

The Corporation's overall purpose is to ensure the availability of adequate port facilities and services which operate to standards of safety and environmental responsibility acceptable to the community. In practice, the Corporation acts mainly as a landlord, leasing a portfolio of waterfront properties in Sydney Harbour and Botany Bay to private sector operators who provide direct services in handling and storing cargo.

In addition, the Corporation complies with a Port Safety Operating Licence which has been granted to it and which provides it with the

authority and responsibility to control navigation in the ports and to coordinate safety and emergency response activities.

It was inevitable that the port of Sydney Harbour, situated in the heart of Australia's oldest and largest city, would reach the limits of its potential for expansion. The advent of containerisation in the 1960s triggered the development of new facilities in Botany Bay. Botany Bay has overtaken Sydney Harbour as Sydney's main port, with major container operations, an oil terminal and a hazardous liquid cargo facility. Sydney Harbour remains a multi-purpose port and, while some operations have been transferred and some wharf areas given over to public and residential use, increased efficiency means the harbour continues to handle undiminished volumes of cargo. With the corporatisation of the ports of Sydney came an acknowledgment that planning for future growth was crucial. The Corporation's strategies include the careful development or re-use of existing industrial waterfront in Sydney Harbour and, in Botany Bay, further environmentally sound reclamation which will be sensitive to residential and commercial claims on the area.

The Corporation's vision for the coming decades is a dynamic one, requiring skilled management, far sighted planning and a commitment to responsible port management. Sydney Ports Corporation has embarked on the task of shaping a corporate culture in tune with the demands of these objectives. This culture will sustain a remodelled workforce whose hallmarks are efficiency, achievement, innovation and service, and whose goal is to maintain Sydney's ports position as Australia's best.

Objectives, Strategies and

Number one



OBJECTIVES

Improve service and communications as a means of increasing customer satisfaction.

STRATEGIES

- Encourage productivity increases by port users.
- Upgrade cargo handling facilities and methods.
- Improve staff training.

Number two



Attract more volume to Sydney's ports to minimise customer costs per unit shipped.

- Use opportunities to provide business growth for Sydney Ports Corporation and associated service providers.
- Plan for expanded cargo handling infrastructure and technologically advanced equipment.
- Plan for improved road and rail access to ports.

Number three



Control shipping movements with full regard for environment and safety.

- Plan new activities to harmonise with existing uses of port environs (residential, other industries).
- Encourage greater use of containerised transport, encourage greater use of rail receipt and deliveries.
- Train port emergency responses teams to high standards of efficiency and skill.

Number four



Develop corporate identity and communications to enhance the profile of Sydney Ports Corporation.

- Clarify a corporate culture that involves all management and staff in helping the Corporation to reach its goals.
- Encourage pride and loyalty among workforce.
- Distribute positive information to the community about the Corporation's activities and plans.

Achievements

ACHIEVEMENTS

- Extended lease arrangements with stevedoring companies provide cost incentives to attain efficiency and productivity targets.
- Central Booking System refined to provide fully computerised scheduling of pilotage, tugs, linesman and stevedores.
- Training courses with emphasis on customer relations, improved facilities and procedures for berthing cargo and cruise vessels.

-
- 4.55% increase in container throughput; further increase in bulk cargo.
 - Development of Simulated Import Supply Chain Operating Model to simplify decisions for customers.
 - Computerised procedures give significant time savings in handling import and export cargo.

-
- Formation of liaison groups to ensure close consultation with community and users of Sydney Harbour and Botany Bay.
 - Improved rail handling facilities by the terminal operators.
 - Response time in port oil spill incidents down to 15 minutes, any time of day.

-
- Management strengthened and staff recognised to increase productivity and cost efficiency.
 - Staff development workshops to improve customer service and quality of contact with port users and public.
 - Launch of new logo, newsletters and information on internet.
 - Better public access to Sydney Harbour waterfront amenities.

Sydney Ports Corporation has again reduced port charges and recorded a further increase in trade through Sydney Harbour and Botany Bay in the second year since corporatisation.

The Corporation earned a profit that yielded a dividend to the State Government of \$14.6 million in 1996/1997.

Trade Up, Costs Down

MORE CARGO, MORE CONTAINERS

The Corporation intensified its focus on trade growth. Record activity was achieved during the year, with 21.33 million tonnes of cargo including 730,446 TEUs (twenty foot equivalent units) moved through the port.

Record volumes of cotton and meat from New South Wales were handled through an improved logistics chain serving the ports of Sydney. Imports of motor vehicles and oil contributed significantly to the improved level of trade.

ANOTHER REDUCTION IN CHARGES

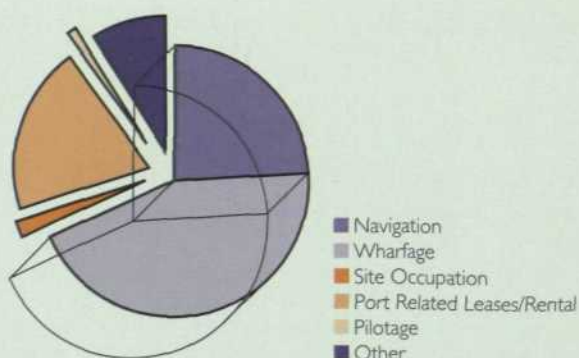
The Corporation announced a further 5% reduction in port charges in June 1997. These reductions totalled about \$3.4 million in annual savings to Corporation customers. In general, port charges represent about 4% of total transport and freight costs. Corporation charges are competitive with those of other major Australian ports.

A WORLD CLASS PORT

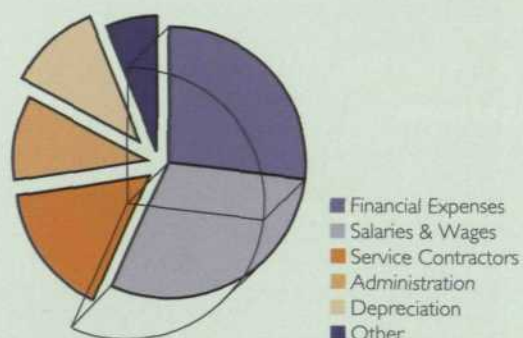
The Corporation and the ports' major service providers and operators have consciously pursued improved standards of performance. During 1996/1997, significant achievements have taken us forward in this endeavour. An important agreement with Patrick The Australian Stevedore is a demonstration of what can be done. The agreement will result in a \$100 million investment in new equipment that will provide a state of the art container handling facility.

Efficiency gains by port users are important. So are gains in the effectiveness of the Corporation's own staff. These are being achieved by training and reskilling initiatives that enhance the competence and confidence of our people.

Income (as a percentage of Total Income)



Expenditure (as a percentage of Total Expenditure)



SUPPLYING THE NATION

In 1996/1997, the ports of Sydney were the entry point for many of the goods and products that enhance the lives of Australians. Incoming cargoes included:

- fuel for commercial and private vehicles
- new cars from overseas manufacturers
- timber for houses and commercial construction
- specialist food and clothing
- cement and other construction materials
- electronic products

Sydney, a hub for road and rail networks, also serves as the nation's key port for the export of rural products, including:

- cotton
- rice
- meat
- wine
- wool
- fruit

THE BEST DESTINATION CRUISE HARBOUR

Cruise ships are undergoing a worldwide resurgence as the preferred mode of leisure travel. Attention has been refocused on Sydney as one of the world's most desirable destinations by being declared the Best Destination Cruise Port in the Rest of the World Category, excluding

Europe and the Caribbean by *Dream World Cruise Destinations Magazine*.

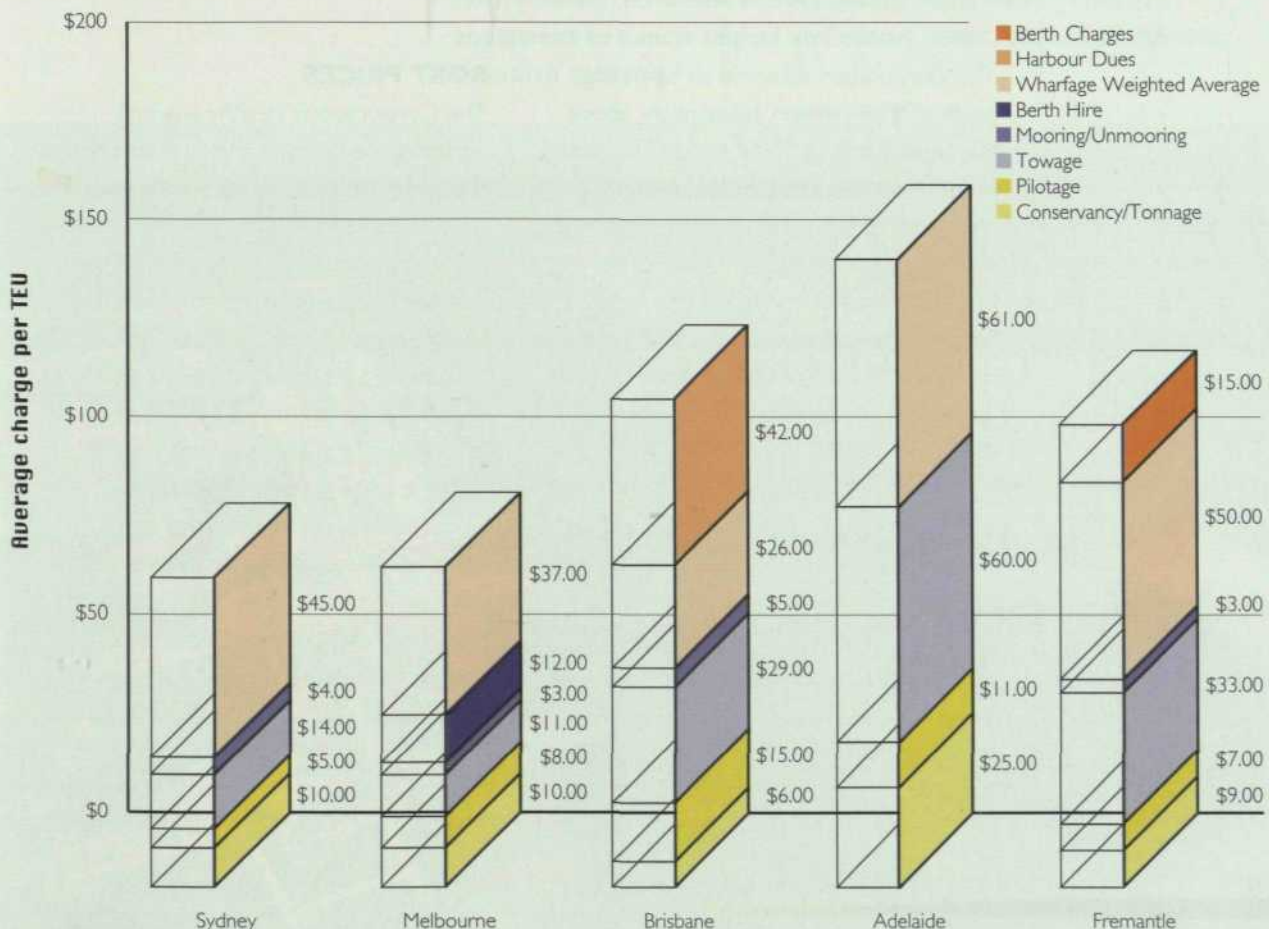
Sydney Ports Corporation has responsibility for two cruise terminals and during the year investigations were commenced into options to refurbish Sydney Cove Passenger Terminal and to relocate the Darling Harbour Terminal from No. 10 Berth to No. 8 Berth.

THE DECADES AHEAD

The Corporation completed the *2020 Port Master Plan for Botany Bay and Sydney Harbour* which establishes our strategic direction and proposals for port infrastructure to handle the projected increase in trade beyond the next two decades. Planning continued for the Corporation's role in providing services for the 2000 Olympic Games.

During 1996/1997 the Corporation hosted trade visits from the United States, Thailand, Malaysia, Russia, Japan, China, Korea and South-East Asia, adding to the foundation for exchanges of information and the facilitation of trade.

Comparative Port and Export Related Charges per TEU



Source: BTCE "Waterline Report" Jan - Jun 1997 Data.



Greg Martin, Chief Executive Officer
and Brian Finn, Chairman, Sydney
Ports Corporation.

In 1996/1997 Sydney Ports Corporation again met or exceeded all the financial and performance objectives agreed with the shareholder ministers. Customers benefited from a 5% reduction in port charges.

From the Chairman and

The Corporation achieved an operating profit of \$38.4 million, substantially above the target profit of \$24.4 million. This strong profit result was achieved largely through reduced internal costs reflecting lower salary, wage and superannuation outlays following a voluntary redundancy campaign. Other administrative savings and lower depreciation expenses also contributed to the result.

Revenue was higher than budget, improving by 4.8% on the 1995/1996 result, because of strong shipping activity. Ship visits for the year were up 5% on the previous twelve months.

The profit result was supported by a strong balance sheet, with total shareholders' equity increasing to \$146.4 million and return on equity (before tax) to 26.2%, compared with the target level of 16.9%.

PORT PRICES

The Corporation's healthy financial performance came in a year in which port charges were reduced by 5%. This reduction, which became effective on 1 July 1996, was followed in June 1997 by an announcement that the Corporation would reduce port charges by a further 5% from 1 July 1997. This second price reduction will result in a further saving of some \$3.4 million a year for shippers and ship owners.

The price cuts have fulfilled the Corporation's commitment to the Government to reduce charges by 10% in the two years following corporatisation. The reductions improve the Corporation's competitiveness with other ports.

CRUISE SHIPPING

A significant component of the price cuts was the reduction, from \$670 to \$250 an hour, in site occupation charges for cruise shipping at both the Sydney Cove Passenger Terminal and the Darling Harbour Passenger Terminal. The Corporation recognises the need to provide suitable and affordable cruise shipping facilities in Sydney. During the year, Sydney received awards from *Dream World Cruise Destinations Magazine* for the "Best Destination Cruise Port" and the "Most Efficient Port Services" in a category excluding Europe and the Caribbean.

Towards the end of 1996/1997 the Corporation began investigations to relocate the Darling Harbour Passenger Terminal from Berth 10 to Berth 8. This relocation would enable the Government to proceed with the major redevelopment proposed for land it holds at and

adjoining Darling Harbour berths 9 and 10. The Corporation also began to examine redevelopment options for the Sydney Cove Passenger Terminal, bearing in mind the heritage issues and sensitive town planning questions relating to the Sydney Cove area. It is expected that commitments will be made on the development of both of these sites before December 1997.

CUSTOMERS

During the year the Corporation carried out a survey of customers to assess their attitudes to the services provided by the Corporation. The survey showed that in key areas such as environmental management, commercial business development, communications and responsiveness, the Corporation's service was regarded as "good" and "professional". Customers were seeking improvement in a number of other areas, including planning, costs (both the

the Chief Executive Officer

The container terminals at Port Botany have state of the art equipment to handle import and export cargo, with computerised despatch systems.





**Commercial and passenger vessels
arrive into the port facilities of
Darling Harbour 24 hours a day.**

Corporation's and those of private sector providers of tugs, lines and pilots), the Corporation's credit terms, and the Central Booking System for coordinating ship movements.

The Corporation values customers' comments and is taking action on those issues requiring attention. As a result:

- the Corporation's charges have been reduced and other service providers' costs are being benchmarked;
- the Corporation's credit terms have been revised in consultation with the Australian Chamber of Shipping, to a more commercial arrangement; and

- regular meetings with the industry have been initiated to ensure that the Central Booking System is continually improved for the benefit of all users.
- all Corporation management and staff have attended Customer Service Training courses;
- a new telephone system with voice mail has been installed.

A second customer survey conducted in September 1997 indicates a significant improvement in the Corporation's service level 1996/1997.

The Corporation's activities as a trade facilitator met with outstanding success in the achievement of improved rail deliveries of cotton to Port Botany's two container terminals. The Corporation convened a number of meetings between FreightCorp, the terminal operators and the cotton shippers to overcome problems encountered in the export of the record 1997 cotton crop.

All parties cooperated to lift performance levels and reliability of service at the rail/container terminal interface. This resulted in more than 20,000 TEUs of cotton being handled through Sydney's ports – 50% of all Australian cotton exports in 1996/1997 and an increase in market share from 45% in 1995/1996.

This success reinforced the view that the Corporation has a vital role as a facilitator in the trade logistics chain and is expected by industry to contribute its skills.

TECHNOLOGY

During the year the Corporation made further advances with the introduction of new technology in port operations and administration.

Completion of the Integrated Vessel Surveillance System (IVSS) introduced state of the art technology in radar based vessel surveillance. The system, with closed-circuit TV monitoring, vessel tracking records and proximity alerts, provides full time coverage in Botany Bay and Sydney Harbour and significantly improves vessel movement safety.

The Corporation's Central Booking System is being continuously improved and updated. An important innovation is the processing of dangerous goods advices well in advance of vessel berthing which the Corporation is confident will improve cargo clearance times.

In what is a first in Australian ports, the Corporation has begun receiving electronically submitted cargo manifests. Ship owners and agents are being encouraged, by our incentive equivalent to 2.5% of normal wharfage billings, to adopt electronic lodgement. The process saves costs and reduces data errors for shipping companies and agents and for the Corporation.

These technological developments are expected to continue to improve port efficiency and assist in further reducing costs.

TRADE

Total trade through Botany Bay and Sydney Harbour increased by 2.2% on the 1995/1996 figures to 21.33 million mass tonnes, with container throughput rising by 4.6% to 730,446 TEUs, a record for Sydney Ports Corporation.

While 1996/1997 has brought higher throughput volumes in many commodities through the Corporation's two ports, perhaps the most significant increase has been in meat exports.

In 1996/1997 meat exports through our ports increased by 26% to a total of 220,897 tonnes. This throughput resulted in Sydney's market share of all Australian meat shipments rising from 19% in the previous year to 24%.

PORT DEVELOPMENT AND PLANNING

In September 1996 the Premier of New South Wales, The Hon R.J. Carr MP, opened a \$28 million bulk liquids terminal development by Van Ommere Tank Terminals Australia at its Port Botany site.

In November 1996 the Corporation finalised an important commercial arrangement under which Patrick The Australian Stevedore will spend about \$100 million on new container terminal equipment and upgrading its facility at Port Botany. This development will result in significantly higher throughput capacity and more efficient terminal operations. In addition, Container Terminals Australia Limited (CTAL) embarked on a five year equipment replacement program estimated to cost about \$65 million.

During the year the Corporation, working with engineering and transport consultants Maunsell Pty Ltd, finalised the Sydney Ports Master Plan for the use and development of Sydney Harbour and Port Botany to 2020. The Board recognises the importance to business and the community in general of knowing the long term intentions for port activity in both locations, as this information will influence future decisions by business operators, port users and local councils. The Corporation sought the views of industry and port users in preparing the 2020 Master Plan. Public release of the plan is expected to follow the Government's endorsement of its contents.

Government decisions to proceed with the new Eastern Distributor and the M5 East extension will improve access to Port Botany and relieve traffic congestion, bringing substantial benefits to port users.

INSIDE SYDNEY PORTS CORPORATION

The selection of the Corporation's new executive team, initiated towards the end of 1995/1996, was completed in September.

During the year the Corporation undertook a voluntary redundancy program designed to reduce costs while retaining the range of services offered directly to port users. The objectives of the program were achieved without disruption, through the restructuring of work systems and staff duties and responsibilities and with the support and cooperation of staff. By September 1997, 34 staff (15% of workforce) had departed under the program.

