

Annual Report 2008–2009



Contents

Letter to Shareholders	1
Chairman's Message	2
CEO's Message	3
Purpose of the Corporation	4
About this Report	7
Safety	8
Growing Trade	9
New Infrastructure	10
Port Land Management	13
Future Coal Exports	14
Delivering Opportunity for the Hunter Region	16
Corporate Governance	19
Financial Statements	22
Statutory Requirements	53



The Hon Eric Roozendaal
Treasurer

Level 36
Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

The Hon Carmel Tebbut
Deputy Premier and
Minister for Health

Level 30
Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Ministers

We present the Annual Report of the Newcastle Port Corporation for the year ending 30 June 2009. The report is in accordance with the *Annual Reports (Statutory Bodies) Act 1984*, the applicable provisions of the *Public Finance and Audit Act 1983* and the *State Owned Corporations Act 1989*.

It is submitted for presentation to Parliament.

P.E. Jeans
CHAIRMAN

Gary Webb
CHIEF EXECUTIVE OFFICER

Chairman's Message



I am pleased to report on a very successful year for Newcastle Port Corporation on both operational and strategic levels.

The ninth successive record year of trade throughput at 95.84 million tonnes was a gratifying result for the Hunter Region, especially in light of the difficult global economic and trading climate during 2008–09.

The value of trade at more than \$17 billion was a 64% increase on 2007–08, largely reflecting both growth in exports and higher market prices for coal exported from the port. Growth was not confined to coal with the port also having strong growth in non-coal trade. The port handled 5.35 million tonnes of non-coal trade, an increase of over 20% on 2007–08 with a value of \$2.69 billion. These results show that the port is delivering opportunity across diverse trade sectors.

These results under difficult circumstances are a reflection of the competence and commitment of Newcastle's many port users. The economic conditions negatively impacted on a number of our customers but creditable momentum was maintained. Facilitating growth in trade is one of Newcastle Port Corporation's most important functions and further detail is contained in the body of this report.

Newcastle Port Corporation's earnings before interest and tax for 2008–09 were \$10.96 million. This can be compared with the previous year's figure of \$13.22 million and largely reflects increases in labour costs associated with expanding operations and legislative responsibilities, additional maintenance expenditure and one-off costs associated with the transfer of port lands and the development of the long-term coal export framework agreement.

Strategically 2008–09 was a very important year for the Corporation and one in which we were able to lay foundations for significant further development and greater local control. In this regard, our focus has been on:

- facilitating industry discussions for a long-term solution to the allocation of access to and growth in coal export capacity in the Port
- the Port of Newcastle becoming a State Significant Site thus protecting the port from incompatible land use that could limit the potential of the port's operations
- the preparation of contracts for transfer of ownership of government port lands to Newcastle Port Corporation

- the trial of a Vessel Arrival System to improve management of coal ships sailing to Newcastle
- the construction of a new \$25 million wharf facility at the former BHP Steelworks at Mayfield to boost growth of general cargo trade
- planning for future development on the 90-hectare site controlled by Newcastle Port Corporation at Mayfield to deliver opportunity for prospective investors
- facilitating the development and expansion of coal terminals at Kooragang Island that complement the port's growth including associated channel developments

The Corporation is indebted for the support it receives from its many stakeholders. We strive to be a model corporate citizen in the Hunter Region and a central driver of economic growth. These objectives can only be achieved with the ongoing support of our community stakeholders. Importantly, I want to recognise the very significant contribution made by our Chief Executive Officer, Mr Gary Webb, and his organisation. Newcastle Port Corporation is rightfully proud of its employees and their dedicated and skilful contribution to Newcastle Port Corporation's success. 2008–09 saw ongoing progress in the areas of safety, sustainability and organisational alignment.

I also wish to thank my colleagues on Newcastle Port Corporation's Board for their contribution during the year and record our appreciation to Staff-elected Director Neil Pearson, who moved interstate in October 2008 after serving three years on the Board.

In conclusion, Newcastle Port Corporation is looking to the future with optimism based on safe and reliable operations, sound strategic planning, an integrated and competent organisation and a commitment to bettering the future of the Hunter Region and New South Wales.



P. E. Jeans Chairman

CEO's Message



Newcastle Port Corporation performed well in 2008–09 with momentum building during the year across a number of fronts.

Our trade record was welcomed in all quarters, especially by the Hunter Region community which views the port as an economic centre for not only the region but also NSW.

Coal exports continue to grow and have increased by 15 million tonnes in the past five years and will continue to grow as more coal-loading infrastructure becomes available in the port.