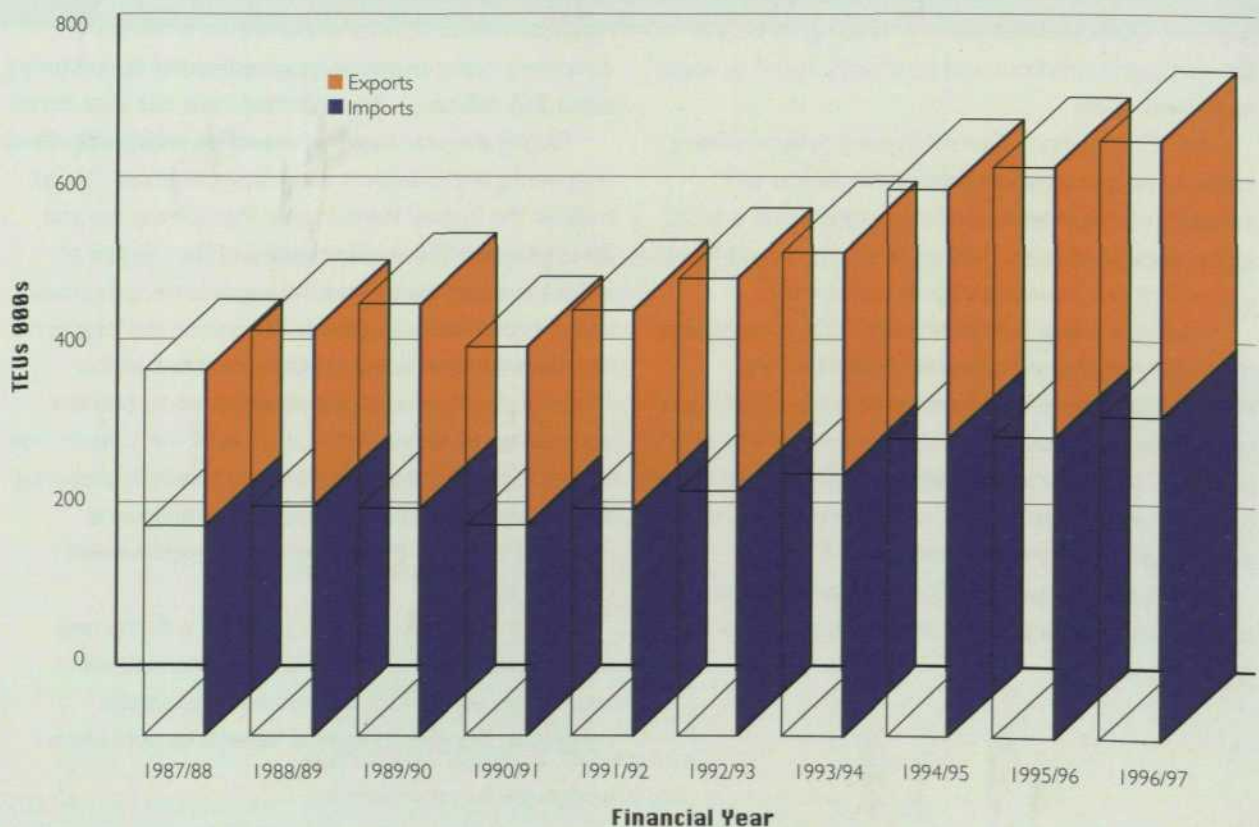
Occupational health and safety issues have been carefully monitored during the year and it is pleasing to report that no major accidents occurred during 1996/1997. It remains a major objective of the Board and management to accomplish an accident free outcome.

OUTLOOK

From the Corporation's perspective, there appears to be a slow recovery in the economy, although not yet in all sectors. Some areas of rural activity, such as meat, cotton and rice are achieving growth, although some regions remain drought affected. Accordingly trade in 1997/1998 is forecast to grow by 5%.

The Corporation and the NSW Government have opened discussions with a consortium led by Overseas Orient Container Line (OOCL), a large Hong Kong shipping group, concerning the possible development of a new container terminal at Port Botany. While this is an important proposal for Sydney, there remain many issues to be resolved for the project to proceed.

Ten Year Trade Statistics Comparison



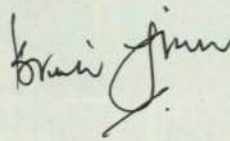
THE BOARD

During the year the only change at Board level resulted from the resignation of Paul Curran as Staff Director. The Board records its appreciation of his contribution. It is anticipated that a replacement will be named in the near future.

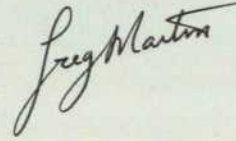
THANKS

The Corporation extends its thanks to all port users, to service providers at professional, technical and industry levels, and to government and semi government agencies for their business, service and assistance during the year.

The Board wishes to record its special appreciation of management and staff of the Corporation for their efforts during the past 12 months.



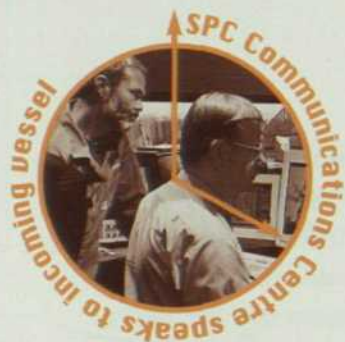
T. Brian Finn AO,
Chairman



Greg Martin,
Chief Executive Officer

Greg Martin, Chief Executive Officer, The Hon P.C. Scully MP, Minister for Ports, Chris Corrigan, Chairman, Patrick The Australian Stevedore, signing the agreement to extend the term of the lease at Port Botany.





Sydney, unquestionably one of the world's great cities - and its two ports, Sydney Harbour and Botany Bay, constitute a natural gateway for the country's international trade and tourism.

The ports service vessels from some 80 shipping lines which travel between more than 200 destinations throughout the world and carry the imports and exports that sustain Australia's economy.

Caring for Australia's

The port of Sydney Harbour offers a multi-purpose operation geared to the handling of goods and cruise passengers. The port of Botany Bay comprises world standard bulk liquids storage and handling facilities and two of Australia's major 24 hour a day container terminals.

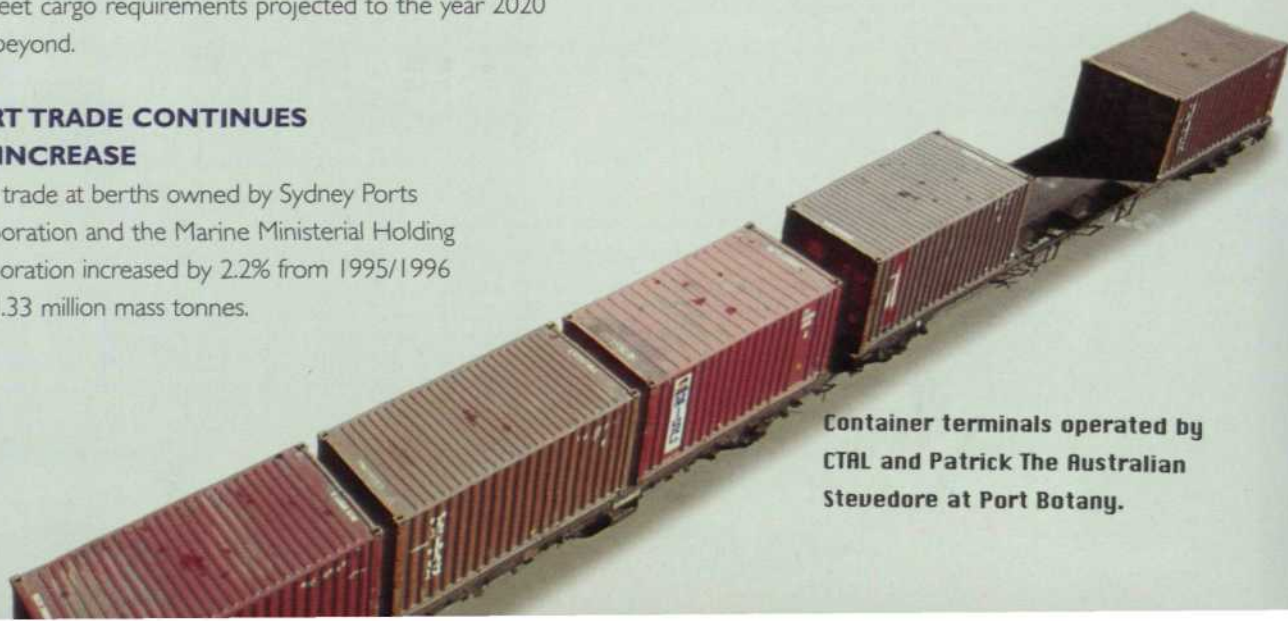
Corporation staff face the challenge of planning for the economic growth that places significant pressure on port infrastructure, and have devised creative solutions to meet cargo requirements projected to the year 2020 and beyond.

PORT TRADE CONTINUES TO INCREASE

Total trade at berths owned by Sydney Ports Corporation and the Marine Ministerial Holding Corporation increased by 2.2% from 1995/1996 to 21.33 million mass tonnes.

Total containerised cargo increased by 4.6% to 730,446 TEUs in what was the fifth consecutive year of record container throughput.

Full container throughput increased by 5.3% to a record 605,000 TEUs, with full container imports increasing by 6.7% to 373,000 TEUs and exports increasing by 3.1% to 232,000 TEUs.



Container terminals operated by CTAL and Patrick The Australian Stevedore at Port Botany.



Cargo

COMPETITIVE PRICING

On the recommendation of the Board of the Corporation, the New South Wales Minister for Ports, The Hon P.C. Scully MP in June 1997 announced a further reduction in port charges of 5%, following on from the previous year's 5% reduction.

The new schedule of port charges will deliver savings valued at \$3.4 million to port users. Reductions included navigation services charges – reduced from \$0.41 per gross registered tonne to \$0.39, a saving of 4.9% and rebate for lodgement of manifests by EDI.

Corporation customers welcomed the reductions, with some shipping lines passing on the benefits through lower port pricing additional.

Corporation charges have fallen by 45% since 1990, making Sydney's ports one of Australia's most price competitive capital city ports.

INTEGRATED VESSEL SURVEILLANCE SYSTEM

An Integrated Vessel Surveillance System (IVSS), which monitors vessels arriving and departing Sydney Harbour and Botany Bay, was commissioned during the year.

The IVSS provides Sydney Ports Corporation with an enhanced surface surveillance capability.

The system has been designed for ease of use so as to maximise the Corporation's ship tracking ability and enable new trainees to quickly become familiar with its operation.

Data is supplied by a combination of systems including radar, closed circuit television and direction finding equipment.

CUSTOMER PERCEPTION SURVEY

A survey of 30 Corporation customers, selected at random and by key stakeholder groupings, was conducted during September 1996.

The survey provided an analysis of perceptions of customer service delivery and opportunities for improvement. The results indicated that the Corporation achieved acceptable performance levels in key service delivery sectors.

The Corporation responded to these results by developing a strategy to lift service delivery standards. This strategy was introduced during 1996 with three main objectives: improved internal communications, improved communication with customers and understanding of their needs, and establishing the leadership role of the Corporation in the Sydney ports community.

The survey will be repeated annually.

LEASE EXTENSION FOR PATRICK BOTANY TERMINAL

Sydney Ports Corporation and Patrick The Australian Stevedore signed an agreement during November 1996 to extend the term of the lease at Patrick's Port Botany container terminal.

Container Trade by TEU (12 months ended 30 June 1997)

	Exports		Imports		Total		% Variance
	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	
Full	224,583	231,653	349,392	372,866	573,975	604,519	5.32%
Empty	106,815	106,204	17,858	19,723	124,673	125,927	1.01%
Total	331,398	337,857	367,250	392,589	698,648	730,446	4.55%

Total Trade by Commodity Groupings (000s mass tonnes, 12 months ended 30 June 1997)

	Exports			Imports			Total		
	1995/96	1996/97	% Variance	1995/96	1996/97	% Variance	1995/96	1996/97	% Variance
Oil (Crude and Refined)	792	1,039	31.2%	10,173	10,324	1.5%	10,965	11,363	3.6%
Containers	3,445	3,567	3.5%	3,876	4,138	6.8%	7,321	7,705	5.2%
Bulk Liquids and Gas	128	114	-10.9%	702	444	-36.8%	830	558	-35.8%
Dry Bulk	0	0	0.0%	859	902	5.0%	859	902	5.0%
General Cargo	117	92	-21.4%	784	714	-8.9%	901	806	-10.5%
Total	4,482	4,812	7.4%	16,394	16,522	0.8%	20,876	21,334	2.2%

Following the extension agreement, Patrick has embarked on a \$100 million investment program that will increase the capacity of its terminal to 550,000 TEUs by 1998 and to 800,000 TEUs by 2003.

An important feature of the lease extension agreement was the inclusion for the first time of a productivity performance clause, providing an incentive for the lessee to improve port efficiency. This productivity incentive will now be incorporated as a standard requirement in the Corporation's leasing arrangements where appropriate measures are applicable.

WHERE WE GO FROM HERE

Continuing growth in the demand for port facilities points the way to the kind of development necessary at Sydney Harbour and Botany Bay in coming decades. Botany Bay developments are likely to include:

- approximately 1,800 metres of new berth frontage;
- approximately 61 hectare terminal area for containers and/or general cargo;
- approximately 28 hectares for port related uses without direct berth access;
- additional bulk liquid facilities.

Container Contents by Commodity (12 months ended 30 June 1997)

Top 10 Exports	mass tonnes	Top 10 Imports	mass tonnes
Non Ferrous Metals	433,859	Chemicals & Related Products	548,152
Chemicals & Related Products	305,484	Paper & Paper Products	461,541
Iron & Steel	265,677	Machinery	373,540
Cotton	261,431	Non Ferrous Metals	226,629
Cereals	240,108	Fruit & Vegetables	120,554
Meat	225,142	Textile Yarns & Fabrics	119,169
Wool	167,931	Iron & Steel	117,404
Paper & Paper Products	148,040	Food Preparations	89,496
Animal Products	114,323	Beverages & Tobacco	85,789
Machinery	91,160	Fish & Seafood	48,263

Container Trade by Country in TEUs (12 months ended 30 June 1997)

	Exports		Imports		TEUs	Total % Change*
	Full	Total	Full	Total		
China	32,078	51,451	55,235	56,936	108,387	16.86%
United States	14,710	29,385	62,780	64,624	94,009	2.47%
New Zealand	35,342	44,909	23,019	25,133	70,042	2.35%
Japan	33,814	38,580	23,231	25,489	64,069	4.32%
Singapore	12,399	22,751	19,846	20,541	43,292	-0.32%
Taiwan	10,746	18,512	19,608	19,929	38,441	5.38%
South Korea	8,411	10,881	17,254	17,903	28,784	23.15%
Indonesia	13,713	14,014	10,331	10,355	24,369	13.17%
Italy	5,030	6,142	18,055	18,058	24,200	2.60%
Great Britain	4,890	6,004	17,320	17,403	23,407	-9.98%
Australian Coastal	4,519	22,294	655	824	23,118	-13.61%
Malaysia	8,927	9,819	12,670	12,777	22,596	10.26%
Thailand	6,327	6,421	11,373	11,388	17,809	5.89%
Netherlands	1,227	8,133	9,451	9,462	17,595	-10.58%
Germany	1,801	3,139	13,212	13,232	16,371	-8.39%
South Africa	3,956	5,772	7,502	7,688	13,460	-12.20%
Other	33,763	39,650	51,324	60,847	100,497	8.12%
Total	231,653	337,857	372,866	392,589	730,446	4.55%

* % Change compared to 1995/1996

Total includes empty containers

In Sydney Harbour, plans provide for continued use of the Glebe Island/White Bay Precinct for multi-purpose and dry bulk terminals and port related uses. Port operations in Darling Harbour will continue at least until the provision of new facilities at Botany Bay. New road and rail links will improve access to cargo handling areas and increase the efficiency of port operations.

SHIP VISITS

A worldwide resurgence in the cruise ship industry was reflected in increased activity for Sydney Harbour, the cruise ship capital of Australia. Cruise vessel calls at Sydney Harbour passenger facilities increased to 79 in 1996/1997 from 73 in the previous year.

Cruise ships making their first Sydney visit included *Seabourne Pride* (Seabourne Cruise Line), *Silver Wind* (Silversea Cruises) and *Fair Princess* (P&O Holidays).

Awards mark Sydney as 'best' and 'most efficient'

Sydney Ports Corporation, operator of Sydney's two purpose built cruise terminals, received *Dream World Cruise Destinations Magazine's* 1996 inaugural awards for Best Destination and Most Efficient Port Services in the Rest of the World category (excluding European and Caribbean ports).

The first award was for the port offering the best balance of port facilities, infrastructure, services and ease of use to complement its major attractions. The second recognised Sydney's efficient combination of pilotage, vessel agency services, passenger terminal operations, time efficiency and generally trouble free relationship with cruise vessel operators.

Sydney farewells *Fairstar*

P&O Holidays' 1957 built cruise vessel *Fairstar*, a regular visitor to Sydney since 1964 and home ported in Sydney for many years, was decommissioned on 31 January 1997. *Fairstar* became one of the icons of the Sydney based cruise industry and during her career carried more than one million passengers.

Other ships which made their final calls to Sydney during the year were *Canberra* (P&O Cruises) and *Rotterdam* (Holland America Line).

Wilhelmsen Lines Australia Pty Ltd's vessel the *Taronga* making its maiden voyage into Sydney, April 1997.



First vessel calls

July 1996

- *NOL Amber* (Neptune Orient Line ANRO/AAX Service addition)
- *Contship Romance* (Contship Containerlines' 2,900 TEU addition to the Contship Eagle Service to Europe)

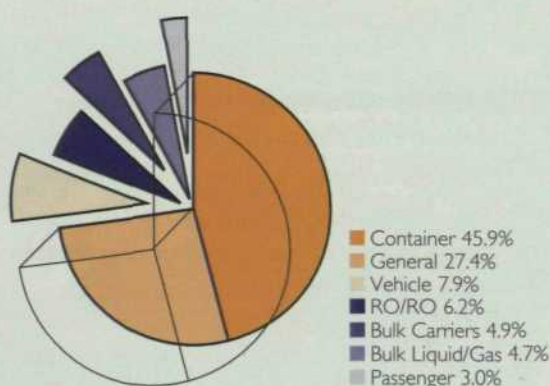
August 1996

- *MSC Don Giovanni* (Mediterranean Shipping Corporation's 2,700 TEU newly built addition to the MSC European Service)
- *Sydney Express* (Tasman Express Lines' 400 TEU newly built addition to the TEL trans Tasman Service)
- *Itha Bhum* (Regional Container Lines' 1,500 TEU addition to the REL Service to South-East Asia)

November 1996

- *Tako Maru* (new Federation of Japan Tuna Fisheries Company training vessel)
- *Chao Shan He* (one of two 800 TEU additions to COSCO's Japan/Korea Service)
- *Contship Ambition* (Contship Containerlines' second 2900 TEU addition to its European Eagle Service)

Vessel Calls by Type 1996/1997



December 1996

- *Fuji Maru* (Toyofuji Shipping Co Ltd's pure car carrier addition to its Japan/Australia motor vehicle import Service)

January 1997

- *Fair Princess* (P&O Holidays' refurbished replacement for Fairstar, based in Sydney as its home port)
- *Yang Jiang He* (COSCO's second 800 TEU newly built addition to its Japan/Korea Service)
- *Contship Action* (Contship Containerlines' third 2,900 TEU newly built addition to its European Eagle Service)

February 1997

- *MRS Pioneer* (Mackay Refined Sugars Pty Ltd's newly built, dedicated self discharger, designed principally for lifting bulk refined sugar between Mackay and Sydney)
- *Australian Enterprise* (Australian National Line's 34,000, 2,200 TEU vessel, purchased to operate as part of the AAX Consortium to South-East Asia)
- *Contship Vision* (Contship Containerlines' fourth 2,900 TEU newly built addition to its European Eagle Service)

April 1997

- *Taronga* (Wilhelmsen Lines' 50,000 DWT, 2,700 TEU newly built roll on/roll off vessel, an addition to Wilhelmsen's Europe/US/Australia/Asia Service)
- *Contship Nobility* (Contship Containerlines' fifth 2,900 TEU newly built addition to its European Eagle Service)

May 1997

- *Contship Optimism* (Contship Containerlines' sixth 2,900 TEU newly built addition to its European Eagle Service)

June 1997

- *Kota Harmuni* (Pacific International Lines' newly built 1,000 TEU addition to its Australian Express Service to South-East Asia)
- *Takasago* (Wilhelmsen Lines' pure car and truck carrier)

Vessel Visits

Years	Sydney Harbour		Botany Bay		Total	
	Vessel Tonnage*	No. Visits	Vessel Tonnage*	No. Visits	Vessel Tonnage*	No. Visits
1995/96	20.0	979	26.3	1,187	46.3	2,166
1996/97	20.5	1,104	30.5	1,264	51	2,368
% Change	2.5%	12.8%	16.0%	6.5%	10.2%	9.3%

* In million gross registered tonnes

The ports of Sydney Harbour and Botany Bay have the advantage in Australia of being deepwater ports with minimal steaming time to the Pacific Ocean. These central locations enable the movement of cargo to and from the wharves through road and rail networks.

Harbour Traffic: It's Always

While these attractions help to make Sydney Australia's premier port city, they also impose special responsibilities on Sydney Ports Corporation, for our activities share the amenities of what is very much a "people's harbour".

Densely populated harbourside residential suburbs feed busy passenger ferry services, while the region's mild climate and natural beauty mean that water based recreations are closely identified with the city. Sydney Harbour is associated with every facet of Sydney life.

Into this busy marine environment come many shipping movements – passenger and cargo vessels – each year.

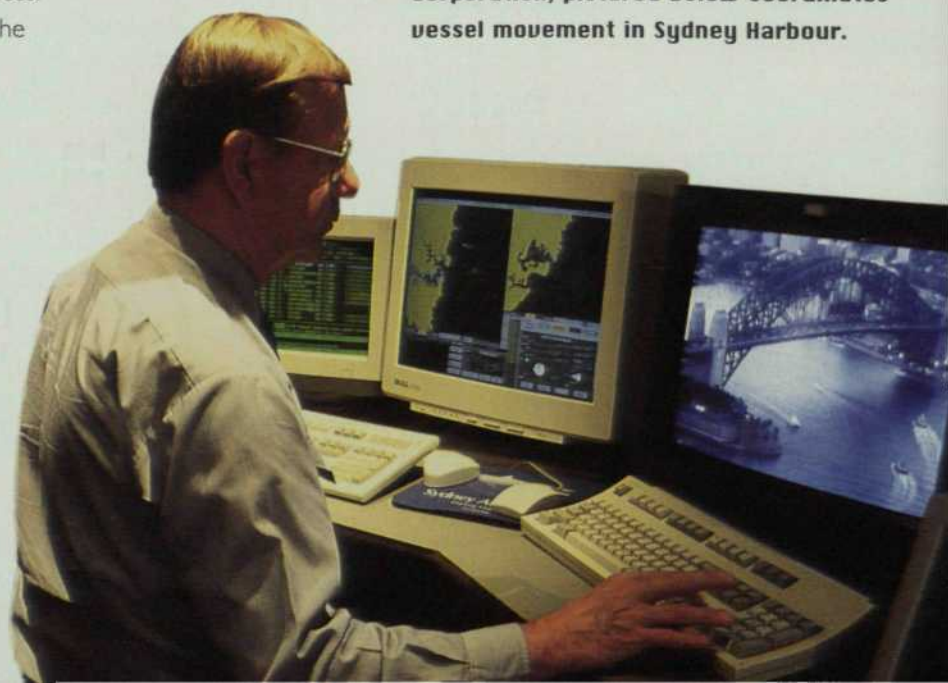
The Corporation is therefore conscious of its responsibility to provide an operating environment which promotes the safe navigation of vessels, to protect the port environment and to provide emergency response services. This responsibility applies also to the port of Botany Bay, where the Corporation's activities must harmonise with the operations of Sydney's international and domestic airports and those living in bayside suburbs.

Twenty four hours a day, relevant Corporation staff go about their duties with safety and environmental protection always among their priorities.

The Shipping and Technical Services Unit is responsible for carrying out the Corporation's Port Safety Operating Licence activities, providing for:

- safe navigation of vessels;
- protection of the port environment; and
- availability of certain emergency response services.

The Port Operations Communications Centre coordinates safe movement of vessels in Sydney Harbour and Botany Bay. Peter Wright, Sydney Ports Corporation, pictured below coordinates vessel movement in Sydney Harbour.



The unit also provides the computerised Central Booking System (CBS) and carries out capital development projects and related maintenance activities.

CENTRAL BOOKING SYSTEM

The combined demands of customer service and safe, efficient movement of ships and cargo have led to the development of Sydney Ports Corporation's CBS.

CBS is a round the clock computerised system which coordinates pilots, tugs, line services and stevedores so that every aspect of commercial shipping activity in Sydney Harbour and Botany Bay is programmed and delivered in the most efficient way.

The system was developed in consultation with the ports community to provide a simple, efficient, online procedure for shipping companies and agents. The result is a user friendly forward planning system, using the ultimate in technology.

The system provides a "one stop shop" for booking shipping movements which readily accommodates frequent booking changes.

Peak Hour

Sydney Harbour is part of the fabric of the city's commercial and recreational life. The Harbour is always in use, by ferries, sightseeing vessels, pleasure craft, cargo vessels and passenger ships as depicted with the arrival of P&O Cruises luxury passenger vessel the Oriana in February 1996. The operations of a busy port mesh with this busy and varied marine environment.

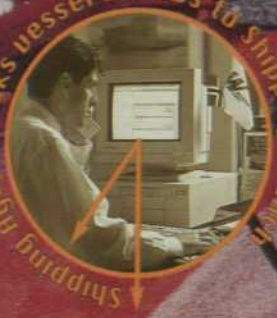




Vessel confirmed with
agents and vessel
handover due to
vessel confirmed with
agents and vessel
handover due to



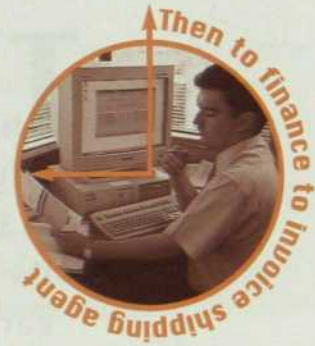
Information to container
terminal, customs, freight forwarder



Shipping agent books vessel via CBS to Shipping Branch

DRY

GERRY



CENTRAL BOOKING SYSTEM (Continued)

The CBS was enhanced further during the year to simplify the lodging and amendment of work permits, bunker applications and vessel bridge clearances. Transition to the online handling of the movement of dangerous goods – containerised, breakbulk and bulk – is proceeding, with the completion of the design stage and the start of programming.

The movement confirmation response time between agents and the CBS has fallen to an average of eight minutes.

CBS access was also broadened to encompass the Water Police and major yachting associations in addition to shipping agents, stevedores, customs, quarantine, Australian Maritime Safety Authority, freight forwarders, ship chandlers, manufacturing companies and trade newspapers.

PORT SAFETY OPERATING LICENCE AND QUALITY COMPLIANCE

During the year, the Corporation successfully continued to meet the requirements of the Port Safety Operating Licence. Two audits undertaken by the accrediting agency BVQI established that a high standard of compliance was being maintained.

The Corporation is required to guarantee, service and undertake the six safety functions being:

- maintenance of appropriate channel and berth box depths;
- monitoring compliance with relevant dangerous goods codes;
- responding to port related emergencies;
- ensuring that navigation aids operate within performance standards;
- contracting for the provision of pilotage and managing exemptions from pilotage; and
- maintaining an efficient port communication system.

The Corporation has met or exceeded the performance targets for each of these functions during the year and, as required, has reported results to the Minister for Ports each six months.

PILOTAGE

The pilotage contractor, Sydney Sea Pilots Pty Ltd, has supplied pilotage services throughout the year in accordance with its contract with the Corporation. As a requirement of the contract, the company met regularly with the Corporation to plan efficiency improvements.

A new pilot vessel has been purchased, by the contractor and a pilot vessel leased from the Corporation has been refurbished.

The Corporation's Central Booking System provides a coordinated online service for shipping movements, including bulk liquids and dangerous goods into the ports of Sydney.

The continuing growth of Australia's most vibrant city is clearly evident – in the spread of Sydney, in the changing city skyline, and in the activity of its ports. The increase in shipping movements and cargo handling has mirrored the State's economic growth, demanding planning for the future.

2020 Vision

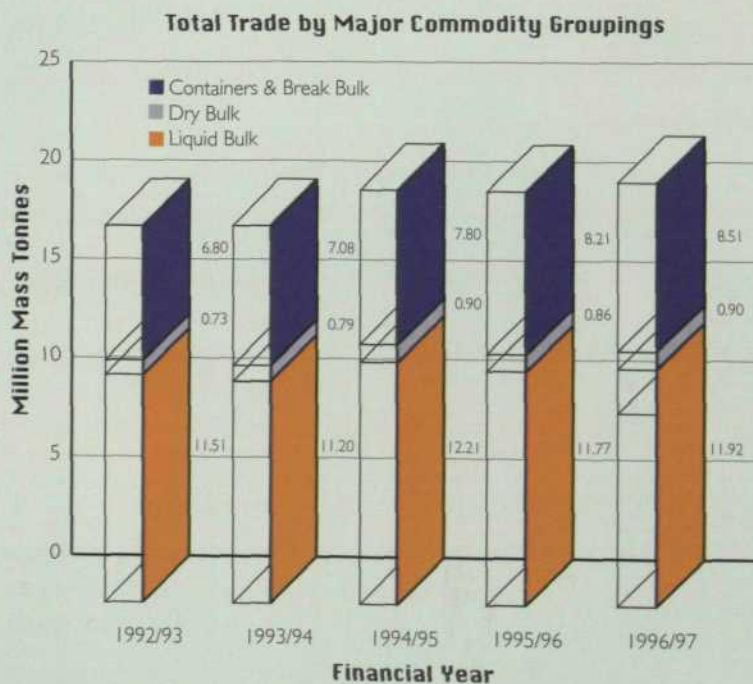
Ports need space, access and infrastructure. In Sydney, these requirements pose challenging considerations, given the ports' locations in densely settled metropolitan areas. Sydney Ports Corporation has responded by undertaking detailed research into options for growth well into the next century, to develop a framework for the future operations of the ports.

This aims to take into account not merely the economics of expansion, but the Corporation's relationships with, and responsibilities to, all of its stakeholders.

The stakeholders in Sydney Ports Corporation represent those key interest groups directly or indirectly involved in, or affected by, the operations of the Sydney ports. The needs and desires of the stakeholders become business drivers in formulating the Corporation's objectives and strategies. These important groups include:

- *Customers:* To provide a quality level of service at reasonable, competitive prices. To be perceived as responsive, reliable, competent business partners. To raise the level of favourable perceptions of the Corporation by customers.

- *Employees:* To be recognised by its employees as an employer providing equal opportunities and promoting professional and personal growth.
- *Suppliers and fellow port service providers:* To be perceived as a reliable, efficient, responsive and respectable business partner.
- *Shareholders:* To be seen as an efficient, profitable and responsive business, satisfying the expectations of shareholders, the people of New South Wales.



- *Business community:* To facilitate maximum trade opportunities through Sydney ports to the benefit of all concerned, particularly cargo owners and associations, shipping lines and agents, shipping associations and bodies, stevedores, tenants, road/rail operators, business chambers and trade unions.
- *Residential community:* To maintain the everyday and future working of the ports in conjunction with the local community, including residents, town planning departments, associations and utility companies.
- *New South Wales Government:* To act in accordance with Government legislation and policy relating to the nature and scope of the Corporation's activities. This involves close relationships with relevant State Agencies including OMA, EPA, Waterways Authority and Department of Transport.
- *SOCOG/OCA/SPOC:* To facilitate the use of Sydney Harbour and its facilities for the duration of the 2000 Olympic Games.
- *Others:* To act cooperatively with others, including the Australian Maritime Safety Authority, Australian Quarantine and Inspection Service, Australian Customs

Service and numerous other organisations whose interests incorporate or affect the workings of Sydney ports.

Planning for the future must recognise these commitments in laying out a design for an efficient, adequate and responsible port structure for the future.

DEVELOPING A 2020 PORT MASTER PLAN

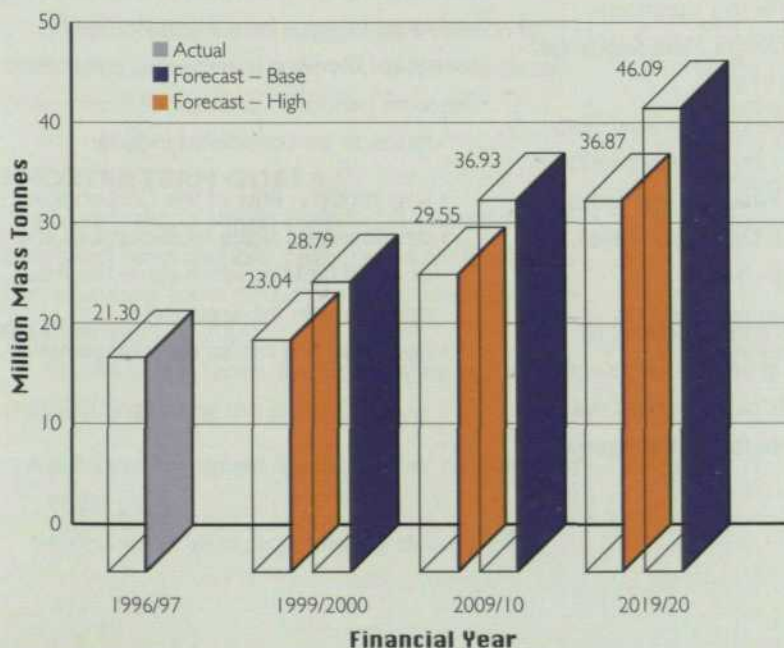
In March 1995, the then MSB Sydney Ports Authority released *Sydney Ports into the 21st Century* – a Port Land Use Strategy for Botany Bay and Sydney Harbour.

A review of the strategy was initiated by the Corporation in May 1996, with the aim of refining the outcomes of the previous work, given the responsibility shifts which accompanied port corporatisation in July 1995. Maunsell Pty Ltd was engaged to assist with the Study and to advance the planning from a set of strategic concepts to a master plan for port development, looking ahead to the year 2020.

The 1995 strategy was the result of an extensive research and consultative process. There was strong feedback from port users, local communities, environmental groups and local and State agencies in support of a two port strategy, with Botany Bay to continue offering the State's foremost container terminal location and Sydney Harbour providing complementary opportunities for general cargo.

The 1995 Strategy adopted a two port policy that maximises the use of existing infrastructure, minimises the amount of new investment required and maintains flexibility to accommodate changing market demands.

Trade Forecast





Through the port master plan, the Government will identify the appropriate location for further development of specialised transfer and storage facilities for bulk liquids and dry bulk cargo operations. Accommodating cruise shipping is also seen as a key continuing necessity for Sydney Ports.

As companions to the master planning study undertaken by Maunsell Pty Ltd, several specific investigations into commercial, technical and traffic issues arising from the Port Land Use Strategy have been undertaken:

- Trade Projections for Sydney Ports to 2020 (National Institute of Economic and Industry Research – NIEIR August 1995).
- Port Botany Rail-Port Infrastructure Study (Travers Morgan Pty Ltd, June 1994, for the New South Wales Department of Transport).
- Port Botany Rail Infrastructure Development – Possible Intermodal Terminal (Sinclair Knight Merz, September 1995 and June 1996).
- Foreshore Road Beach Recreation Study (Kinchill Engineers Pty Ltd, April 1995).
- Glebe Island and White Bay Port Access Study (CMPS & F, December 1996).

The trade projections produced by NIEIR indicated that growth in cargo volume (imports and exports plus domestic sea cargo) will continue to follow the vigorous

trend evident since containerisation was introduced in the late 1960s. A continuation of the historic average increase in volume of 3-4% per year would cause demand in the major trades through Sydney to double within 20 years, requiring the physical capacity of the Sydney ports to be increased to meet the extra burden.

The Corporation circulated a discussion paper to port users and industry bodies, seeking comment on a range of options for future port development in Botany Bay and in the Glebe Island/White Bay precincts of Sydney Harbour.

Responses received will assist the Corporation and the Government to plan for the future.

This work is being conducted in conjunction with a projected increase of 1.9 million TEUs in 2020. Total cargo, including that reliant on privately owned wharves, is estimated to grow from 21 million mass tonnes to 37 million mass tonnes a year over the same period.

Issues to be considered include:

- land requirements of the Corporation;
- development of the multi-purpose and dry bulk facilities which serve the main operations in the area; and
- new road and rail access arrangements.



Aerial view over Patrick The Australian Stevedore's container terminal at Port Botany, looking toward the third runway.

Work will be required by other bodies to ascertain the requirements for support infrastructure (roads, railways, services external to the port), the capacities of which will need to match the demands caused by port growth.

These external factors suggest that a decision to develop the Sydney ports must work within "whole of government" framework.

SHORTER TERM GOALS

The Corporation's preparations for the future include both short term and long term goals. Our Corporate Plan articulates some of the strategies which focus on the three years to 2000.

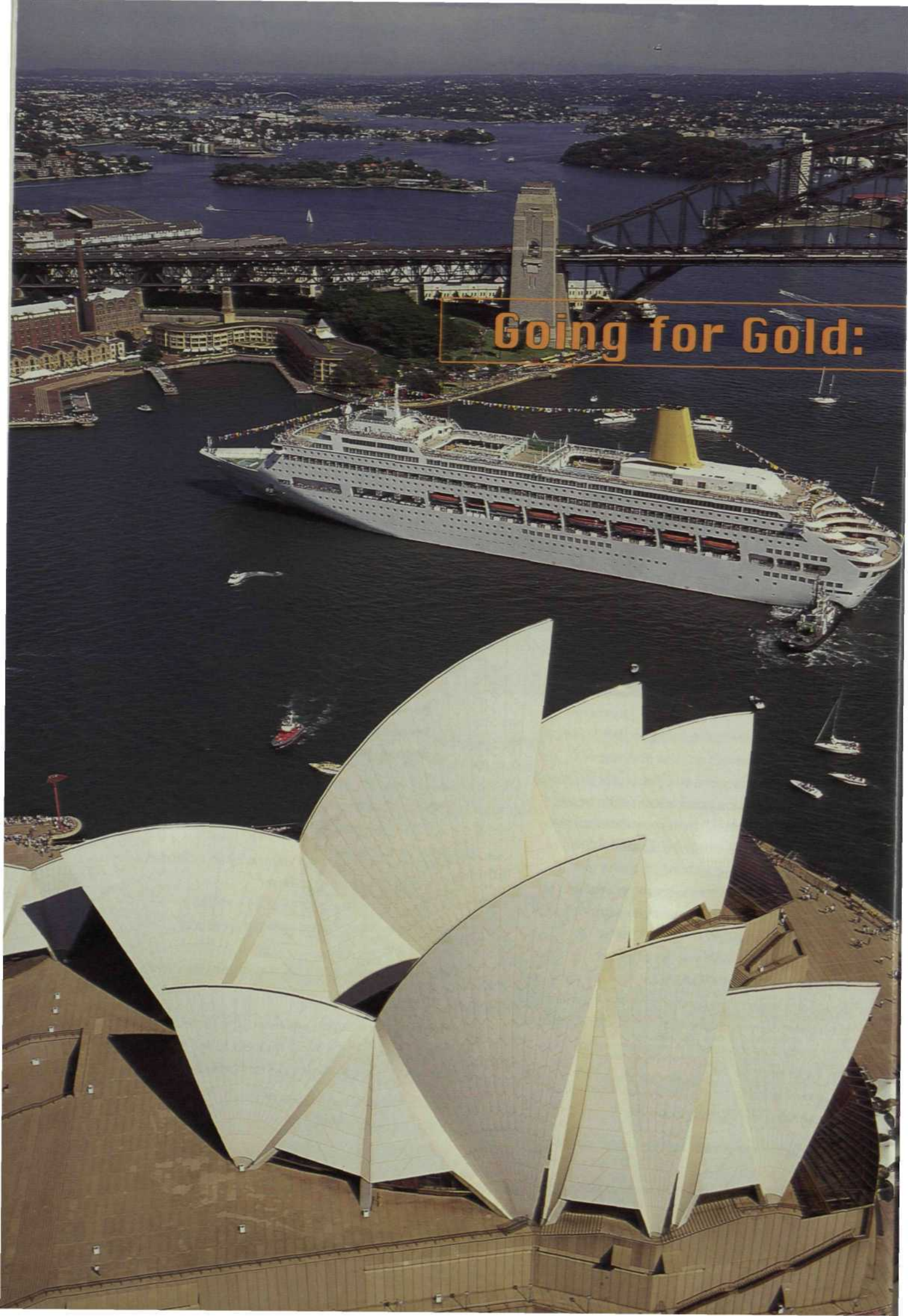
In measurable terms, the Corporation will be endeavouring during this period to:

- attractive investment for the further development of the ports;
- access short term requirements at Botany Bay;

- facilitate growth in cargo volume by an estimated 15% over the three year term;
- create a net positive change of \$4.6 million in Shareholder Value Added over the three year period; and
- increase revenue by 13.5% over three years while continuing to ease charges.