The port is well on the way to delivering opportunity for growth and diversity and I expect continuing growth in non-coal trade in future years. This is based on a number of factors. Newcastle Port Corporation now has development control of government port lands while a new general cargo berth is due for commissioning by the Corporation by the end of 2009. This eagerly anticipated project on 90 hectares of prime portside land at Mayfield allows the port to provide new facilities in a strategic location on Australia's eastern seaboard.

The Corporation views the land as having great potential for diversity of trade. A total of 35 hectares has been earmarked for NSW's next container terminal once Port Botany reaches capacity while our planning was firmly focussed on precincts for bulk liquids, general purpose and bulk materials in addition to container trade.

Amendments to the Ports and Maritime Administration Act in November 2008 identified new objectives for Newcastle Port Corporation to promote and facilitate a competitive commercial environment in port operations and to improve productivity and efficiency in the port and port-related supply chains. The Corporation's role in facilitating the long-term coal export framework is a tangible example of our focus on these objectives.

An adjustment to site occupation, navigation services and pilotage charges was implemented in order to remain competitive and to meet NSW ports and industry practices. It was the first overall restructure of charges in Newcastle since 1990 and reflected the cost of providing specialised services in the Port of Newcastle.

The Corporation also reviewed its organisational structure to ensure that current and emerging needs are met, including the new statutory objectives. The review resulted in a reduction in the number of Branches from five to four, these being:

- Finance and Corporate Services
- Operations
- Strategy, Efficiency and Governance
- Trade and Port Development

The transfer of various functions to more appropriate Branches is resulting in improved co-ordination, communication and service delivery.

During the year the Corporation concentrated on delivering on-time on-budget projects, enhancing its recruitment practices to attract high quality candidates to strategic positions and delivering major strategic initiatives such as a long-term coal export framework and a Vessel Arrival System that will prove beneficial from the latter part of 2009.

A special mention goes to a number of our employees who were deployed in March to provide specialist maritime and support services to assist in the clean-up of the oil spill that threatened Queensland's Sunshine Coast. The Corporation was quick to offer assistance when the *Pacific Adventurer* was damaged in heavy seas generated by Cyclone Hamish. Our employees used their training in oil spill response operations and experience from the *Pasha Bulker* incident to provide professional support in Queensland.

It was a busy year and one in which the contribution of Directors and employees was appreciated and their experience and skills greatly acknowledged. The focus on strategic projects during 2008–09 has provided a solid foundation for expansion and diversity.

Gary Webb
Gary Webb CEO

Purpose of the Corporation



The purpose of Newcastle Port Corporation is to provide safe, effective and sustainable port operations and to deliver efficient port development that enhances the economic growth of the Hunter Region and New South Wales.

Statutory Objectives

The principal objectives of Newcastle Port Corporation are prescribed in the *Ports and Maritime Administration Act 1995* and the *State Owned Corporations Act 1989* as:

- to be a successful business and, to this end:
 - to operate at least as efficiently as any comparable businesses
 - to maximise the net worth of the State's investment in the Port Corporation
 - to exhibit a sense of social responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate these when able to do so
- to promote and facilitate trade through its port facilities
- to promote and facilitate a competitive commercial environment in port operations
- to improve productivity and efficiency in its port and the port-related supply chain
- to ensure that its port safety functions are carried out properly
- to conduct its operations in compliance with the principles of ecologically sustainable development
- to exhibit a sense of responsibility towards regional development and decentralisation in the way in which it operates

Business Plan

Newcastle Port Corporation has 'Safety' as the No.1 priority in its Business Plan and commits to:

- the sustainability of our business and our port
- growing trade
- fostering competition
- improving productivity and efficiency
- delivering opportunity for the Hunter Region

The Corporation through its Business Plan has the following values:

- safety
- customer service
- teamwork
- leadership

We do not tolerate:

- unsafe acts
- double standards
- bullying
- harassment



The Port of Newcastle operates
24 hours a day, 365 days a year.
Pictured below, coal ships
at dusk loading at the
Kooragang coal terminal.





Nearly 3,500 ship movements
are now registered each year
in the Port of Newcastle.

About this Report

This report covers our financial performance, statutory obligations and corporate performance between 1 July 2008 and 30 June 2009.

The main body of this report is an overview of our progress and achievements for the 2008–09 financial year. The report reflects the priorities of our business in the past year.