Reaching these targets will reflect the successful operation of a healthy, growing business, to the benefit of all stakeholders. The strategies will be updated periodically.

Going for Gold:





The Harbour in 2000

Sydney is recognised around the world as a maritime city and its famous harbour will be a focal point for many activities associated with the 2000 Olympic Games. Sydney Ports Corporation is well advanced in planning for a major support role in the Olympics.

The port of Sydney Harbour will host a number of cruise ships during the Games. The ships will remain for the duration of the Games, filling a vital function as accommodation for international visitors. Berths for these "floating hotels" are being arranged by the Sydney Organising Committee for the Olympic Games (SOCOG) through negotiation with the Corporation, lessees of berths owned by the Corporation and other owners of suitable wharves in the harbour.

The involvement of Sydney Ports Corporation will go much further than allocating berthing space. The Games will have significant ramifications for all users of Sydney Harbour – and pose challenging logistic problems for the Corporation. The Corporation has begun dealing with these and is confident of providing the answers.

Among the practical issues is the question of ensuring an adequate fresh water supply for vessels accommodating hundreds of passengers for a relatively long stay in port.

Another issue central to the Corporation's environmental stewardship of the harbour waters is the control of waste from the visiting ships.

Security will be a further concern because of the implications of large numbers of visitors commuting between Games venues and their floating hotels.

The Corporation is planning for these issues and is seeking to minimise inconvenience to regular users of the port.

The number of cruise ships requiring berths during the Games is not likely to be known until 1998. However, using preliminary information provided by SOCOG, the Corporation has been able to contribute to an Olympic Coordination Authority strategic plan to assess the resource and budget requirements of agencies affected by Games related activities.

In June 1997, the Corporation's Executive Officer, Policy and Planning, visited the Port Autonome de Barcelona in Spain to draw on the experience gained during the 1992 Olympics, when ten large cruise ships and other floating accommodation occupied much of Barcelona's commercial port area.

The Harbour will be a focal point of Sydney's 2000 Olympic Games activities, with cruise ships operating as floating hotels and the waterways providing access to sporting venues. Sydney Ports Corporation will keep shipping on the move while servicing the influx of visitors.

In planning for the continuing development of Sydney Ports, with projections already targeting objectives for the year 2020, the Corporation is focusing closely on the critical issue of the availability of land for expansion.

This involves questions of preserving existing holdings, strategic acquisitions of industrial waterfrontage, judicious disposal of superfluous areas, investigation of reclamation options and maximisation of returns from leasing arrangements.

The Challenge:

These are challenging questions. The fact is that the port of Sydney Harbour is at full stretch; waterfront land for wharf expansion can only be acquired by competing with residential development and other industrial users. In the port of Botany Bay, the presence of Sydney Airport places serious limitations on extensions to port infrastructure, although in the past year the Corporation has made significant planning advances.

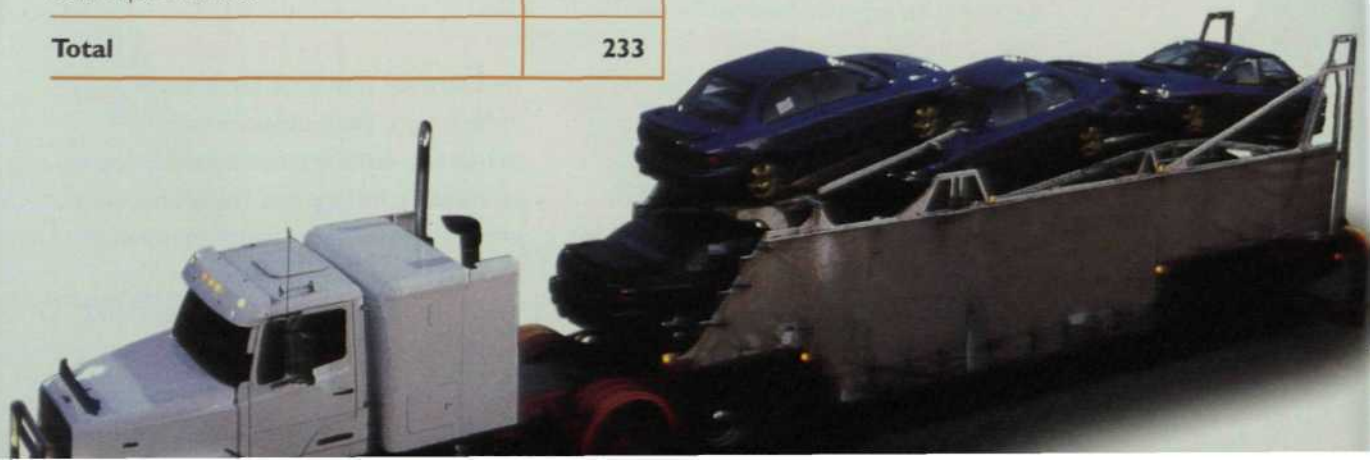
Sydney Ports Corporation is already a substantial holder of land and infrastructure. Total holdings at 30 June 1997 stood at:

Precinct	Area (hectares)
Sydney Cove Passenger Terminal	2
Darling Harbour General Cargo	21
Glebe Island/White Bay Cargo Facilities	34
Port Botany Container and Bulk Liquid Facilities	176
Total	233

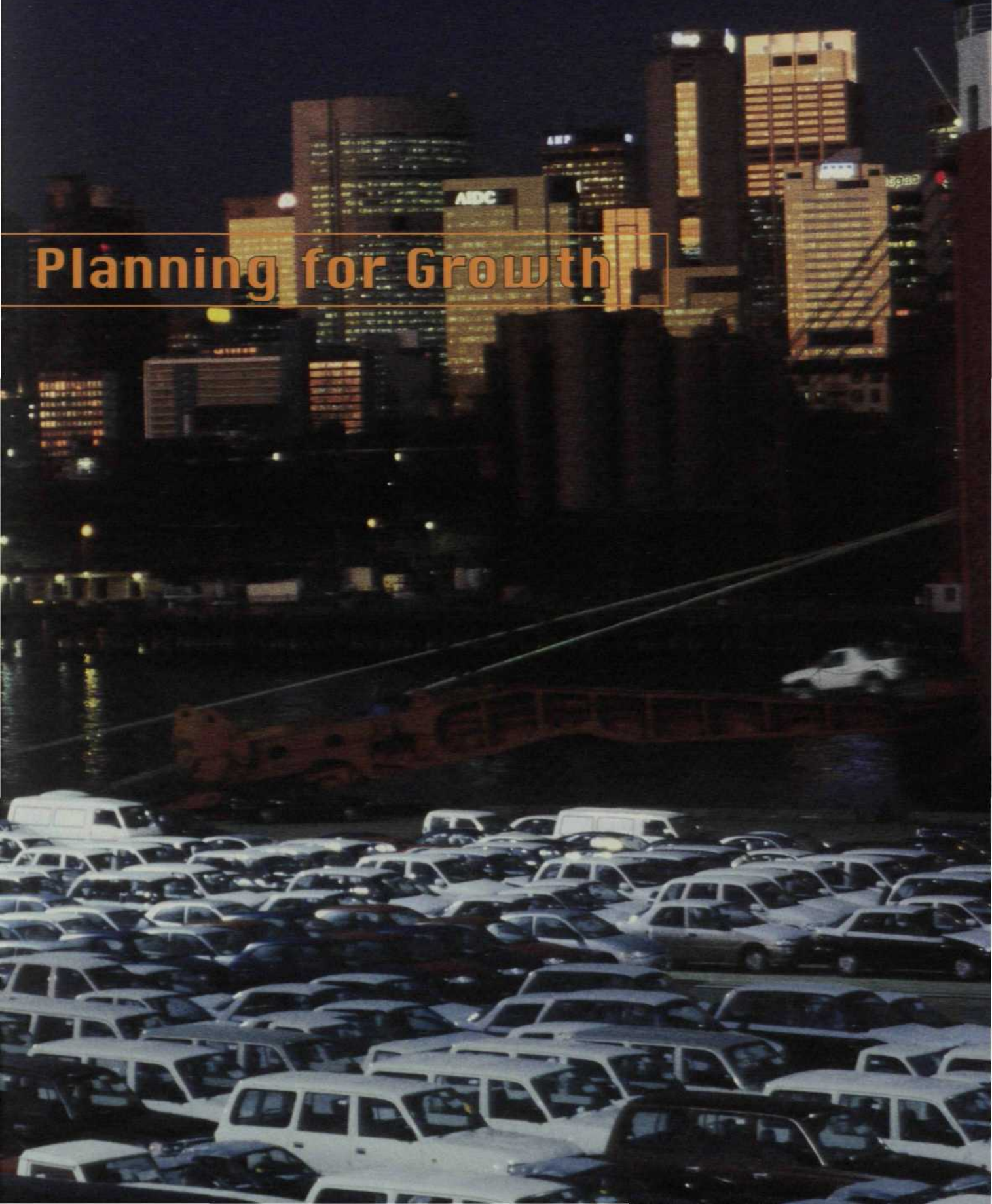
There were no new acquisitions and the Corporation disposed of only one small parcel of land at Glebe Island which was compulsorily acquired by the Roads and Traffic Authority for \$153,500. However, action was initiated for transfer to the Corporation of surplus State Rail Authority and Pacific Power land at White Bay. Expressions of interest were called for three vacant lots owned by the Marine Ministerial Holding Corporation (MMHC) at Port Botany.

Sydney Ports Corporation settled in June 1997 a land tax liability to the Office of State Revenue of more than \$3 million. Tenants have been provided with a schedule allowing reimbursement to the Corporation by instalments over an extended period. A number of objections were lodged by the Corporation with the Office of State Revenue in relation to the 1997 assessment.

The Corporation plans for the utilisation of limited land resource providing for developing trade such as imported motor vehicles at Glebe Island.



Planning for Growth



LESSEES

In 1996/1997 there was significant activity associated with Sydney Ports Corporation landholdings and tenancies.

Patrick the Australian Stevedore and the Corporation have agreed on a lease extension to provide an adequate period over which to amortise Patrick's planned \$100 million investment. The agreement links the investment to the lease extension and incorporates productivity targets for critical operational areas, with financial incentives to exceed the targets. The new equipment has already begun to arrive, with a portainer crane from Samsung in Korea being delivered in February 1997.

P&O Ports Limited operates a car import/export terminal at Wharves 1 and 2, Glebe Island. The lease for this facility was to expire in October 1997, but in May 1997 P&O Ports Limited exercised its right under the lease to extend for a further five years.

CSR Ltd was offered a lease of an area at the silos site, linked by conveyor to Wharf 7, Glebe Island, for the import of gypsum. This facility, if constructed, will replace the operation at the former CSR Pyrmont wharf, which is now under redevelopment.

NEW DEVELOPMENTS

Van Ommeren Tank Terminals Australia

A new bulk liquids terminal was constructed, with the first stage commissioned in August 1996 at a cost of about \$28 million. The facility provides storage for petrol, diesel and jet fuel delivered by ship and distributed in New South Wales by road and pipeline.

Terminals Pty Ltd expansion

Terminals Pty Ltd occupies a six hectare site at Port Botany for the receipt, storage and distribution of petrol and jet fuel, chemicals, petroleum solvents and similar products. The products are discharged from ships and are distributed by road and pipeline. The storage capacity is being increased in two stages: the first stage will add 5,000 cubic metres and the second stage a further 15,000 cubic metres. The cost of these developments is expected to be about \$5 million.

Leasing of vacant facilities

Pending the finalisation of the 2020 Master Plan, Sydney Ports Corporation sought expressions of interest in the short term (two to three years) lease of vacant port facilities at Glebe Island/White Bay. The call was extended to all parties that have shown interest since 1993 in setting up operations there.

Expressions of interest were also received for the lease of three vacant lots totalling seven hectares at Port Botany. The Corporation is seeking companies wishing to establish port related businesses that will complement port activities in Sydney.

Elgas Pty Ltd development

Elgas is excavating a deep underground cavern in sandstone bedrock under Port Botany for the storage of liquefied petroleum gas delivered by ship for distribution in New South Wales. When completed in mid 1998, the facility will consist of four interconnected galleries, with a total volume of 133,900 cubic metres, located 130 metres below sea level.

Although unique in Australia, this concept has been used successfully in a number of other countries for similar purposes. Work is progressing well with the total project cost expected to be in the region of \$100 million.

TRANSPORT LINKS

Eastern Distributor and M5 East

The Eastern Distributor has been approved for construction and the M5 East is also expected to proceed. Both projects carry benefits for port users. However, Sydney Ports Corporation and its lessees at Port Botany have identified issues to be addressed to obtain the maximum benefit from these projects:

- The need for better access for port traffic travelling from Foreshore Road to the Eastern Distributor through General Holmes Drive.
- The need for improved access along the south western corridor through Marrickville.
- Provision for certain classes of dangerous goods to be permitted through the tunnels.

Sydney Ports Corporation and its lessees at Port Botany (through Bizwatch – a group formed by Corporation tenants at Port Botany) have engaged transport consultants, Colston Budd Hunt & Twiney Pty Ltd, to provide advice on solutions to some of these issues.

SIMBLIST ROAD EXTENSION

Due to the extension of existing operations by Van Ommeren, Elgas Pty Ltd and Terminals Pty Ltd, and the proposed leasing of vacant land, additional road access to these facilities has become a priority. A second access will be achieved by widening and extending the existing Simblist Road to join Bumborah Point Road and Military Road. Completion of construction is scheduled for 1997/1998.

PROPERTY PLANNING

The Bays Precinct

The Bays Precinct Amendment to Sydney Regional Environmental Plan (SREP) No. 26 (which covers the White Bay/Glebe Island port area) recognises the regional and State significance of the precinct as an inner city port and employment precinct. It provides planning controls and objectives for the orderly and economic development of the area for port, maritime and employment uses. Sydney Ports Corporation has been working with the Department of Urban Affairs and Planning to simplify and hasten the approval process in this area.

New life for Darling Harbour berths

A range of tourism related uses for Wharves 9 and 10, Darling Harbour, were incorporated in a local environmental plan (LEP) prepared by Sydney City Council. A master plan for the redevelopment of this area was recently exhibited. Sydney Ports Corporation, in response, raised a number of environmental issues to be taken into account in any development of this site, given its proximity to the port operations at Wharves 3-8, Darling Harbour. The Central Sydney Planning Committee of Sydney City Council approved the master plan, subject to several conditions suggested by the Corporation to minimise the potential environmental consequences of the redevelopment.

Bulk storage facilities, such as those developed by Van Ommeren Tank Terminals Australia for liquefied petroleum gas, require large areas of land, the availability of which is declining. Elgas is adopting a unique approach in constructing new storage facilities in limestone caverns far below ground at Botany Bay.



SUBMISSIONS ON PORT ZONE DEVELOPMENT

Under a draft local environmental plan exhibited in August 1996, covering the whole of the City of Randwick, including part of Port Botany, Randwick Council proposed a 4B (Port Botany) zone. Sydney Ports Corporation representations supported the objectives of the Port Botany zone, but suggested that the list of permitted uses be refined to allow only port related development. The Corporation also submitted that container depots should be permitted in the industrial zones surrounding the port. A public hearing into the draft plan was held in April 1997. The Corporation lodged a submission on the issue of container depots but the findings of the hearing were not available as at 30 June 1997.

RECOGNITION OF PORT ACTIVITIES

On 12 February 1997, the Minister for Urban Affairs and Planning, The Hon Craig Knowles MP, released the Integrated Development Assessment White Paper and Exposure Draft Bill, which included proposals for reform of the development assessment system in New South Wales. Sydney Ports Corporation made submissions to the Department of Urban Affairs and Planning that port activities should be identified in the Draft Bill as "State Significant Development".

PASSENGER TERMINALS

Functions

The Sydney Cove Passenger Terminal continues to provide an outstanding function venue from which the Corporation benefits by renting out the customs and arrivals halls for functions on non-shipping days.

Functions held at the terminal include exhibitions, presentations, product launches, fashion parades, dinners, conferences and cocktail receptions.

The Darling Harbour Passenger Terminal has been available for hire as a function site since March 1997. Sydney Ports Corporation acts as the agent on behalf of the Marine Ministerial Holding Corporation which owns this facility.

The active marketing during 1996/1997 of the two passenger terminals for functions has significantly increased this use.

MMHC PROPERTIES

Sydney Ports Corporation manages a number of properties on behalf of the Marine Ministerial Holding Corporation (MMHC) under the terms of a management memorandum. The properties are:

- Darling Harbour Passenger Terminal
- Wharf 9 Darling Harbour
- Shell Australia tenancy, Gore Bay
- Snails Bay Dolphins
- Pioneer tenancy, Blackwattle Bay
- Alcatel tenancy, Port Botany
- Ampol tenancy, Kurnell
- Four parcels of vacant land, Port Botany

Sydney Ports Corporation receives a management fee from MMHC for this service.

The management of a number of other MMHC leased areas were transferred from the Corporation to the Waterways Authority in late 1996, as their use was no longer cargo related.

COMPUTERISED SYSTEMS

The Corporation operates a computerised property system, known as Portman, which incorporates details of each property and tenancy. The system is used to manage time related events such as rent reviews and deliverables.

A pilot environmental management system for Port Botany has also been developed as a tool for the management of port properties. Further development and extension of the system to cover Sydney Harbour properties is planned. The system is intended to facilitate compliance with AS/NZS ISO 14001 1996.

CAPITAL WORKS

The Corporation's capital works expenditure in 1996/1997 totalled \$3.775 million. The program included a number of major projects and 22 minor projects which were completed largely on time with no material cost overruns.

Upgrade of Berths 7 and 8, Glebe Island

The dry bulk facility was completed in April 1997. The project involved the refurbishment of the Berth 8 backup area including demolition of the wharf sheds, installation of a new seawall and construction of a new stockpile area. Berths 7 and 8 now have the capacity to handle the current and predicted dry bulk trade through Sydney for the foreseeable future.



The QEII, an icon of luxury leisure travel, berths at the Sydney Cove Passenger Terminal, confirming Sydney's place as the cruise ship capital of Australia.

Bulk Liquids Berth refurbishment

Work included a new fendering system and an upgraded lighting system to allow the facility to accommodate LPG and petroleum vessels of up to 90,000 deadweight tonnes.

Head office accommodation

The Corporation consolidated its Kent Street office operations to levels 8 and 9.

Other Projects

Other projects included the extension of services at the port of Botany Bay, including Terminals Pty Ltd's back lot development and extensions to the road system, Glebe Island/White Bay developments, computer software and hardware purchases and purchases to meet Port Safety Operating Licence requirements.

ASSET MAINTENANCE

Detailed surveys of the Corporation's assets were undertaken to assist in preventive maintenance scheduling. Maintenance expenditure, including corrective maintenance, for the year totalled \$3.54 million.

The Corporation also liaised with lessees to oversee maintenance works required under lease conditions. Major maintenance works included:

- structural repairs to 28 high mast lighting towers (\$170,000)
- repairs to passenger gangways to ensure continued safe operation of the passenger terminals (\$50,000).

Business and Community Relations

Sydney Ports: A Member of





the Community

The ports of Sydney Harbour and Port Botany are synonymous with the city of Sydney. Cargo ships, cruise liners, dockside cranes and warehouses, container operations and bulk cargo facilities are all features of the city's shores and waters, familiar aspects of the lives of many Sydneysiders.