- Safety – at Page 8 we highlight our continued focus on delivering a strong safety culture, including highlighting some of our achievements and new initiatives
- Growing Trade – at Page 9 we describe our record trade growth across both coal exports and non-coal trade
- New Infrastructure – at Page 10 we explain the new infrastructure that Newcastle Port Corporation is delivering to grow trade through the port including the \$25 million Mayfield No.4 wharf facility being constructed on the former BHP Steelworks site at Mayfield
- Port Land Management – at Page 13 we provide details about the consolidation of Government-owned land in the port to Newcastle Port Corporation and new planning controls applying in the port, and the challenges and opportunities that these initiatives present for Newcastle Port Corporation
- Future Coal Exports – at Page 14 we show the work that Newcastle Port Corporation has undertaken with the NSW Government and the coal industry to develop a long-term solution to the provision of sustained growth of coal export capacity in the port and the provision of fair access to that capacity
- Delivering Opportunity for the Hunter Region – at Page 16 we point to the work Newcastle Port Corporation is doing in the community, including the continued success of Cruise Hunter

Comparison of past five years

YEAR	TRADE (million tonnes)	SHIPPING MOVEMENTS	REVENUE FROM PORT OPERATIONS (\$m)
2004–05	83.6	3,205	38.36
2005–06	85.5	3,107	39.75
2006–07	85.6	2,993	39.29
2007–08	93.3	3,277	41.50
2008–09	95.8	3,498	44.77

Our financial statements and statutory requirements appear from Page 22. The financial content of the Annual Report is externally audited by the NSW Auditor-General's office (see Page 23).

Summary of Results

	2007–2008	2008–2009
FINANCIALS		
Revenue from port operations (\$m)	41.50	44.77
Operating surplus (\$m after tax)	9.58	7.68
Total assets (\$m)	177.31	197.55
Return on assets	7.1%	5.8%
Earnings before Interest and Tax (EBIT – (\$m))	13.22	10.96
TRADE		
Total Trade (million mass tonnes)	93.31	95.84
Coal Export Trade (million mass tonnes)	88.88	90.49
General Cargo Trade (million mass tonnes)	0.66	0.72
Non-Coal Bulk Trade (million mass tonnes)	3.77	4.63
SHIPPING		
Total vessel GRT (million tonnes)	61.25	63.54
Vessel visits	1,566	1,609
EMPLOYEES		
Number of Employees	110	116

Safety



Newcastle Port Corporation holds Safety as its No.1 Priority. The Corporation has a responsibility to ensure the health, safety and welfare of all employees and experienced a maturing safety culture across the workforce during the year.

The Corporation started the financial year by revising its Workers Compensation and Return to Work Policy to ensure safety and injury management systems are compliant with legislation. In October 2008, a refresher training session was held for all Managers about the safety observation process and reviewed:

- DuPont Safety Observation principles
- Bradley curve and its relationship to the '5 Steps to Safety' process
- the difference between unsafe acts and unsafe conditions
- the difference between observations and audits

DuPont was supportive of the Corporation's management of the safety observation system as evidenced by the number of observations being completed and the number of personnel involved.

As part of its focus on safety the Corporation reviewed its Personal Protective Equipment (PPE) procedure in February 2009 for requirements when accessing external facilities.

All employees are now required to adopt a minimum PPE requirement (i.e. high visibility clothing, hard helmet, safety glasses, appropriate footwear and lifejackets) when they are within two metres of the water's edge for not only Corporation-owned land but for all external work sites.

An example of a collaborative approach to safety in the port was a workshop in April 2009 with diving companies, Port Waratah Coal Services and Newcastle Port Corporation to discuss the current systems in place for diving activities, particularly those undertaken for the inspection of vessels in the port and the roles and accountabilities of various organisations when diving activities are undertaken in the port. These workshops were very productive and resulted in a number of new initiatives to ensure the safety of workers undertaking this activity.

In relation to a possible swine flu pandemic, Newcastle Port Corporation in May 2009 initiated appropriate controls for employees considered to be more likely to be at risk, such as Marine Pilots and Port Officers.

As part of its activities for Safe Work Australia Week the Corporation hosted information sessions for employees about 'Sleep Well'. Information about the 'body clock', sleepy brain chemicals, fitness and shiftwork sleeping tips were well received.

One Lost Time Injury was recorded during the year when a Port Officer sustained a twisted ankle in May 2009 whilst conducting wharf operation activities prior to a vessel berthing at the Dyke No.1 Berth.

The incident was investigated and a number of measures put in place, including the LTI being raised at toolbox meetings conducted to continue to reinforce the importance of undertaking the '5 Steps to Safety' process prior to undertaking each work activity.

Safety of Vessels

Newcastle Port Corporation continued to implement improved measures to increase safety for vessels visiting the Port of Newcastle as a result of the Australian Transport Safety Bureau report into the grounding of the bulk carrier, *Pasha Bulker*, on Nobbys Beach in June 2007.

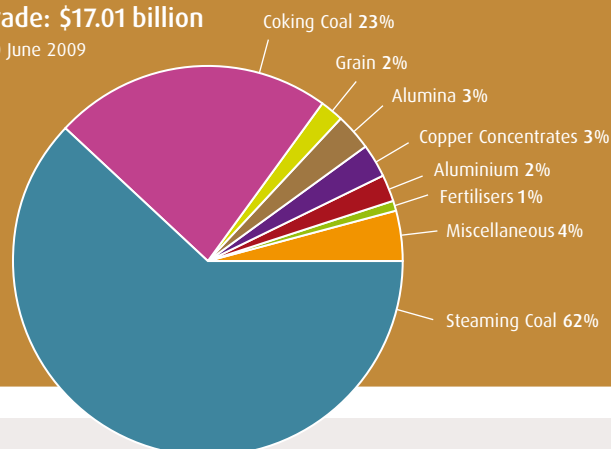
The Corporation focussed on improving systems and available information. It included reinforcing with Ships' Masters, owners, operators and other port organisations that the role of the Vessel Traffic Information Centre is an information facility and not a control centre.



Growing Trade

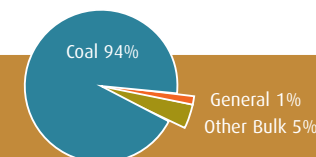
Value of trade: \$17.01 billion

Year Ending 30 June 2009

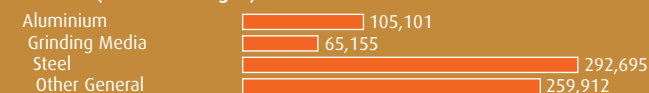


Major trade items

Year Ending 30 June 2009



General (actual tonnages)



Other bulk (million tonnes)



The Port of Newcastle experienced strong trade growth in the 2008-09 financial year by setting new records for trade throughput for the ninth consecutive year.

A total of 95.84 million tonnes of cargo valued at \$17.01 billion was exported and imported through Newcastle which was viewed as a good achievement because of global economic conditions in 2008-09.

The result was more than 2.5 million tonnes and \$6.66 billion dollars above the corresponding 12-month period in 2007-08, the 64% increase in overall value being mainly the result of high prices obtained for coking and steaming coal.

Coal was the major commodity exported from Newcastle with 90.49 million tonnes shipped from the port. This was the first time more than 90 million tonnes of coal was exported from Newcastle which will consolidate the port's position as the world's largest coal export port. The statistics include a record monthly export of 8.55 million tonnes in December 2008. Coal exports were valued at \$14.32 billion, or 85% of the overall value. Other commodities totalling nearly 5.35 million tonnes were valued at \$2.69 billion, or 15% of value.

Main increases in individual commodities for 2008-09 compared to 2007-08 were:

- Alumina 1,347,459 tonnes (up 44,119 tonnes)
- Coal 90.49 million tonnes (up 1.61 million tonnes)
- Copper & Zinc Concentrates 411,486 tonnes (up 30,326 tonnes)
- Grains 882,090 tonnes (up 731,364 tonnes)

A major country receiving increased coal exports was China. Nearly 3.4 million tonnes of coal was exported in 2008-09 compared to 88,000 tonnes in 2007-08, which reflected China's impact on coal markets during the year.

Modest trade downturns were experienced in the following commodities:

- Aluminium (down 23,943 tonnes)
- Grinding media (down 15,489 tonnes)
- Fertiliser (down 50,834 tonnes)
- Steel imports/exports (down 4,038 tonnes)

These results mainly reflected the impact of the global economic recession on building, construction and mining industries.

Newcastle Port Corporation's focus on growth and diversity was seen in BP Australia discharging fuel supplies from its first ship during commissioning in April 2009. BP has made a \$40 million investment in the Hunter Region by upgrading its terminal at Carrington and constructing a fuel pipeline from Dyke No.1 Berth. This significant project for the port is resulting in vessels discharging fuel in Newcastle to meet the needs of customers and the community in the Hunter Region.

Encouragingly, GrainCorp resumed export of grain from its Newcastle terminal in December 2008 after about 20 months of inactivity because of poor conditions in grain-growing areas of NSW. Exports were up by more than 731,000 tonnes.

A total of 3,498 ship movements were registered in 2008-09, an increase of 221 movements on 2007-08.

New Infrastructure



A major initiative in the future growth and diversity of the port was the commencement in November 2008 of the Mayfield No.4 Berth at the former Newcastle BHP Steelworks site at Mayfield.