From this interlocking of interests arises a special relationship between Sydney Ports Corporation and the people of Sydney. The Corporation sees itself in two complementary roles, both reflecting an interdependence with great potential benefits.

First, the Corporation's commitment to building an efficient and profitable business means making the best possible use of physical facilities and infrastructure for the benefit of shipping related industries. This in turn creates jobs and generates the direct and indirect economic benefits of handling exports and imports.

Secondly, as a user of the amenities shared with the community, including the environment and the landscape, the Corporation acknowledges an obligation to put something back into the community. The Corporation can do this by supporting port related community activities and by working with community groups to ensure that its operations do not intrude unnecessarily on people's lives.

In short, the Corporation endeavours to be a good corporate citizen and foster harmonious community relations.

During 1996/1997 the Corporation achieved this through a variety of activities including promotions, sponsorships, seminars and participation in community groups.

1996 RURAL MARKETING PROGRAM

The Corporation hosted the 1996 Sydney Ports North Western New South Wales Region International Trade Dinner in Tamworth in August 1996. The dinner attracted guests from the regional primary production and exporting community and representatives of regional trade development organisations, local government and the Sydney ports community. Key speakers included the Mayor of Tamworth, a director of the New England Development Corporation and Sydney Ports Corporation's Chief Executive Officer.

The function made a successful contribution to the Corporation's objective of building a strategic regional alliance with this important source of exports shipped through Sydney ports.

The Corporation's Business Development staff is actively involved with industry to develop trade of commodities such as wool. Pictured here are Ian Feeney, Packtainers, Gerry McCormack and Brian Donkin, Sydney Ports Corporation.

The Corporation again conducted a program of promotional exhibitions at major regional New South Wales agricultural field days during 1996. Taking as its theme "Sydney Ports International Trade & Transport", the promotion was conducted jointly with FreightCorp. Members of the Sydney ports community, including stevedores, shipping lines and Austrade, joined Corporation staff at purpose built exhibitions at AgQuip (Gunnedah, August 1996), the 1996 Orange Export Field Day (Orange, October 1996) and the 1996 Australian National Field Days (Orange, November 1996).

The program was successful in its objectives of building closer links between the State's regional hinterland and the port community, improving understanding of regional trade and transport issues and moving larger regional trade volumes through Sydney ports more reliably and cost effectively.

1996 EXPORTER OF THE YEAR AWARDS

The Corporation again sponsored the award for "Largest Growth in Exports Through Sydney Ports" as part of the Australian Institute of Exports (NSW) 1996 New South Wales Exporter of the Year Awards in September 1996. The 1996 Sydney Ports Award was presented to Vassloh Schwabe Australia Pty Ltd, a lighting and electrical components manufacturer.

TABMA ANNUAL DINNER AND AWARDS

Sydney Ports Corporation, recognising the contribution of the timber import industry, was a major sponsor of the 1996 TABMA (Timber and Building Materials Association) Dinner and Awards in September 1996.

SYDNEY CRUISE INDUSTRY FORUM

The Sydney Cruise Industry Forum met twice during 1996/1997 to discuss a range of cruise industry operational and promotional issues. Formed in 1993 at the instigation of the Corporation's predecessor, the Forum is the only port based body of its type in Australia and represents more than 20 Sydney cruise vessel operators, agents, stevedores and tourism bodies.

PASSENGER TERMINAL MEET AND GREET PROGRAM

The Sydney Passenger Terminal Meet and Greet Program continued during the year and provided specially trained personnel to meet more than 20 international cruise vessels carrying about 22,000 visitors to Sydney during the 1996/1997 season.

The program was established several years ago by the Corporation's predecessor, in conjunction with Tourism New South Wales, to provide international cruise passengers with a friendly welcome and relevant tourism information to help them get the most out of their Sydney stay.

TERMINAL APRON OPEN TO PUBLIC

In an initiative that marks the harmonious relationship between the Corporation and the Sydney community, the Sydney Cove Passenger Terminal wharf apron has been opened to the public, increasing the community's access to waterfront amenities.

The Premier, Hon R.J. Carr MP, and the Minister for Ports, Hon P.C. Scully, performed the opening ceremony on Sunday, 18 August 1996. The wharf apron is now available for public use daily during daylight hours, except on ship days.

NEW ZEALAND FIELD DAYS

The Corporation attended the New Zealand Field Days held at Mystery Creek, Hamilton, for the first time in 1997. Attending as part of the Austrade promotional exhibition, the Corporation was able to generate a strong profile for Sydney in New Zealand, Sydney's third largest trading partner, and dealt with a high level of trade inquiries.

Sydney Ports Corporation was the first Australian port to attend this premier New Zealand agricultural trade fair.

SYDNEY PORTS 2020 MASTER PLAN FORUM

Guests at the Corporation's 2020 Master Plan Forum in December 1996 represented key customer organisations including tenants, shipping lines and related members of the Sydney Ports community.

The Forum provided the Corporation with the opportunity to explain technical options for the future development of the port.

PROMOTIONS AND COMMUNICATION ACTIVITIES

During 1996/1997, the Corporation's Corporate Communications section produced the following:

- A corporate video titled *Australia's Vital Link*. The eight minute video, produced with assistance from Corporation tenants, was launched during July 1996. It is a succinct and attractive introduction to Sydney's port facilities, their competitive advantages and the role of the Corporation. Copies of the video were distributed to all major Corporation customers. Japanese and Mandarin language versions have also been produced for overseas promotion.

- A brochure titled *Sydney Ports – Commitment to Performance*. The eight page brochure, published in June 1997, was designed as the primary introduction to Sydney Ports and the role of Sydney Ports Corporation.
- 'Port Focus' – the Sydney Ports Corporation newsletter – published for the first time in June 1996 and produced quarterly during 1996/1997. This newsletter provides a mix of news about relevant Corporation and ports community operational and service developments and quarterly trade and shipping statistics. *Port Focus* is now distributed to more than 2,000 customers and port community members.
- Sydney Ports Website. Sydney Ports Corporation's Internet site came online in January 1997. The site, (accessible at www.sydports.com.au), contains information on port facilities and key personnel. It is updated regularly with recent press releases and editions of *Port Focus*. Free copies of Sydney Ports Corporation's Handbook (a guide to doing business in Sydney Ports) can also be ordered through the e-mail address, "enquiries@sydports.com.au".

KEY RESIDENTIAL SITES

The port of Sydney Harbour is under considerable pressure from residents' complaints about port related noise. The former Ampol, Unilever and Vanadi sites at Balmain and the former CSR site at Pyrmont sites originally formed an industrial "buffer zone" around the White Bay/Glebe Island port activities. It is now proposed to rezone these sites to residential. Sydney Ports Corporation has made representations to the Department of Urban Affairs and Planning to have appropriate noise attenuation measures incorporated into the relevant draft LEPs which were gazetted in July 1997 and master plans for the sites. One of these plans includes a number of the noise standards recommended by the Corporation.

WHITE BAY NOISE CONTROL

The White Bay Noise Reference Committee was formed by Sydney Ports Corporation, in association with P&O Ports Limited, nearly two years ago, to manage issues of port related noise. The committee provides a forum to enable surrounding residents to raise matters relating to port noise. Representatives from a variety of government authorities, including the Environment Protection Authority and Leichhardt Council, attend the meetings. Noise complaints are monitored by Sydney Ports Corporation and where possible measures are adopted to control noise emanating from the port area at White Bay.

BIZWATCH

In mid-1996 Bizwatch, the Port Botany Business Group was formed comprising representatives from Sydney Ports Corporation and each of the businesses within Port Botany.

Over the last year the group has been actively progressing the following issues:-

- the recommendations of the Port Botany Land Use Safety Study
- transport - both local and greater Sydney
- responsibility for land tax as a result of corporatisation
- changes to planning and environmental legislation affecting the port.

GORE BAY TERMINAL COMMUNITY CONSULTATIVE GROUP

Sydney Ports Corporation has been involved for a number of years in a community consultative group initiated by Shell Refineries Pty Ltd, which provides a forum for the community and the company to address issues in relation to the operation of the Gore Bay Terminal. As well as Sydney Ports Corporation and Shell Refineries Pty Ltd, the group includes residents and representatives from Lane Cove Council and the Environment Protection Authority.

John Findlay and Rob King of Shell Refineries Pty Ltd meet with Shane Hobday, Sydney Ports Corporation, at the Gore Bay Terminal, Greenwich.



Protecting the Environment:

Sydney Harbour and Botany Bay are busy ports – and the volume of cargo handled is expected to double in the next 20 years.

The Corporation's specialist staff is a dedicated group of skilled people trained to respond effectively to any incident seen as a possible threat to the ports' environment or safety levels.

The Marine Services team is equipped with fast response vessels, fire fighting equipment and modern damage control devices. The team is based at the historic Moore's Wharf in Sydney Harbour but keeps a 24 hour watch on activity in the Harbour and at Botany Bay, ready to use the resources of a versatile "toolbox" of techniques, equipment and skills.

The most common problem faced by Marine Services is oil spillage – from shipping and other sources – and these trouble shooters have developed expertise in containing and mopping up spills, a specific requirement of the Port Safety Operating Licence. In most cases they can be at the site of a spill within 15 minutes of being alerted, deploying booms and skimmers to minimise damage.

Sydney Ports Corporation is able to share this know-how: the Corporation's personnel can provide services to other ports throughout Australia and are also ready to advise on the management of non-marine incidents. The expertise of the team was acknowledged internationally during the potentially disastrous *Iron Baron* oil spill off the Tasmanian coast, where Marine Services personnel assisted the local emergency response team.

Staff routinely inspect ship bunkering procedures to ensure that oil transfers are undertaken without risk to the marine environment.

During 1996/1997, the effectiveness of the Corporation's surveillance and prevention role was shown by the absence of any major mishaps. Activities included:

- 445 audits of containerised dangerous goods;
- 940 random inspections for containerised dangerous goods;

- 554 response operations, a 40% increase on the previous year, largely because of the requirements of the Port Safety Operating Licence;
- 160 oil spills from unidentified sources which required some form of irrigation operation;
- 172 oil spill responses (an increase of 76 from 1995/1996) of which 7% were suspected of being ship sourced. Five marine pollution prosecutions were determined in the Land and Environment Court, with fines totalling \$250,000. Six new proceedings were initiated under the Marine Pollution Act 1987;
- ten emergency management exercises, including oil spill response exercises. The largest of these was a combined oil spill and fire exercise with Ampol at Kurnell, attended by more than 30 Marine Services personnel on nine vessels.

LAND USE STUDY

The *Port Botany Land Use Safety Study*, conducted by the Department of Urban Affairs and Planning in association with Sydney Ports Corporation, was released on 5 September 1996. The study confirms that all surrounding residential areas are safely within the risk criteria used by the Department.

Ready for anything, Marine Services emergency response personnel are trained in tackling, and beating, the problems that can arise in major ports. They can deal with oil spills, fires or accidents. Left to right Graham Edgley and Tony Tedesco of Sydney Ports Corporation.



On-Call Trouble Shooters

A number of the study's recommendations are being put into effect, including the establishment of the Port Botany Neighbourhood Consultative Group to enhance the involvement of the local community. This group comprises representatives of the community, councils, NSW Police Service, New South Wales Fire Brigade, Environment Protection Authority, WorkCover, Department of Urban Affairs and Planning, port lessees and Sydney Ports Corporation. The group has reviewed the results of a security audit carried out by the NSW Police Community Safety and Crime Prevention Unit and the structure and processes of emergency plans and exercises.

COASTAL MANAGEMENT

The Corporation is conscious of the responsibilities of conducting large scale port operations close to a delicate natural environment. This concern is addressed in Botany Bay, where the Corporation's Coastal Management Section

carries out a program of projects aimed at balancing the economic importance of shipping activities and the obligation to protect the natural heritage.

During 1996/1997 the section let a \$3.6 million contract for the restoration of three kilometres of eroded coastline at the southern end of Lady Robinsons Beach on Botany Bay. The work is jointly funded by the New South Wales and Federal Governments.

Botany Bay wetlands are known for the variety of their birdlife and the Corporation has acted to make a positive contribution to the safeguarding of natural habitats. The Coastal Management Section has prepared a plan for construction of an alternative habitat for little tern and wader birds on a sand island at Towra Point. This work is being carried out on a commercial basis for the Federal Airports Corporation.



Sydney Ports Corporation



**Chief Executive
Officer**

Greg Martin

BE(Civil), BCom

**Executive Officer
Policy & Planning**

John Hayes

BE, Dip T&CP

- Strategic Planning
- Corporate Planning
- International and National Marine and Port Issues (AAPMA)
- Olympics
- Special Projects
- Port Performance Benchmarking
- Pricing Policy



**General Manager
Human Resources**

Bronwyn Anderson

CPers Mgt, Grad
Dip Mgt

- HR Management
- IR
- Payroll
- Workplace Health and Safety
- Equal Employment Opportunity/Anti Discrimination
- Staff Training



**Secretary and
General Counsel**

Barbara Filipowski

BA, LLB

- Corporate Secretarial
- Legal Services



Organisation

In its second year since corporatisation, Sydney Ports Corporation is streamlining progressively the organisation and staff functions to meet the plans of the next 20 years.

The prospect of major growth by 2020, presents infrastructure development, technological and human resource challenges.

Beyond internal activity the Corporation's specialist staff also provide skills and expertise to a wide range of external committees and forums.

Chief Finance Officer John Morrison BCom • Finance/Invoicing • Administration • Insurance • Information Technology/Electronic Data Processing	General Manager Commercial Don Ross BE, MBA • Trade Development • Marketing • Trade Statistics • Port Pricing • Port Industry Matters • Property Negotiation and Lease Management • Corporate Communications	General Manager Shipping & Technical Services Murray Fox BSc(Eng), M Eng Sc • Pilotage • Vessel Management • Capital Works • Maintenance • Environment • Dredging/Surveys Drafting	General Manager Marine Services Chris Alsop • Port Safety • Oil Spill Response • Marine Contracting • Berth Services
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This group comprises the executive committee of the organisation.

Sydney Ports Corporation never switches off. We have people at work 24 hours a day, every day of the year.

The Corporation acknowledges that the objective of increased efficiency, service and productivity relies on the quality of the staff. Training, skills development, effective employee relations and appropriate working environments all play vital parts in encouraging employees to use their full potential.

People: The Pulse of

In line with general trends in industrial relations, the Corporation concluded an enterprise agreement with the unions including salary increases and workplace policy initiatives. The Sydney Ports Corporation 1996 Enterprise Agreement was registered in October 1996.

Under the agreement, two workplace based consultative committees were formed, comprising representatives from employees and management, to consider issues such as workplace change, staff training, business improvement, Occupational Health and Safety (OH & S), and productivity. The committees are:

- The Operations Consultative Committee, representing the Marine Services and Shipping and Technical Services staff; and
- The Operations Support Consultative Committee, representing employees in service units including Human Resources, Finance and Commercial.

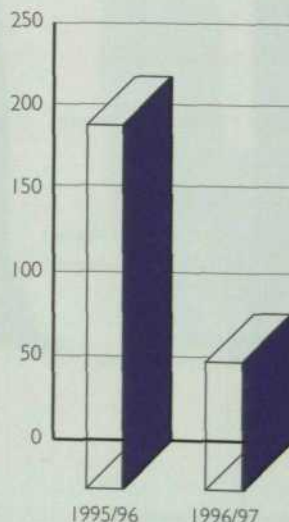
The committees were established early in 1997 and have met regularly to discuss a number of policy changes. Wide consultation with workgroups and locations throughout the organisation has occurred through this process.

TRAINING COURSES AND WORKSHOPS

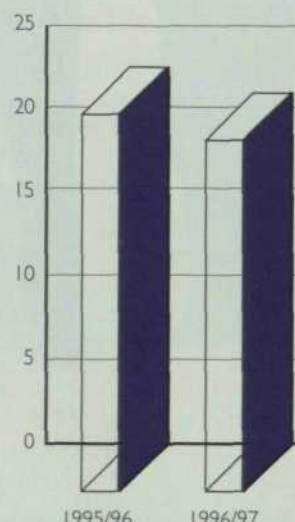
An extensive program of training courses and workshops highlighted the Corporation's commitment to fostering the development of staff skills and opportunities for advancement.

One hundred and eighty employees took part in a half day workshop on change management and a two day workshop on customer service. In further skills initiatives, 39 staff were trained in process mapping, 31 managers and supervisors were brought up to date on occupational health and safety legislation and 75 staff attended computer training to familiarise them with Microsoft software programs.

Days Lost Through Workplace Injury



Average Lost Time Injury Frequency Rate



All port officers undertook dangerous goods training and 63 were also trained in the Ship/Shore Operational Agreement.

Other training activities included topic specific seminars and conferences, marine courses and occupational health and safety courses.

In the Marine Services Unit, an extensive multi-skilling program continued, with training in quality assurance, occupational health and safety, emergency response and environment management.

the Ports

STAFF PERFORMANCE

The Corporation has given priority to achieving excellence in customer service. One major initiative, following the Corporation's first customer survey, was the formation of an internal "diagonal slice" of employees representing the various departments and units. Under the chairmanship of the Chief Finance Officer, the committee examines ways to raise the quality of service.

In a further continuous improvement measure, the Marine Services Unit and the Executive Committee undertook organisational self assessment procedures during May and June 1997. Organisational self assessment – promoted by the New South Wales Premier's Department and conducted by the Australian Quality Council – will be extended across the whole organisation.

Human resources practices have been analysed and updated. This includes reviews of procedures, the payroll system, recruitment and training attendance. Job descriptions are being revised or finalised and appropriate skills are being determined for positions throughout the Corporation.

TECHNICAL EXCHANGE AND FURTHER EDUCATION PROGRAMS

Following a visit to Sydney Ports Corporation by delegates from the Japanese port of Yokkaichi, a sister port since 1968, agreement was reached for a technical exchange program enabling a staff member from each port to visit the other.

Acting Shipping Manager Jenny de Wit was selected as the Sydney Ports Corporation representative to undertake a one month program in Yokkaichi in 1997/1998. The selection process involved an invitation to all Corporation staff to tender written submissions incorporating professional participation objectives. An exchange representative from Yokkaichi Port Authority will visit Sydney in January-February 1998.

In another staff development program, Sydney Ports Corporation encourages and supports staff undertaking part time study.

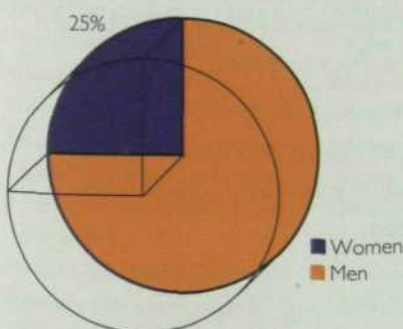
During 1996/1997, 28 employees were enrolled in university undergraduate or postgraduate programs or TAFE courses.

HEALTH AND SAFETY

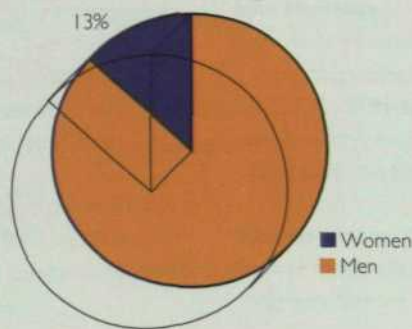
A strategic plan was developed by the Human Resources Unit and approved by the Board in November 1996. As a result of Consultative Committee discussions the OH&S Committee functions were incorporated in the consultative process from May.

An audit of OH&S practices, undertaken by an external consultant, revealed only minor non-conformities and action has been taken on issues that were raised.

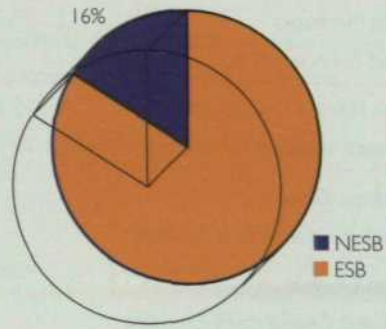
Women in Corporation's executive



Women as percentage of total staff



Total Staff from non-English speaking background





The Corporation's staff are trained to use the latest technology for the processing of shipping manifests. Rod Saunders, Sydney Ports Corporation, utilises the Harbour Management System to process manifests.