An Australian company experienced in providing civil engineering construction services in large infrastructure and urban development projects, BMD Constructions Pty Ltd, won a national tender for the new \$25 million wharf facility.

The development is the initial infrastructure project on 90 hectares of riverfront land owned by Newcastle Port Corporation at the former steelworks. The project involves the upgrade of a former steelworks iron ore berth to an operational 265-metre berth with the provision of 8,745m² of hardstand for cargo handling, storage or an assembly area.

Recycled materials from the former berth have been used in the construction of the new facility. This includes 4,000 tonnes of recycled concrete to save more than \$100,000 on the cost of using an equivalent volume of new fill material. About 240 tonnes of steel reinforcement and steel rail line also have been recycled by the contractor or sold for other uses.

BMD Constructions started work on the project in November 2008 with a planned completion date by the end of 2009. The Corporation has been working with existing and potential customers and is planning the first general cargo vessel to use the berth in December.

The riverfront land is viewed as being perfectly positioned at the Port of Newcastle as it is accessible by road and rail and close to the Newcastle CBD. The general purpose wharf facility will boost trade diversification in the Port and also further contribute to the economy of the Hunter Region.

The future development of the site is promising as the NSW Government has identified the Port of Newcastle as the next major container port once Port Botany reaches capacity. About 35 hectares at Mayfield have been reserved for a future container terminal and the new wharf facility will provide an important link.

A commissioning phase of a new fuel import facility by BP was undertaken during the year to significantly strengthen energy security for the Hunter Region.

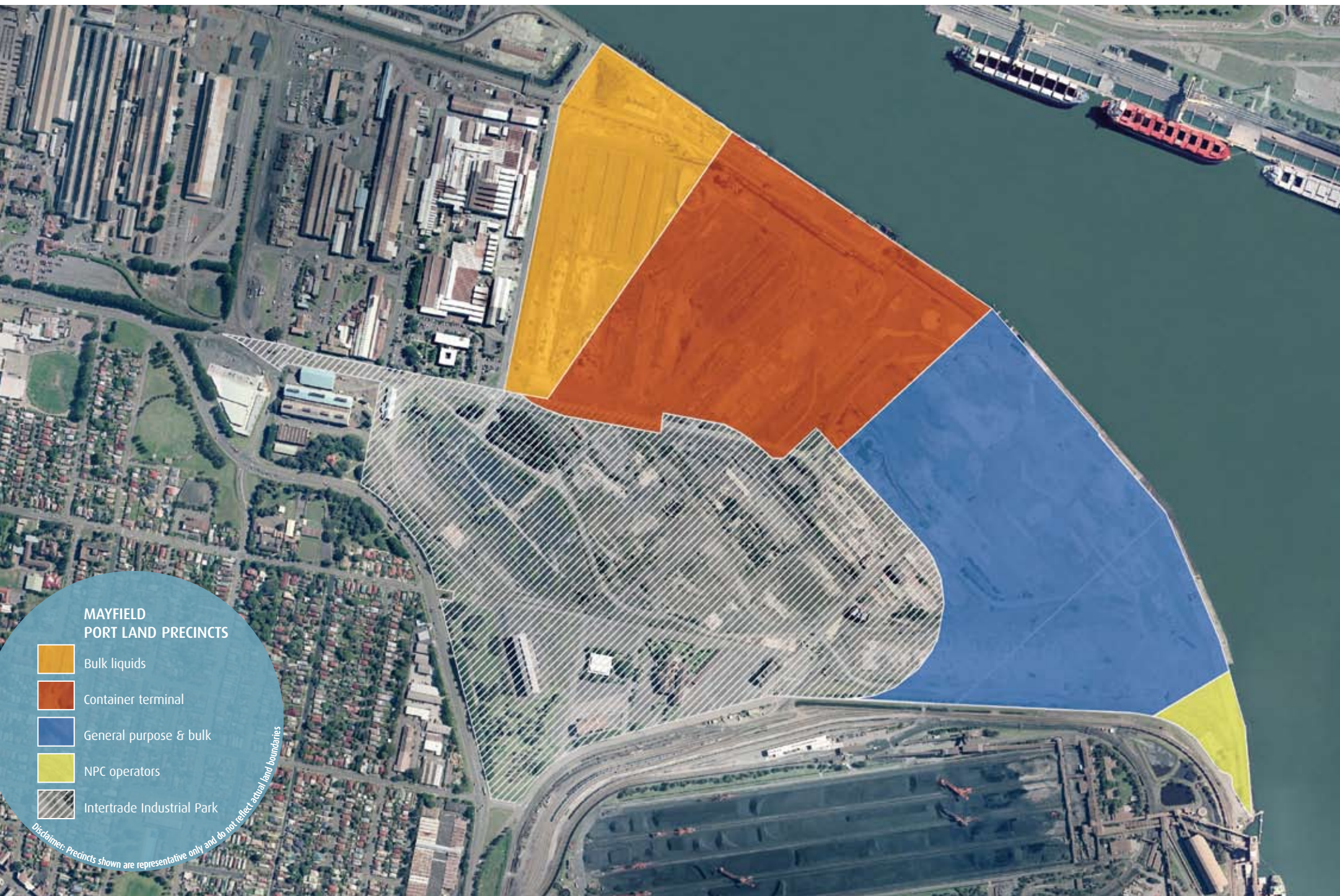
The \$40 million project, in addition to an upgrade of the BP terminal at Carrington, included the construction of a 2.4 kilometre pipeline from Dyke No.1 Berth to the terminal. The wharf facility allows BP to discharge fuel directly from vessels arriving from Australian or overseas ports and results in an additional 40 million litres of fuel capacity at Carrington.