The Corporation's workplace safety record continued to improve. Days lost through workplace injury fell from 217.75 in 1995/1996 to 76.5 in 1996/1997. The average lost time injury frequency rate fell from 22.5 in the previous year to 20.95.

Health promotion activities included a skin cancer awareness campaign and physical checks by the Corporation's medical practitioner which yielded beneficial results. A Healthy Heart program coincided with Heart Disease Prevention Week, with staff receiving information about lifestyle, diet and exercise.

All new staff undergo extensive medical examinations on appointment and annual health checks have begun for executives and senior managers.

EQUAL EMPLOYMENT OPPORTUNITY

During the year Sydney Ports Corporation appointed as executives Bronwyn Anderson as General Manager, Human Resources and Barbara Filipowski as Secretary and General Counsel.

OVERSEAS VISITS

Name and Title	Date	Country	Purpose
Greg Martin <i>Chief Executive Officer</i>	27 May - 13 June 1997	Singapore	Meet executives of major shipping lines.
		London, England	Attend International Association of Ports and Harbors 20th World Ports Conference.
		Dublin, Ireland	Meet executives of Port of Dublin Company.
John Hayes <i>Executive Officer Policy & Planning</i>	8 - 14 March 1997	Kuala Lumpur, Malaysia	Speak at 3rd Pan Asia Warehousing and Logistics Convention. Visit Port Klang.
	24 May - 13 June 1997	Hong Kong	Inspect cruise facilities in Hong Kong and meet executives of major shipping lines.
		Savannah, USA	Meet executives of Georgia Ports Authority regarding performance information exchange.
		London, England	Attend International Association of Ports and Harbors 20th World Ports Conference.
John Morrison <i>Chief Finance Officer</i>	1 - 7 June 1997	Barcelona, Spain	Meet with executives of Port of Barcelona regarding Olympic Games demands on the port.
		London, England	Attend International Association of Ports and Harbors 20th World Ports Conference.
Don Ross <i>General Manager Commercial</i>	9 - 15 June 1997	Hamilton, New Zealand	Work with Austrade for promotion of trade, participating in an Agricultural Field Day and undertake client visits and port inspection.
Andrew Gibson <i>Business Development Manager</i>			
Brian Donkin <i>Business Development Executive</i>			

Women now represent 25% of the Corporation's executive. Of the total staff, 13% are women and 16% of total staff are from non-English speaking backgrounds. While conscious of Ethnic Affairs, the Corporation does not have an ethnic affairs statement nor has it entered into any ethnic affairs agreement.

The Corporation has updated its required report to the Director of Equal Opportunity in Public Employment for the period to 31 March 1997. New or amended job descriptions conform with Equal Employment Opportunity guidelines.

STAFF AWARDS AND NUMBERS

An employment milestone was recognised when Barry Markham was presented with a Service Award on his retirement after more than 45 years of continuous service with Sydney Ports Corporation and its predecessor organisations. Other presentations included six awards for 25 years' service and seven awards for ten years' service.

Forty three staff appointments were made during the year. Twelve were external recruitments and the others internal promotions and transfers. Three advertised positions remained unfilled during the period.

At 30 June 1997 the Corporation had 204 permanent employees. This contraction of staff numbers resulted largely from a voluntary separation/ early retirement program announced in October 1996 following negotiations with the relevant unions. The program will continue, with voluntary separation and natural attrition expected to reduce numbers to the target of approximately 190.

Staff volunteering for separation are offered financial counselling, superannuation consultancy, contributions to further education and outplacement services.

STAFF WHO ARE MEMBERS OF EXTERNAL COMMITTEES

Kevin Davis

Standards Australia

Denis Dillon

Business Efficiency Group of the Association of Australian Ports and Marine Authorities Incorporated

Murray Fox

Member, Association of Chief Engineering Managers, NSW Govt, Agencies
Port Botany Neighbourhood Consultative Group
Bulk Liquids Industry Association
Sydney Harbour Committee for Australia Day Celebrations
Tall Ships Visit - State Committee

Liam Gavin

State Marine Committee
Navigation Committee (Pilots)
Navigators Committee - Navy/Waterways/Pilots/OMA
Boxing Day - Sydney to Hobart Yacht Race Committee
Ampol Refineries Meeting
National Plan Pollution Committee
Tall Ships/Whitbread Committee
Olympic Trial Regattas Committee
8 Darling Harbour Redevelopment Committee
Pioneer Development Committee
Foreshore Shore Assessment & Clean-Up Group

Andrew Gibson

State Chamber of Commerce
Transport Policy Committee
NSW Cargo Facilitation Committee
Sydney Cruise Industry Forum

John Hayes

Australian Transport Council - Marine & Ports Group
IAPH Executive Committee
IAPH/IMO Interface Working Group
Sydney Ports User Consultative Group
Association of Australian Ports and Marine Authorities Incorporated Executive Committee (Senior Vice President)
Olympic Waterways Working Committee and Port Operations Sub-Committee

Shane Hobday

Port Botany Neighbourhood Consultative Group
White Bay Noise Management Reference Committee
Botany Local Emergency Management Committee
Bulk Liquids Berth Users Committee
Marine Emergency Committees - Sydney, St George, Sutherland
Port Botany Emergency Response Committee

Shell Community Consultative Committee

State Committee of the National Plan to Combat Pollution of the Sea by Oil

Sydney City Zone Emergency Management Committee
Eastern Suburbs District Emergency Management Committee

John Huxson

Maritime Panel Institution of Engineers Australia
International Cargo Handling Co-ordination Association - Australian Executive
Member, Sydney Airport Consultative Committee
Sydney Cove Waterfront Strategy Team
President First Port Club

Greg Martin

Missions to Seamen Board

John Morrison

International Association of Ports and Harbors (IAPH) Finance/ Budget Committee
State Treasury - Accounting Issues Reference Panel

Tony Navaratne

Maritime Panel Institution of Engineers Australia

Office of Marine Administration - Port Operations Subcommittee of the Olympic Waterways Working Group

Morgan Noon

NSW Department of Transport Task Force Committee

Stephen Potter

City South Freight Movements Study Steering Group
City South Economic Gateways Study Steering Group

Phil Rosser

Port Operations Olympic Working Group
Sydney Ports User Consultative Group

Max Willoughby

Maritime Panel Institution of Engineers Australia
Botany Bay Coastal Management Committee
Year 2000 International Coastal Engineering Conference Organising Committee

Board of Directors



Greg Martin

**BE(Civil), BCom, ASIA
Chief Executive Officer
and Managing Director**

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

Brian Finn AO

**FACS, FIE(Aust), FTSE, FUTS
Chairman**

Mr Finn was formerly Chief Executive of IBM Australia Ltd and is currently the Chairman of the Advisory Board of IBM Australia Ltd. He is Deputy Chairman of Southcorp Holdings Ltd, a Member of Boards of Directors of HIH Winterthur Holdings Ltd, National Mutual Holdings Ltd, Primac Holdings Ltd and Impart Corp Ltd.

Previous appointments include Chairman of CitiPower Ltd, Director of Telstra Corporation Ltd, Chairman of the Australian National Training Authority (ANTA), a Member of Board of Governors of the University of Western Sydney and Chairman of the National Science and Technology Centre.

Peter Medlock

BEC

Director

Mr Medlock is currently a Director of Fellows, Medlock-Associates, which specialises in the provision of industrial relations and human resource management, advice to organisations in the private and public sectors. Previous appointments have included a role with Concrete Constructions Pty Ltd, Senior Advisor to the Federal Minister for Employment and Industrial Relations, member of the Expert Panel – Federal Government Best Practice Demonstration Program and member of the Advisory Board – Australian Construction Services.

Cheryl Bart

BCom, LLB

Director

Ms Bart is a lawyer and company director. She is a Director of ETSA Corporation, ETSA Transmission Corporation, ETSA Energy Corporation and is also a member of the Legal Compliance Committee. She is also a Director of the Institute for Biomedical Research at Sydney University and a member of the Advisory Board of the PA Consulting Group. Ms Bart is the Executive Chairman of a private company which manufactures, exports and imports plastics and textiles. She holds directorships with a number of private companies and is the Chairman of a charitable organisation.

Paul Binsted

BEC, LLB, ASIA

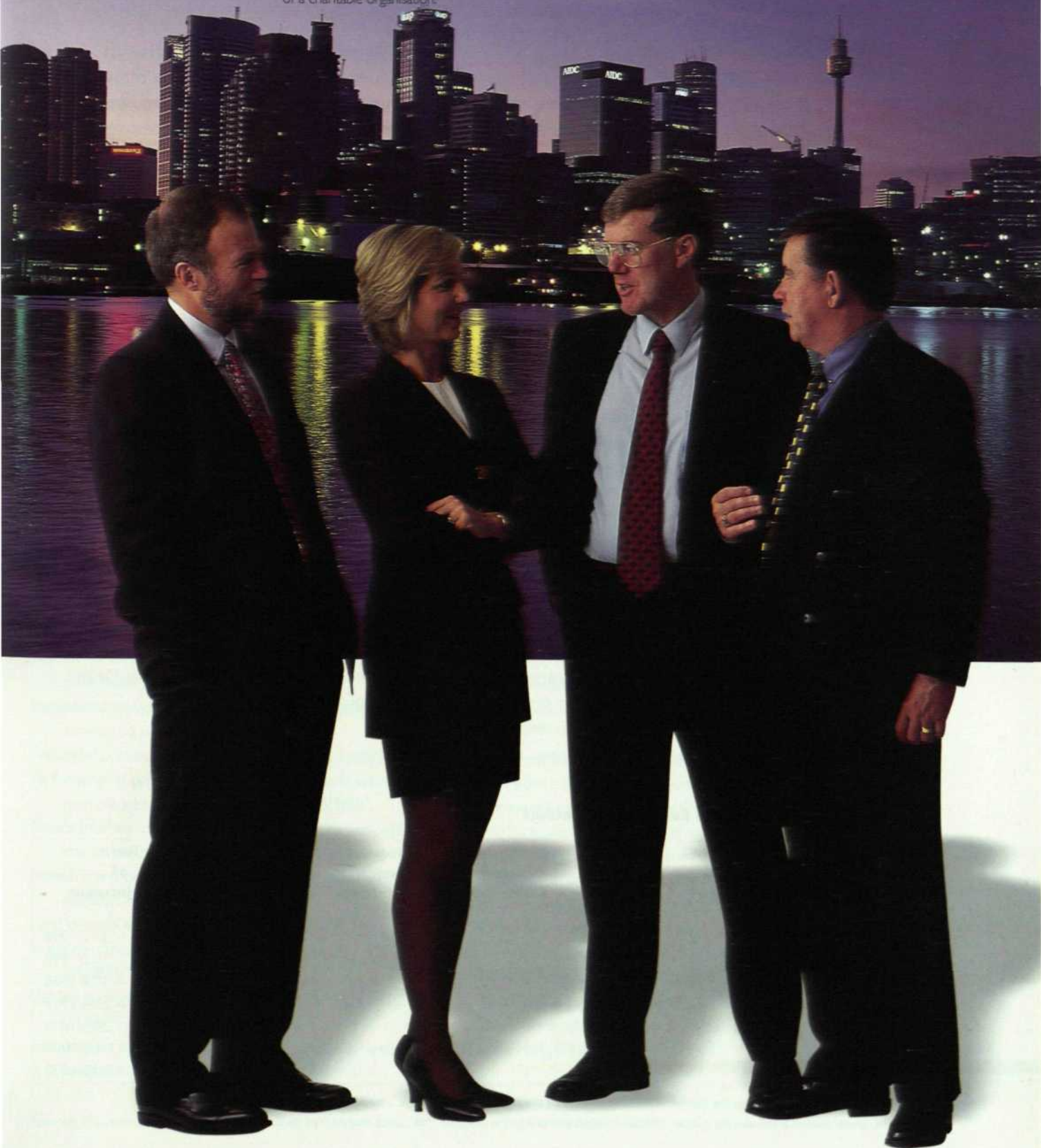
Director

Mr Binsted is an investment banker. He specialises in corporate financial advice. He is a Vice Chairman of County NatWest Corporation Finance Australia Limited. Previous appointments have included Director and joint Head of Investment Banking, Schroeders Australia Limited and Director and Principal, Lloyds Corporate Advisory Services.

Dic Smith

Director

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



Good corporate governance creates and sustains an ethical and legal environment which recognises the interests of all the stakeholders in a corporation, not the least its shareholders. The Board has directed that a statement of corporate governance principles and policy be prepared.

THE ROLE OF THE SYDNEY PORTS CORPORATION DIRECTORS

The Board oversees the business and commercial affairs of the Corporation, approves the business and financial objectives and strategies proposed by and subsequently implemented by management and monitors performance and policy. Apart from participating in regular Board and committee meetings, the Directors from time to time visit the Corporation's operations and informally meet port users and staff.

THE COMPOSITION AND PROCEDURES OF THE BOARD

The Board of seven Directors comprises five non-executive directors (one of whom is the Chairman), the Chief Executive Officer and a Staff Director who is selected in accordance with the procedures set out in the Ports Corporatisation and Waterways Management Act 1995. The Directors are appointed by the Governor on the recommendation of the voting shareholders.

The proceedings and certain procedures of the Board are governed by the State Owned Corporations Act 1989 and the Articles of Association of the Corporation.

BOARD REMUNERATION

Non-executive Directors and the Staff Director are remunerated by fees determined by the Voting Shareholders from time to time. These fees are comparable with those paid to directors of similarly constituted and similarly sized corporations.

BOARD COMMITTEES

Three committees support the Board.

The Audit Committee considers internal accounting controls and procedures, the activities of the internal and external auditors, the relationship between management and the external auditors, and the financial statements of the Corporation.

The Audit Committee comprises all non-executive Directors and has a specific charter.

The Remuneration Committee considers remuneration policies and practices, the remuneration of the executive management group and merit recognition arrangements.

The majority of the Corporation's staff are remunerated on the basis of an Enterprise Agreement which is dated 25 July 1996 and was registered on 18 October 1996. This agreement is in force until 30 June 1998.

In line with developments in the employment market, executive and senior management are remunerated by fixed base salaries coupled with "at risk" performance incentives.

The Remuneration Committee comprises P.A. Binsted, G.J. Martin and V. Smith.

The Trade Committee considers, among other things, the Corporation's marketing strategy and plans, strategic alliances, the retention and attraction of new trade and appropriate pricing strategies and policies.

The Trade Committee comprises C. Bart, G.J. Martin and P.J. Medlock.

Attendance at Board and Committee Meetings

	Regular Board Meetings		Special Board Meetings		Board Audit Committee		Board Remuneration Committee		Board Trade Committee		Term of Appointment
	A	B	A	B	A	B	A	B	A	B	
T. B. Finn AO	11	11	1	1	1	1	—	—	—	—	4/12/1995 – 3/12/1998
C. Bart	11	11	1	1	1	1	—	—	4	4	4/12/1995 – 3/12/1998
P.A. Binsted	11	11	1	1	1	1	1	1	—	—	4/12/1995 – 3/12/1998
P. G. Curran*	7	7	1	1	—	—	—	—	—	—	24/4/1996 – 23/4/1999
G. J. Martin	11	11	1	1	—	—	1	1	4	4	29/5/1996 – 28/5/1999
P. J. Medlock	11	11	1	1	1	1	—	—	4	3	5/6/1996 – 4/6/1999
V. Smith	11	11	1	1	1	0	1	1	—	—	4/12/1995 – 3/12/1998

The column marked A indicates the number of meetings held during the period the Director was a member of the Board and/or Committee.

The column marked B indicates the number of those meetings attended by the Director. *Mr Curran resigned from the Board on 20 February 1997.

Statutory Disclosures

The following statutory disclosures are provided in accordance with the Public Finance and Audit Act 1983 Annual Reports (Statutory Bodies) Act AR(SB)A and the Annual Reports (Statutory Bodies) Regulation 1995 AR(SB)R.

FUNDS GRANTED TO NON-GOVERNMENT COMMUNITY ORGANISATIONS

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

1996/1997 ANNUAL REPORT

Number of copies printed: 5,000

Average cost per copy: \$8.75

EXEMPTIONS FROM THE REPORTING PROVISIONS

Section 41B(1)(c)(va) of the Public Finance and Audit Act 1983 and Clause 19 of the Annual Reports (Statutory Bodies) Regulation 1995 require a statutory body to include in its annual report statements of all exemptions, omissions, modifications and variations made by the Treasurer under section 41BA of the Act, and the Regulation, which apply to the statutory body and a summary of the reasons for them.

The following exemptions, omissions, modifications and variations apply to the Corporation.

Exempt from disclosing:

Detailed budget for 1996/1997: ref. s.7(1)(a)(iii)AR(SB)A

Outline budget for 1997/1998: ref. s.7(1)(a)(iii)AR(SB)A

Material adjustments to detailed budget for 1996/1997: ref. Schedule 1 AR(SB)R

Number of employees by category and comparison to prior three years: ref. Schedule 1 AR(SB)R

Exceptional movements in employee wages, salaries or allowances: ref. Schedule 1 AR(SB)R

Personnel policies and practices: ref. Schedule 1 AR(SB)R

Performance in paying accounts, including action to improve payment performance: ref. Schedule 1 AR(SB)R

Reasons for late payments of accounts and interest paid due to late payments: ref. Schedule 1 AR(SB)R

Research and development activities: ref. Schedule 1 AR(SB)R

Land disposal activities: ref. Schedule 1 AR(SB)R

Investment management performance: ref. cl. 12 AR(SB)R/TC G1991/5

Liability management performance: ref. cl. 13 AR(SB)R/TC G1991/5

Amounts set aside for renewal or replacement of fixed assets: ref. Schedule 1, Part 1, PF&AA(G)R

Amounts set aside to any provision for known

commitments: ref. Schedule 1, Part 1, PF&AA(G)R

Amount appropriated for repayment for loans/advances/debentures/deposits: ref. Schedule 1, Part 1, PF&AA(G)R

Material items of income and expenditure on a program or activity basis (summary required): ref. Schedule 1, Part 1, PF&AA(G)R

Where non-current asset value exceeds replacement cost: ref. Schedule 1, Part 1, PF&AA(G)R

Exempt from preparing:

Manufacturing and trading statements for controlled entities (required to prepare a summarised Operating Statement): ref. s.7(1)(a)(ia)AR(SB)A

Manufacturing and trading statements for the statutory body (required to prepare a summarised Operating Statement): ref. s.41B(c)PF&AA

Conditional exemption from disclosing detailed information:

Summary review of operations (required to disclose information in a summarised form): ref. Schedule 1 AR(SB)R

Management and Activities (required to disclose information in a summarised form): ref. Schedule 1 AR(SB)R

Consultants (required to disclose information in a summarised form): ref. Schedule 1 AR(SB)R

Consumer response (required to disclose information in a summarised form): ref. Schedule 1 AR(SB)R

Risk management and insurance activities (required to disclose information in a summarised form): ref. Schedule 1 AR(SB)R

Controlled entities (required to disclose names and a summary of their objectives, operations and activities and measures of performance): ref. Schedule 1 AR(SB)R

These exemptions, omissions, modifications and variations arise from a review of the External Reporting Framework for Statutory State Owned Corporations (SOCs) and Particular Statutory Bodies by the NSW Treasury based on commercial sensitivity and commercial damage considerations. A number of exemptions relate to financial reporting requirements that are redundant or not considered essential for performance assessment and accountability purposes.

RESPONSE TO SIGNIFICANT ISSUES RAISED BY THE AUDITOR GENERAL

There were no significant issues raised by the Auditor General in his 1995/1996 report.

RISK MANAGEMENT

During the year Sydney Ports Corporation continued its development of strategies for the management of risk. Progressive risk identification processes were accompanied by action to minimise perceived risks. Initiatives undertaken during the period include:

- Preparing a long term strategic study titled *2020 Port Master Plan for Botany Bay and Sydney Harbour*.
- Undertaking the Port Botany Land Use Safety Study in conjunction with the Department of Urban Affairs and Planning.
- Conducting a Risk Management Review and Assessment with Risk Management Australia Pty Ltd.
- Developing a Business Resumption Plan.
- Publishing *Crisis Management Procedures*.
- Arranging an Occupational Health and Safety Risk Assessment conducted by MMI General Insurance Limited, the Corporation's workers compensation insurance underwriters.
- Review of Occupational Health and Safety policies and practices, with concentration on accident investigation and prevention, staff training and enhanced reporting practices.
- Transferring the management of the Corporation's investments to the New South Wales Treasury Corporation (TCorp). TCorp also manages the Corporation's borrowings.
- Working with the Corporation's insurance broker for a full review of the organisation's insurance requirements.
- The Corporation has reappointed Jardine Australian Insurance Brokers Pty Ltd as its insurance brokers for a three year period from 1 July 1997.

1996/1997 PERFORMANCE RELATIVE TO STATEMENT OF CORPORATE INTENT (SCI)

	SCI Target	Actual
Operating Profit (before tax and abnormals)	\$24.4M	\$38.4M
Return on Equity (before tax)	16.9%	26.2%
Return on Net Operating Assets (before tax)	12.8%	17.7%
Interest Coverage	2.8	3.8
Debt: Equity Ratio	1.0	1.0
Total Financial Distribution (A+B)	\$17.1M	\$26.9M
Income Tax Payable (A)	\$8.8M	\$12.3M
After-tax Dividend (B)	\$8.3M	\$14.6M
Guarantee Fees	\$0.5M	\$0.4M
Capital Works Expenditure	\$8.0M	\$3.8M

FREEDOM OF INFORMATION (FOI)

The Sydney Ports Corporation is required to report annually on its administration of FOI enquiries. The following tables detail statistics required to be reported under the Act for the period 1 July to 30 June for the corresponding years 1995/1996 and 1996/1997. During the reporting period no requests were transferred to another organisation or agency. No requests were carried forward to the reporting period 1997/98. No reviews were requested either internally, to the Ombudsman or to the District Court during the reporting period.

FOI Applications and Applications Determined

	Personal		Other		Total	
	1996	1997	1996	1997	1996	1997
New	2	3	2	0	4	3
Completed	2	3	2	0	4	3
Granted in Full	2	2	2	0	4	2
Refused (Exempt)	0	1	0	0	0	1
Total Processed	2	3	2	0	4	3

Days to Process FOI Applications

	Personal		Other	
	1996	1997	1996	1997
Elapsed time				
0 - 21 days	2	1	2	0
22 - 35 days	0	1	0	0
Over 35 days	0	1	0	0

Processing Time

	Personal		Other	
	1996	1997	1996	1997
Processing Hours				
0 - 10 hours	2	2	2	0
11 - 20 hours	0	1	0	0

During the period no Ministerial Certificates were issued, no formal consultations requested, no amendments or notations to records made. Assessed costs for the three FOI requests were \$30.00 each, for which a total of \$90.00 in fees was received. No applications were made for a reduction in fees. The Corporation's compliance with the FOI Act did not raise any major issues in the reporting period nor did compliance with the Act have any significant impact on Sydney Ports Corporation's activities. The Corporation's FOI Act Statement of Affairs will be published separately. This document will be available by contacting the Corporation's FOI Coordinator.

CODE OF CONDUCT

1. Honesty and Integrity

To uphold the trust and confidence in Sydney Ports Corporation by port users, our shareholders and the general public, employees should conduct themselves with absolute honesty and integrity while pursuing their business objectives, representing the Corporation and dealing with port users.

1.1 Complying with Rules, Regulations and Legal Requirements

Employees are expected to abide by all applicable rules and procedures in operation within the Corporation.

To safeguard against breaching this requirement, employees should ensure they follow the rules and procedures contained in the relevant manuals and operating guidelines and if still in doubt they should seek the advice of their manager or supervisor.

Employees are required to comply with the legal and regulatory requirements applicable to the Corporation. If employees are uncertain as to what laws apply they should consult with their manager or supervisor and, if still uncertain, with the Secretary and General Counsel.

1.2 Confidentiality

The principle of confidentiality is fundamental to all functions of the Corporation's activities, and employees should treat the business affairs of the Corporation, port users and fellow employees, with absolute confidentiality.

The only exceptions to this obligation will arise where an employee is compelled by law to deliver confidential information to a court, authority or agency or other third party or where disclosure is in the public interest as set out in the Protected Disclosure Act 1994.

This principle of confidentiality applies equally to ex-employees in relation to confidential information acquired during employment with the Corporation and its predecessor organisations.

1.3 Reporting Suspected Corrupt Conduct

The Corporation has guidelines for the reporting of corrupt conduct which is a widely defined concept. A copy of these guidelines may be obtained from the General Manager Human Resources or the Secretary and General Counsel.

Provided reports are neither vexatious or malicious, complainants will be protected and will not suffer reprisals.

1.4 Gifts, Favours, Entertainment

Employees may only accept a gift or form of entertainment if it is of nominal value, is justifiable in all circumstances, is not a bribe and will not influence or impair their decision making process in the Corporation's best interests. If unsure of the intent of such offerings, employees should seek the advice of their manager or supervisor.

Employees may not request any gifts, favours or forms of entertainment in return for, or exchange of business, services or information.

1.5 Fraudulent Behaviour

Employees must not use or convert to their own benefit, the funds, information or property of the Corporation and/or port users, or assist others in such behaviour.

1.6 Waste

All the Corporation's resources must be used effectively and without waste so that the Corporation's resources are used to meet its objectives. Employees are expected to be efficient and economical in their use of resources including their own work time.

2. Conflict of Interest

Employees owe their primary business loyalty to Sydney Ports Corporation, and should avoid participating in any decisions and activities which may conflict with the duties and responsibilities of their employment with the Corporation. An individual employee may be the only person aware of the potential for conflict.

If there is doubt whether a conflict of interest may exist, details should be disclosed to the employee's manager or supervisor for consideration or referral to senior management.

If a conflict of interest arises during involvement in a particular activity, employees should disclose details to their manager or supervisor at the earliest opportunity.

2.1 Private Interests/Commitments

Employees should not serve as directors of another corporation without specific approval of senior management.

Employees should avoid participating in any business activity or employment outside the Corporation which would or could:

- adversely affect performance of their duties at the Corporation;
- interfere with the judgement of the employee regarding decision making in the Corporation's best interests;
- involve the employee in any dealings with the Corporation on behalf of a company or other body, where the employee is placed in a moral and/or legal position of responsibility to the Corporation and to another party.

2.2 Public Commitments

The Corporation encourages involvement in community affairs through non-profit charitable, social or sporting bodies, where no real or apparent conflict of interest is involved.

2.3 Political Commitments

Employees wishing to engage in any political or semi-political activity do so at their sole discretion, in their own right, and without involving the authority of their position in the Corporation or any of the Corporation's assets or information.

2.4 Competitors/Outside Organisations

Employees of the Corporation should not discuss with employees of competitive or industry institutions the prices, nature, and extent of the Corporation's services, and any policies or practices, unless specifically permitted by the Chief Executive Officer.

2.5 Media/Press Communication

Employees should not communicate to the media/press any information concerning the Corporation's business activities, unless in the context of specific Corporation policies and following permission from the Chief Executive Officer.

3. Inside Information

Employees shall not use inside information regarding the affairs of Sydney Ports Corporation and its shareholders or port users, or any information acquired in the course of employment, for their own personal gain or for that of others such as friends, relatives or business associates. Personal gain may include allowing them or their work to be influenced by future employment offers outside the Corporation.

3.1 Disclosing and Dealing

Employees may not profit from, or disclose to others, any information acquired in the course of employment with the Corporation which is not publicly available, and which could reflect favourably or unfavourably upon the investment value or future market value of stock, shares, other securities and other investments (e.g. property) of a business enterprise.

4. Corporate Citizenship

Employees should uphold Sydney Port Corporation's commitment to good Corporate Citizenship while pursuing its business objectives. Employees shall provide relevant and responsive service to clients and customers meeting client needs and the Corporation's performance standards.

4.1 Community Consciousness

The Corporation's business decisions and actions affect all those involved in its daily operations: employees, port users, shareholders and the general public.

Therefore employees, as part of their decision making process, should consider the social and economic implications of their actions as well as the commercial implications. Decisions shall be based on relevant facts and supported by appropriate documentation

Impartiality and procedural fairness should be exercised by all employees, particularly when exercising delegated authority. Reasons for decisions should be communicated in a format that is clear, accurate, current and complete.

These are often matters of judgement and employees should seek guidance from senior management in cases which cause concern.

4.2 Non Discrimination and Appropriate Behaviour

Employees should honour the Corporation's commitment to equal opportunity for employment and non-discrimination in the supply of services and products and, as an employer, regardless of race, colour, national origin, sex, marital status, religion, political conviction, physical impairment or sexual preferences.

It is important that all employees understand that acts of harassment, including against fellow employees:

- may include offensive behaviour
- will generally be viewed from the position of the Complainant
- will be dealt with as a breach of this Code

These are matters of judgement and employees should seek guidance from senior management in cases which cause concern.

Work should be performed in a way which protects the health and safety of the employees performing the work, colleagues and visitors. Employees must use safety equipment and/or clothing when it is available and must not work under the influence of non-prescription drugs or excess alcohol. Employees on shift work engaged in navigation, safety or emergency work must not consume alcohol while on shift. Employees are accountable for their decisions and general conduct to their Manager, the Board and Ministers representing the shareholders.

5. Consequences of Breaching the Code of Conduct

If the standards in this Code are breached, employees can face legal or disciplinary action (including termination of employment) by Sydney Ports Corporation or, in some circumstances, can be charged with a criminal offence.

If employees are unclear or unsure if their actions or decisions will breach the Code of Conduct, they should seek the advice of their manager or supervisor or, if uncertain or unable to seek such advice, they should contact General Manager, Human Resources or Secretary and General Counsel.

6. Reaffirming the Code of Conduct

From time to time (e.g. during reviews or appraisals or change of duties) employees may be asked to read and confirm their understanding of this Code.

LEGAL CHANGES AND SUBORDINATE LEGISLATION

There have been no material legal changes or changes to subordinate legislation that have had any significant effect on the operations of Sydney Ports Corporation.

FACTORS AFFECTING ACHIEVEMENT OF OPERATIONAL OBJECTIVES

There were no unanticipated factors during the year that led to any material affect on the achievement of Sydney Ports Corporation's operational objectives.

DISABILITY PLANS

Sydney Ports Corporation through its Occupational Health and Safety regime maintains ongoing supervision of safety and health issues including the provision of appropriate rehabilitation services where required.

CONTRACT AND MARKET TESTING

During the year Sydney Ports Corporation tested the market for the following services: Banking Services, Insurance Brokerage, Novation of Executive car leases and Implementation of Enterprise Management System. Appointments have been made in all areas.

RECYCLING ACTIVITIES

Sydney Ports Corporation where possible uses recycled materials as well as taking every opportunity to recycle material capable of being recycled.

CONSULTANCY FEES

Total fees paid and/or becoming payable to consultants engaged by Sydney Ports Corporation for the period 1 July 1996 to 30 June 1997 amounted to \$0.495M (\$0.855M for the year ended 30 June 1996). Consultants worked on the following projects during the period:

Consultants Engaged During 1/7/96 - 30/06/97

Consultant	Project	Cost \$
Dames & Moore Maunsell Pty Ltd	Towra Spit Island - EIS/Community Consultation	38,448
	Port Botany Rail Study	30,000
	Sydney Port Strategy/Botany Bay 2020 Master Plan	122,270
NSW Public Works Department	Feasibility Study for Redevelopment - SCPT	37,400
	76 Other Projects Less than \$30,000	267,385
Total	80 Projects	495,503

Financial Statements

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Operating Statement for the year ended 30 June 1997

	Note	1997 \$000	1996 \$000
Operating Revenue	2	88,234	84,209
Operating Expenditure	3	49,864	41,308
Operating Profit		38,370	42,901
Income Tax Equivalent	4	14,619	16,080
Operating Profit After Income Tax		23,751	26,821
Retained Earnings at the Beginning of the Financial Year		11,679	—
Total Available for Appropriation		35,430	26,821
Dividend to State Government	11	14,558	15,142
Retained Earnings at the End of the Financial Year		20,872	11,679

Balance Sheet as at 30 June 1997

	Note	1997 \$000	1996 \$000
CURRENT ASSETS			
Cash	17(a)	793	981
Receivables	5	12,660	6,616
Investments	6	39,615	42,051
Inventories	7	100	155
Total Current Assets		53,168	49,803
NON-CURRENT ASSETS			
Receivables	5	2,479	3,797
Property, Plant and Equipment	9	272,771	275,317
Other	8	8,474	4,916
Total Non-current Assets		283,724	284,030
Total Assets		336,892	333,833
CURRENT LIABILITIES			
Creditors and Borrowings	10	30,572	161,869
Provisions	11	21,815	27,969
Total Current Liabilities		52,387	189,838
NON-CURRENT LIABILITIES			
Borrowings	10	128,816	-
Provisions	11	9,275	6,774
Total Non-current Liabilities		138,091	6,774
Total Liabilities		190,478	196,612
Net Assets		146,414	137,221
CAPITAL, RESERVES AND RETAINED EARNINGS			
Share Capital	12	-	-
Reserves	12	125,542	125,542
Retained Earnings		20,872	11,679
Total Capital, Reserves and Retained Earnings		146,414	137,221

Statement of Cash Flows for the year ended 30 June 1997

	Note	1997 \$000 Inflow/ (Outflow)	1996 \$000 Inflow/ (Outflow)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		80,397	81,599
Cash payments in the course of operations		(39,209)	(22,480)
Interest received		2,789	2,408
Interest paid		(9,482)	(6,577)
Net cash provided by operating activities	17(b)	34,495	54,950
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(4,579)	(8,272)
Proceeds from sale of property, plant and equipment		553	572
Net cash used in investing activities		(4,026)	(7,700)
CASH FLOWS FROM FINANCING ACTIVITIES			
New borrowings		291	150,000
Repayment of borrowings		—	(60,676)
Net cash provided by financing activities		291	89,324
CASH FLOWS TO GOVERNMENT			
Dividends paid		(15,091)	—
Income tax equivalent paid		(18,293)	(4,117)
Return of capital	12	—	(99,525)
Net cash to Government		(33,384)	(103,642)
Net increase in cash held		(2,624)	32,932
Cash at the beginning of the financial year		43,032	10,100
Cash at the end of the financial year	17(a)	40,408	43,032

Notes to and forming part of the Financial Statements

1. Summary of Accounting Policies

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

BASIS OF ACCOUNTING

As required by Section 41B(1) of the Public Finance and Audit Act, 1983, the accompanying financial statements are a general purpose financial report and have been prepared with regard to current Australian Accounting Standards, rulings of the Urgent Issues Group established by the two major accounting bodies and industry practices to exhibit a true and fair view of the financial position and transactions of the Corporation. The financial statements also incorporate financial reporting requirements specified in the Public Finance and Audit (General) Regulation 1995, the Annual Reports (Statutory Bodies) Act, 1984 and the Annual Reports (Statutory Bodies) Regulation 1995.

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

The financial statements have been prepared on the basis of full accrual accounting using historical cost accounting conventions except for non-current physical assets which are shown at valuation and superannuation which is shown at actuarially assessed present value. The accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability.

The Treasurer has exempted the Corporation from certain reporting requirements under the Public Finance and Audit Act and the Public Finance and Audit Act (General) Regulation. The exemptions are from disclosing amounts set aside to any provision for known commitments, the amount appropriated for repayment for loans/advances/debentures/deposits, material items of income and expenditure on a program or activity basis (summary required), and where non-current asset values exceed replacement cost. The Corporation is also exempt from preparing manufacturing and trading statements however it is required to prepare a summarised operating statement.

The Corporation had no controlled entities during the year ended 30 June, 1997.

STATEMENT OF 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 short term investments in money market instruments which are classified under Current Assets. Cash at the end of the period as shown in the Statement of Cash Flows is reconciled to the relevant items in the Balance Sheet (refer note 17[a]).

(b) Bad and Doubtful Debts

Bad debts are written off against the Provision for Doubtful Debts after thorough investigation and exhaustion of recovery processes. Regular reviews were conducted during the year to determine the adequacy of the level of the Provision for Doubtful Debts.

(c) Inventories

Inventories have been recorded at cost price on acquisition and charged on issue at the weighted cost of each stock line. A perpetual inventory system is adopted and is supported by annual stocktakes. Stock deterioration and obsolescence is reviewed regularly. Stock write-downs as a result of stocktakes, stock obsolescence, and valuation at the lower of cost and net realisable value are charged directly to operating expenditure.

(d) Operating Leases

Operating lease assets are not capitalised and rental payments are charged against operating profit in the period in which they are incurred.

Notes to and forming part of the Financial Statements (Continued)

(e) Valuation of Property, Plant and Equipment

A valuation of the Corporation's property, plant and equipment was carried out during the year ended 30 June 1996 with an effective date of 1 July 1995, i.e. the commencement date of the Corporation. Independent assessments were obtained of the fair market value of non-current assets based on existing use. The "deprival value" concept was used consistent with the following guidelines:

- Guidelines on Accounting Policy for the Valuation of Assets of Government Trading Enterprises,
- Guidelines for the Valuation of Land and Heritage Assets in the NSW Public Sector; and
- Australian Accounting Standard AAS10 Revaluation of Non-current Assets.

In accordance with these guidelines a recoverable amount test was performed to ensure asset carrying values did not exceed recoverable amounts at 30 June, 1997. AAS10 defines "recoverable amount" in relation to an asset as "the net amount that is expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal". Forward estimates were used to determine cash inflows and outflows arising from the continued use of the Corporation's assets. Cash inflows arising from the subsequent disposal of the Corporation's assets were estimated by extrapolating projected cash inflows and outflows for 2007, the final year of the estimate period, into perpetuity and discounting them at the Corporation's weighted average cost of capital.

Refer note 9.

(f) Capitalisation of Property, Plant and Equipment

All expenditure of \$300 or more on land and buildings; roadways; wharves, jetties and breakwaters; and plant are capitalised. Only those assets completed and ready for service are taken to the Property, Plant and Equipment accounts. The remaining capital expenditures are carried forward as construction in progress and are included in Property, Plant and Equipment in the Balance Sheet.

(g) Depreciation of Property, Plant and Equipment

Depreciation has been calculated on depreciable assets, using rates estimated to write off the assets over their remaining useful lives on a straight line basis in accordance with Australian Accounting Standard AAS4, Depreciation of Non-Current Assets. Land assets have been treated as non-depreciable. The remaining useful lives of assets were reassessed as part of the valuation process.

(h) Employee Entitlements

Benefits for long service leave and annual leave have been provided on the basis of emerged entitlements for recognised service for long service leave (five years and over) and quantum due at balance date for annual leave. During the year ended 30 June 1997, the Corporation continued to provide fully for all employee entitlements in accordance with Australian Accounting Standard AAS30, Accounting for Employee Entitlements. The long service leave nominal undiscounted provisions method presently used provides a result which is considered to be not materially different from the present value basis of measurement required by AAS30. The average sick leave taken by employees based on past experience is less than the entitlement accruing each period. It is considered improbable that existing accumulated entitlements will be used and therefore no liability has been recognised.

(i) Taxation Equivalent Regime

The Corporation is required to pay taxation equivalents to the NSW Government in accordance with section 20T of the State Owned Corporations Act, 1989. The payments are equivalent to the amounts that would be payable by the Corporation if it were liable to pay taxes under the law of the Commonwealth. The tax equivalents involved relate to income tax and sales tax.

The financial statements apply the principles of tax-effect accounting. The income tax equivalent expense in the profit and loss account represents the tax equivalent on the pre-tax accounting profit adjusted for income and expenses never to be assessed or allowed for taxation equivalent purposes. The provision for deferred income tax equivalent liability and the future income tax equivalent benefit include the tax equivalent effect of differences between income and expense items recognised in different accounting periods for book and tax equivalent purposes, calculated at the tax equivalent rates expected to apply when the differences reverse. The components of the provision for deferred income tax equivalent and future income tax equivalent benefit are shown in note 4.