A \$2.8 million wharf infrastructure project to construct two 'mooring dolphins' at Kooragang No.2 Berth has improved capability of handling non-coal trade. The 'dolphins' at the busy bulk commodity facility now allow two small vessels to berth at the same time to substantially reduce waiting time. The project involved construction of the 'dolphins' at each end of the 182-metre long wharf, building a new mooring block and also minor dredging in front of the wharf area.



Construction of the new Mayfield
No.4 Berth started in November 2008.
The first ship arrival is scheduled for
December 2009.





Port Land Management



Consolidation of about 510 hectares of port-related land to control by Newcastle Port Corporation strengthened the port's position as an internationally recognised port providing opportunity for growth and diversity. The land was previously owned or managed by seven government agencies and the transfer was designed to create efficiencies for the port and the Hunter Region.

Minister for Ports and Waterways, the Hon. Joe Tripodi, announced in May that the Corporation had been given full development control of 90 hectares of riverfront land at the former BHP Steelworks site at Mayfield. The advantage of the transfer is the cutting of 'red tape' with prospective developers now only dealing with one entity.

The 90-hectare development site strategically located on Australia's eastern seaboard includes nearly two kilometres of river frontage and has both road and rail access. Projects deemed suitable for the site include terminal development and cargo handling infrastructure for port-related activities such as general cargo, bulk trade, bulk liquids and particularly container trade.

Newcastle Port Corporation held discussions with interested parties about high quality terminal and infrastructure projects for this prime site and will decide in late 2009 if there is a sufficient number of quality projects to proceed to a formal tender process.

Other land parcels coming under ownership of Newcastle Port Corporation include:

- all waterfront land at Walsh Point on Kooragang Island
- coal terminal lease sites at Kooragang Island and Carrington (terminals operated by Port Waratah Coal Services)
- the new coal terminal lease site on Kooragang Island (terminal being developed by Newcastle Coal Infrastructure Group)
- most of the former BHP waste emplacement area on Kooragang Island

Benefits for the Hunter Region include:

- a single interface for private companies seeking to invest in new port facilities or establish operations in Newcastle
- better co-ordination of development of scarce port lands
- consistent administration of coal export terminal leases on behalf of Government

Newcastle Port Corporation also worked with the NSW Government during the year for the port of Newcastle to become a State Significant Site under the Environmental Planning and Assessment Act.

Gazetting the Port of Newcastle as a State Significant Site means that land use planning in the port is managed under the Major Projects State Environmental Planning Policy. As part of this process the port land within the site was zoned for port use, thus protecting land and key transport corridors that are essential to port operations. The initiative allows a consistent planning system across Newcastle, Sydney and Port Kembla ports, protects the ports from incompatible land uses which have the potential to limit port operations and places port land and surrounding waterways in zones to accommodate port activities with relevant nearby industrial land.

Newcastle Port Corporation now has the authority to determine proposals for port facilities valued up to \$30 million on its land while the NSW Minister for Planning remains the approval authority for proposals costing more than \$30 million.

Future Coal Exports



Newcastle Port Corporation worked with the NSW Government and the Hunter Valley coal industry throughout 2008–09 to develop a long-term solution to the allocation of access to and facilitating the growth in coal export capacity in the port.