Notes to and forming part of the Financial Statements (Continued)

(j) Dividend

The Corporation reviews its financial performance for the accounting period and recommends to its shareholders an appropriate dividend payment in light of the Corporation's current financial position and longer term financial commitments. The amount is set aside in a provision in the Balance Sheet.

(k) Investments

Investments are carried at cost or cost adjusted for discount with the discount amortised over the period to maturity. Interest revenue is recognised when receivable.

(l) Borrowings

Borrowings are carried at their face value after deducting any unamortised discount or adding any unamortised premium. Any discount or premium is deferred and amortised over the term of the borrowing.

(m) Rounding Amounts to Nearest \$000

In the financial statements, all amounts have been rounded to the nearest thousand dollars (shown as \$000) in accordance with Clause 12 of the Public Finance and Audit (General) Regulation, 1995.

2. Operating Revenue

	Note	1997 \$000	1996 \$000
Port Revenue		79,919	79,424
Interest Received		2,781	2,633
Miscellaneous Sources		5,534	2,152
		88,234	84,209

Port revenue comprises income from navigation services, wharfage and site occupation charges, mooring fees, lease agreements and pilotage revenue.

3. Operating Expenditure

Salaries, Wages and Superannuation		12,570	12,752
Amounts Credited to Provisions for			
Annual Leave	11	1,203	1,248
Long Service Leave	11	866	827
Doubtful Debts	5	40	(522)
Depreciation	9	5,631	5,053
Interest and Related Financing Charges		13,591	7,170
Auditors' Remuneration		94	95
Directors' Remuneration	18	207	165
Consultants' Fees		468	597
Rental on Operating Leases		1,429	1,033
Loss on Disposal of Non-current Assets		47	86
Other Operations and Services		13,718	12,804
		49,864	41,308

Notes to and forming part of the Financial Statements (Continued)

4. Taxation

(a) Income tax equivalent expense

The difference between income tax equivalent expense provided in the financial statements and the prima facie income tax equivalent expense is reconciled as follows:

	Note	1997 \$000	1996 \$000
Operating profit before income tax equivalent		38,370	42,901
Prima facie tax thereon at 36%		13,813	15,444
Add/(less) tax effect of permanent and other differences:			
Entertainment expenses		19	15
Legal expenses		13	15
Depreciation not deductible		804	646
Other		(30)	(40)
Total income tax equivalent attributable to operating profit		14,619	16,080
Total income tax equivalent comprises movements in:			
Provision for income tax equivalent		12,301	14,889
Provision for deferred income tax equivalent		2,435	1,560
Future income tax equivalent benefit		(117)	(369)
		14,619	16,080
(b) Provision for income tax equivalent	11		
Opening balance		10,772	—
Income tax equivalent paid		(18,293)	(4,117)
Underprovision for income tax equivalent in prior years		51	—
Income tax equivalent payable on operating profit		12,250	14,889
Closing balance		4,780	10,772
(c) Future income tax equivalent benefit	8		
Attributable to timing differences:			
Provisions and employee entitlements		2,733	2,563
Accrued expenditure		138	151
Other		—	40
		2,871	2,754
(d) Provision for deferred income tax equivalent	11		
Attributable to timing differences:			
Superannuation		2,051	806
Depreciation		1,223	628
Income receivable		999	432
Prepaid expenditure		72	43
		4,345	1,909

Notes to and forming part of the Financial Statements (Continued)

5. Receivables

	1997 \$000	1996 \$000
CURRENT		
Trade debtors	4,127	2,614
Other debtors	5,460	2,856
Accrued income (a)	3,256	1,303
	12,843	6,773
Less: Provision for doubtful debts (b)	(183)	(157)
	12,660	6,616
NON-CURRENT		
Trade debtors	2,530	3,871
Less: Provision for doubtful debts (c)	(51)	(74)
	2,479	3,797

The Corporation has entered into formal agreements with all non-current debtors for repayment of outstanding debts at a future time. Repayments due within the next twelve months under these agreements are included with current trade debtors.

Based on a review of the current and non-current debtors, the Corporation carries an appropriate provision for its doubtful debts.

(a) Accrued income comprises:

Operating income	3,230	1,270
Interest from investments	18	13
Bank interest	8	20
	3,256	1,303

(b) Provision for doubtful debts – current receivables

Opening balance	157	480
Add: current year's charge	63	(285)
	220	195
Less: bad debts written off	(37)	(38)
Closing balance	183	157

(c) Provision for doubtful debts – non-current receivables

Opening balance	74	311
Less: write back	(23)	(237)
	51	74
Less: bad debts written off	–	–
Closing balance	51	74

Notes to and forming part of the Financial Statements (Continued)

6. Investments

Investments at 30 June 1997, consisting of securities with banks and the NSW Treasury Corporation are in the form of

	1997 \$000 Market Value	1997 \$000 At Cost	1996 \$000 At Cost
TCorp Hour Glass Cash Plus Facility	20,066	20,066	—
Bank accepted commercial bills	5,271	5,268	18,691
Negotiable certificates of deposit	12,091	12,081	17,160
Fixed term deposits	2,220	2,200	6,200
	39,648	39,615	42,051

Short Term Money Market Securities were valued using interest rates obtained from AAP Information Services on the last working day for the year ended 30 June 1997 for such securities. The Hour Glass Cash Plus Facility was valued by the NSW Treasury Corporation.

7. Inventories

	1997 \$000	1996 \$000
Store Items	100	155

Progressive stocktakes of all store items have been carried out during 1996/1997 to determine stock obsolescence and stock on hand adjustments.

8. Other Non-current Assets

	Note	1997 \$000	1996 \$000
Future income tax equivalent benefit	4(c)	2,871	2,754
Retirement benefits (superannuation) (a)		5,603	2,162
		8,474	4,916

Notes to and forming part of the Financial Statements (Continued)

8. Other Non-current Assets (continued)

(a) Retirement Benefits (Superannuation)

As at 30 June 1997, Sydney Ports Corporation's superannuation position is:

	1997			1996		
	Total Liability \$000	Total Funding \$000	Net Asset \$000	Total Liability \$000	Total Funding \$000	Net Asset \$000
State Superannuation Scheme	15,202	19,638	4,436	12,755	14,105	1,350
State Authorities Superannuation Scheme	4,854	6,038	1,184	5,042	5,199	157
State Authorities Non- Contributory Superannuation Scheme	1,659	1,642	*(17)	1,494	2,149	655
	21,715	27,318	5,603	19,291	21,453	2,162

* Ordinarily the amount would be shown as a liability. However due to the amount's immateriality it has been netted off with other superannuation assets for the 1996/97 financial year.

The 1997 superannuation liability assessment is undertaken by the New South Wales Government Actuary and is based on membership databases as at March/April 1997 for the State Superannuation Scheme, and as at 30 April, 1997 for the State Authorities Superannuation Scheme and the State Authorities Non-Contributory Superannuation Scheme. The Actuary has met the requirements of Australian Accounting Standard AAS25 Financial Reporting by Superannuation Plans by applying a "market determined risk adjusted discount rate" as the valuation interest rate in the calculation of the value of accrued benefits.

Assumptions adopted by the Actuary in the valuation of the funds are:

	1996/97	1997/98	1998/99	1999/2000	Thereafter
	%	%	%	%	%
Rate of investment return	9.0	7.0	7.0	7.0	7.0
Rate of general salary increase	3.0	3.7	4.0	4.5	5.0
Rate of increase in CPI (Sydney, All Groups)	4.0	2.1	2.5	3.0	3.5

Movement in Retirement Benefits (Superannuation)

	Balance 30 June 1996 \$000	Current Charge to Revenue \$000	Current Charge to Capital \$000	Payment \$000	Balance 30 June 1997 \$000
State Superannuation Scheme	1,350	2,334	(37)	789	4,436
State Authorities Superannuation Scheme	157	573	(1)	455	1,184
State Authorities Non- Contributory Superannuation Scheme	655	(838)	(4)	170	(17)
	2,162	2,069	(42)	1,414	5,603

Notes to and forming part of the Financial Statements (Continued)

9. Property, Plant and Equipment

	1997 \$000	1996 \$000
Property, plant and equipment (at cost or valuation)	280,658	275,000
Accumulated depreciation	(10,310)	(4,941)
Construction in progress	2,423	5,258
	272,771	275,317

(a) Property, Plant and Equipment (at cost or valuation):

	1997			1996		
	Cost \$000	Valuation \$000	Total \$000	Cost \$000	Valuation \$000	Total \$000
Land and Buildings	1,126	122,001	123,127	1,132	122,135	123,267
Roadways	677	3,383	4,060	467	3,379	3,846
Wharves, Jetties and Breakwaters	11,279	130,010	141,289	9,889	130,009	139,898
Plant	7,753	4,429	12,182	3,490	4,499	7,989
Total	20,835	259,823	280,658	14,978	260,022	275,000

Property, plant and equipment assets at valuation include additions to assets at valuation which have been capitalised since the valuation date.

(b) Accumulated Depreciation:

	1997			1996		
	Cost \$000	Valuation \$000	Total \$000	Cost \$000	Valuation \$000	Total \$000
Buildings	54	1,037	1,091	27	519	546
Roadways	53	338	391	23	169	192
Wharves, Jetties and Breakwaters	698	6,016	6,714	137	3,008	3,145
Plant	1,181	933	2,114	588	470	1,058
Total	1,986	8,324	10,310	775	4,166	4,941

(c) Construction in Progress:

	1997 \$000	1996 \$000
Land and Buildings	459	861
Roadways	240	395
Wharves, Jetties and Breakwaters	1,035	723
Plant	689	3,279
Total	2,423	5,258

Notes to and forming part of the Financial Statements (Continued)

9. Property, Plant and Equipment (continued)

	1997 \$000	1996 \$000
MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT:		
Opening balance	275,000	264,346
Add: from construction in progress	6,610	11,605
	281,610	275,951
Less: disposals	(815)	(735)
write offs	(137)	(216)
Closing balance	280,658	275,000
MOVEMENT IN ACCUMULATED DEPRECIATION:		
Opening balance	4,941	—
Add: depreciation charge	5,631	5,053
	10,572	5,053
Less: write back due to disposals	(215)	(77)
write back due to write offs	(47)	(35)
Closing balance	10,310	4,941
MOVEMENT IN CONSTRUCTION IN PROGRESS:		
Opening balance	5,258	8,820
Add: acquisitions	3,775	8,043
	9,033	16,863
Less: to property, plant and equipment	(6,610)	(11,605)
Closing balance	2,423	5,258

In accordance with the accounting policy listed in 1(e), a recoverable amount test was performed and confirmed that the carrying value of property, plant and equipment did not exceed recoverable amount at 30 June 1997.

Sale of Property, Plant and Equipment

Property, plant and equipment	815	735
Less: accumulated depreciation	(215)	(77)
	600	658
Less: proceeds from sale	(553)	(572)
Net loss/(profit) on sale	47	86

Notes to and forming part of the Financial Statements (Continued)

10. Creditors and Borrowings

	1997 \$000	1996 \$000
CURRENT		
Trade creditors	119	117
Other creditors	7,964	10,681
Income received in advance	664	1,071
Borrowings	21,825	150,000
	30,572	161,869
NON-CURRENT		
Borrowings	128,816	—
Total Borrowings	150,641	150,000
AMOUNT PAYABLE IN RESPECT OF BORROWINGS:		
payable no later than one year	21,825	150,000
payable later than one, not later than two years	—	—
payable later than two, not later than five years	44,513	—
payable later than five years	84,303	—
	150,641	150,000

Notes to and forming part of the Financial Statements (Continued)

11. Provisions

	Note	1997 \$000	1996 \$000
CURRENT			
Dividend		14,609	15,142
Income tax equivalent	4(b)	4,780	10,772
Employee entitlements, including oncosts		2,426	2,055
		21,815	27,969
NON-CURRENT			
Deferred income tax equivalent	4(d)	4,345	1,909
Employee entitlements, including oncosts		4,930	4,865
		9,275	6,744

Movement in Provisions	Balance 30 June 1996 \$000	Current Charge to Revenue \$000	Current Charge to Capital \$000	Less Payment \$000	Balance 30 June 1997 \$000
CURRENT					
Dividend	15,142	14,558	—	(15,091)	14,609
Income tax equivalent	10,772	12,301	—	(18,293)	4,780
Employee entitlements, including oncosts:					
Annual Leave (a)	2,055	1,203	10	(1,142)	2,126
Voluntary Separations	—	300	—	—	300
	27,969	28,362	10	(34,526)	21,815
NON-CURRENT					
Deferred income tax equivalent	1,909	2,436	—	—	4,345
Employee entitlements including oncosts:					
Long Service Leave (b)	4,865	866	7	(808)	4,930
	6,774	3,302	7	(808)	9,275

(a) Employee entitlements

Annual Leave: The liability for annual leave is calculated at 30 June 1997 wage rates and entitlements of personnel, and is fully provided.

(b) Employee entitlements

Long Service Leave: The liability for long service leave is calculated at 30 June 1997 wage rates and entitlements of personnel, and is fully provided. This figure excludes allowance for personnel still subject to completion of service conditions.

Notes to and forming part of the Financial Statements (Continued)

12. Capital and Reserves

The State Owned Corporations Act, 1989 requires the Corporation to have two voting shareholders; the Treasurer and another Minister. Each shareholder must at all times have an equal number of shares in the Corporation.

One \$1 share is held by each of the Corporation's voting shareholders, the Hon. M R Egan, MLC and the Hon. M S Knight, MP.

	1997 \$000	1996 \$000
MOVEMENT IN SHARE PREMIUM RESERVE:		
Opening balance	125,542	225,067
less return of capital	-	(99,525)
Closing balance	125,542	125,542

13. Capital Expenditure Commitments

Forward obligations of the Corporation under major contracts committed as at 30 June 1997 but not otherwise brought to account have been assessed at nil (\$0.862M 1996).

14. Operating Leases

Operating lease expenditure contracted for at balance date, but not provided for in the financial statements:

payable no later than one year

payable later than one, not later than two years

payable later than two, not later than five years

payable later than five years

Total

870	1,121
804	-
1,772	99
555	-
4,001	1,220

15. Contingent Liabilities

The estimated value of liability claims subject to litigation against the Corporation as at 30 June 1997 is nil (nil 1996).

16. Consultancy Fees

Total fees paid and payable to consultants engaged in capital and operating projects by the Sydney Ports Corporation during 1996/1997 amounted to \$0.495M (\$0.855M 1996).

Notes to and forming part of the Financial Statements (Continued)

17. Notes to the Statement of Cash Flows

(a) Reconciliation of Cash

For the purpose of the Statement of Cash Flows, cash includes cash on hand and in banks (net of any outstanding bank overdraft) and short term investments in money market instruments which are classified as current assets. Cash as at 30 June 1997 as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

	1997 \$000	1996 \$000
Cash	793	981
Current investments	39,615	42,051
	40,408	43,032
(b) Reconciliation of operating profit after income tax equivalent to net cash provided by operating activities		
Operating profit after income tax equivalent	23,751	26,821
Add/(less) non-cash items:		
Depreciation	5,631	5,053
Amortisation of discount on borrowings	350	104
Net loss/(profit) on sale of non-current assets	47	86
Assets written off	90	181
	29,869	32,245
Add/(less) changes in assets and liabilities:		
(Increase)/decrease in receivables	(4,726)	(1,210)
(Increase)/decrease in inventories	55	52
(Increase)/decrease in other assets	(3,558)	(2,532)
(Decrease)/increase in creditors	(2,318)	8,855
(Decrease)/increase in provisions	15,173	17,540
Net cash provided by operating activities	34,495	54,950

18. Directors' Remuneration and Loans

Directors' remuneration includes emoluments and other benefits paid, or due and payable, to Directors but does not include amounts paid by way of salary to full-time Directors of the Corporation.

Directors' remuneration for 1997 was \$0.207M (\$0.165M 1996).

During the year the Corporation made no loans to Directors.

19. Events Occurring After Balance Date

There are no known events occurring after balance date that materially affect the financial statements.

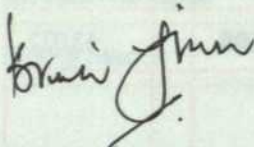
This information is provided in accordance with Australian Accounting Standard AAS8, Events Occurring After Balance Date.

Directors' Statement

In accordance with a resolution of the directors of the Sydney Ports Corporation, Clause 14 of the Public Finance and Audit (General) Regulation 1995, and pursuant to Section 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 1997 and transactions for the year then ended.
2. The statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, and the Public Finance and Audit (General) Regulation 1995.

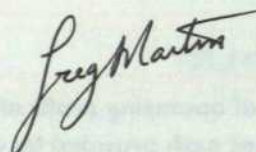
Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



T B Finn, AO

Chairman

Date: Friday 17 October, 1997



G J Martin

Chief Executive Officer

Date: Friday 17 October, 1997

Independent Audit ReportBOX 12 GPO
SYDNEY NSW 2001**INDEPENDENT AUDIT REPORT
SYDNEY PORTS CORPORATION****To Members of the New South Wales Parliament and Members of the Corporation****Scope**

I have audited the accounts of the Sydney Ports Corporation for the year ended 30 June 1997. The preparation and presentation of the financial report consisting of the accompanying balance sheet, statement of income and expenditure and statement of cash flows, together with the notes thereto, and the information contained therein, is the responsibility of the Board of the Corporation. My responsibility is to express an opinion on the financial report to Members of the New South Wales Parliament and Members of the Corporation based on my audit as required by section 24A of the *State Owned Corporations Act 1989* and sections 34 and 41C(1) of the *Public Finance and Audit Act 1983*.

My audit has been conducted in accordance with statutory requirements and Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates.

In addition, other legislative requirements which could have an impact on Sydney Ports Corporation's financial report have been reviewed on a cyclical basis. For this year, the requirements examined comprise: Fringe Benefits Tax on cars; and Payroll Tax on superannuation benefits.

These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and statutory requirements so as to present a view which is consistent with my understanding of the Corporation's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial report of the Sydney Ports Corporation complies with statutory requirements and presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the Corporation as at 30 June 1997 and the results of its operations and its cash flows for the year then ended.

A handwritten signature in dark ink, appearing to read "B. Lumley".

ERIC LUMLEY, FCPA
ASSISTANT AUDITOR-GENERAL
(duly authorised by the Auditor-General of New South Wales
under section 41C(1A) of the Act)

SYDNEY
19 October 1997

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Statement of Land as at 30 June 1997

Land is disclosed in the financial statements under the asset grouping "Land and Buildings" within Property, Plant and Equipment. In the following summary, land has been separated from buildings and other non-current assets to show land value and usage in terms of balance sheet valuations.

	Note	1997 \$000
LAND AND BUILDINGS		
Port Land	1	107,735
Buildings		14,760
Total		122,495
OTHER PROPERTY, PLANT AND EQUIPMENT		
Roadways		3,909
Wharves, Jetties and Breakwaters		135,610
Plant		10,757
Total Property, Plant and Equipment (as per balance sheet)		272,771

Note 1: Port Land is Sydney Harbour and Botany Bay land used for port purposes.

Annual Reports (Statutory Bodies) Act 1984

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**Annual Reports (Statutory Bodies)
Regulation 1995 – Report of Operations**

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**Annual Reports (Statutory Bodies)
Regulation 1995 – Report of Operations Continued**

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Risk Management and Insurance Activities	Schedule 1	50
Controlled Entities	Schedule 1	The Corporation has no controlled Entities
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State Owned Corporations Act 1989

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Glossary

CBS	– Central booking system
EDI	– Electronic data interchange
GRT	– Gross registered tonne
LEP	– Local environmental plan
MMHC	– Marine Ministerial Holding Corporation
OCA	– Olympic Coordination Authority
OH&S	– Occupational health and safety
SOCOG	– Sydney Organising Committee for the Olympic Games
SPOC	– Sydney Paralympic Organising Committee
TEU	– Twenty foot equivalent unit



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Maritime and Emergency Response Operations

Moore's Wharf Store The Rocks

The Container Port at Botany Bay