Coal exports in 2008–09 exceeded more than 90 million tonnes for the first time and forecasts show continuing strong demand for Hunter Valley coal. Port Waratah Coal Services has development approval to increase throughput at its Kooragang coal terminal up to 120 million tonnes per year while Newcastle Coal Infrastructure Group expects the first coal from its \$1 billion terminal on Kooragang Island to be exported in 2010.

An industry review in early 2008 led by former NSW Premier, Nick Greiner, delivered to the NSW Government the coal industry's proposal for addressing the constraints on the coal export capacity at the Port of Newcastle. The NSW Government welcomed elements of the proposal including the:

- use of long term contracts to support investment in infrastructure
- new logistics co-ordinator to supersede the Hunter Valley Coal Chain Logistics Team
- framework for developing long term track access
- commitment to expand capacity
- mechanism for allocating terminal capacity in the short term

The industry proposal was reviewed in late 2008 and in December the Minister for Ports and Waterways, the Hon. Joe Tripodi, delivered the Hunter Coal Port Plan which contained elements of the industry proposal but included additional elements which addressed the limitations of the industry proposal. Key additional elements were:

- triggers requiring terminals to build new capacity in response to industry demand
- industry levy to help fund new terminal infrastructure where required
- guaranteed access for new entrants and expanding producers
- protection for small producers
- proposal for a fourth coal terminal

Newcastle Port Corporation was appointed the lead agency for the implementation of the Hunter Coal Port Plan on behalf of the NSW Government. In April 2009, a non-binding Implementation Memorandum was signed by the Corporation, Newcastle Coal Infrastructure Group (NCIG) and Port Waratah Coal Services (PWCS) to provide for the development of the document to give effect to the Hunter Coal Port Plan.

The Australian Competition and Consumer Commission (ACCC) through a series of interim decisions under the Trade Practices Act authorised the parties to continue to develop the documents to give effect to the Hunter Coal Port Plan.

In September 2009 NPC, PWCS and NCIG executed the various agreements and deeds required to give binding legal effect to the Hunter Coal Port Plan. These documents are now awaiting authorisation of the ACCC. Once authorised the parties will be implementing these arrangements with effect from January 2010.



Newcastle Port Corporation also started the trial of a Vessel Arrival System (VAS) designed to improve the management of the ship queue off the Port of Newcastle.

VAS is being developed as a response to the Australian Transport Safety Bureau (ATSB) investigation into the grounding of the *Pasha Bulker* in June 2007. The ATSB recommended that Newcastle Port Corporation take action to address the safety issue associated with the queue of ships anchored off the Port of Newcastle. The ATSB also identified other potential benefits, such as reduced demurrage and effective queue management.

The trial, which has economic and environmental benefits, involves:

Stage 1 – vessel tracking: Newcastle Port Corporation tracks vessels with an ETA of 14 days or less and at 10 days estimates a vessel's arrival time at the port. The purpose of Stage 1 is to demonstrate the system's capacity to accurately track vessels and perform relevant functions.

Stage 2 – voluntary slowing of vessel transit: Vessels are given the opportunity to voluntarily slow their transit to the Port of Newcastle, with the aim of arriving on a particular date that aligns with PWCS' estimated loading time of that vessel.

Stage 3 – restricting anchoring of vessels: All vessels in transit to the port will be given an estimated loading time and will also be given an arrival time at the Port of Newcastle that is 48 hours prior to the loading time.

Stages 1 and 2 of the trial were completed in mid 2009 with Stage 3 planned for completion by the end of 2009.



Delivering Opportunity for the Hunter Region



Growth and diversity of the Port of Newcastle is a main focus for Newcastle Port Corporation and the successful regional enterprise, Cruise Hunter, reflects the Corporation's endeavours in this area. Cruise Hunter is based at Newcastle Port Corporation to market the Hunter Region as a destination for cruise and naval ships. The enterprise introduced a new logo in August 2008 and launched an industry-specific website in October 2008 to improve its branding and increase the number of cruise and naval vessels visiting Newcastle.

An important aspect of Cruise Hunter's work during the year was working with P&O Cruises Australia to establish a home base in Newcastle for the *Pacific Sun* from late 2010. Cruise Hunter continues to work with P&O for a home base which is viewed as a major boost in diversification of the port.

A highlight of the year was the visit by the 294-metre *Millennium*, which is the largest cruise ship to enter the port. The January visit confirmed that the Port of Newcastle has capability and the Hunter Region has the tourism experiences to attract large cruise ships.

The Corporation focussed on the future maintenance and development of more than 500 hectares of land that was transferred to it from several other government departments. Three Development Managers and a Planning Officer were employed to play important roles in major capital, strategic and land development projects.

The 90 hectares of riverfront land at the former BHP Steelworks site at Mayfield for which the Corporation gained development control attracted major attention. In May the Corporation expressed interest in hearing from interested parties about high quality terminal and infrastructure projects for the prime site.

The potential for this land is recognised as being of significant importance, especially for projects deemed suitable for the site such as terminal development and cargo handling infrastructure for port-related activities such as general cargo, bulk trade, bulk liquids and particularly container trade. The Corporation is working with interested parties to deliver the development and economic benefits the site offers for the Hunter Region.

Newcastle Port Corporation has a strong association with the local community and participated in many events while also assisting a variety of organisations through sponsorship.

Free port tours provided by the Corporation at the National Maritime Festival in October and on Australia Day proved very popular and were a major attraction for both events. Sponsorship and support was provided for a wide cross-section of activities, some being Star Struck, Mission to Seafarers, an environmental initiative at Carrington Public School, Hunter TAFE Maritime Medal, Dragons Abreast, Nobbys Surf Lifesaving Club and HMAS Newcastle in its fundraising efforts for Hunter Orthopaedic School.

Business support included sponsorship of the 2009 Regional Port Conference in Newcastle which attracted more than 100 delegates, the Hunter and Central Coast Export Awards and the Hunter Valley Research Foundation.

A delegation visited the Port of Qinhuangdao in China in November 2008 to celebrate the 20-year anniversary of the sister port relationship between Newcastle Port Corporation and Qinhuangdao Port Group. An Agreement on Friendship Co-operation was signed by Newcastle Port Corporation Chairman, Mr Paul Jeans, and Qinhuangdao Port Group Chairman, Mr Huang Jianhua, with both parties confirming their strong commitment and desire to continue the sister port relationship.



The 294-metre *Millennium* was the largest cruise ship to have entered port in January 2009.

From left to right:
Paul Jeans, Gary Webb,
Malcolm Goodfellow,
Mark Sargent,
John Carter and
Michelle McPherson



Corporate Governance Board of Directors



The Directors of the Corporation are:

Paul Jeans

BE, MAICD

Paul was appointed as a Director of Newcastle Port Corporation in October 2002 and Chairman in May 2008. Paul is a member of the Audit Committee and the Safety, Health and Environment Committee.

Paul is a Director of Energy Australia and a Governor of the Warren Centre for Advanced Engineering at the University of Sydney.

Paul's current three-year term expires in October 2010.

The Board considers Paul to be an independent Director.

Professor John Carter AM

DEng, BE(Hons) PhD

John was appointed a Director of Newcastle Port Corporation in May 2008 and is a member of the Audit Committee.

John is the Pro Vice-Chancellor (Engineering and Built Environment) at the University of Newcastle, a role he commenced in 2006.

In 2003 John was elected as a Fellow of the Australian Academy of Technological Sciences and Engineering and in 2009 as a Fellow of the Australian Academy of Science.

In the Australia Day Honours 2006, John was made a Member of the Order of Australia for his services to civil engineering and education.

John's current three-year term expires in May 2011.

The Board considers John to be an independent Director.

Malcolm Goodfellow

Master Mariner, GAICD

Malcolm was appointed as a Staff Director in October 2008 and is a member of the Safety, Health and Environment Committee.

Malcolm is a Marine Pilot for Newcastle Port Corporation and has been with Newcastle Port Corporation since 2002.

Malcolm's current three-year term expires in October 2011.

Michelle McPherson

BBus(Accounting), CA, GAICD

Michelle was appointed a Director of Newcastle Port Corporation in April 2008 and chairs the Audit Committee.

Michelle is the Deputy Chief Executive Officer and Chief Financial Officer of NIB Holdings Limited.

Michelle is a Director of the Hunter Valley Research Foundation and a Member of the Advisory Board to the Faculty of Business and Law at the University of Newcastle.

Michelle's current three-year term expires in April 2011.

The Board considers Michelle to be an independent Director.

Board of Directors – continued



Mark Sargent

MBA, MMkg, GAICD

Mark was appointed a Director of Newcastle Port Corporation in December 2005 and chairs the Safety, Health and Environment Committee.

Mark is the principal of Aigis Group Pty Ltd which provides economic and social impact modelling, finance and corporate governance advice.

Mark's current three-year term expires in December 2009.

The Board considers Mark to be an independent Director.

Gary Webb

B Surv. (Hons), Grad Dip. Ed., Grad Dip BA, FAICD

Gary was appointed a Director of Newcastle Port Corporation effective from December 2004.

This follows his appointment as Chief Executive Officer in October 2004.

His current term expires in September 2012.

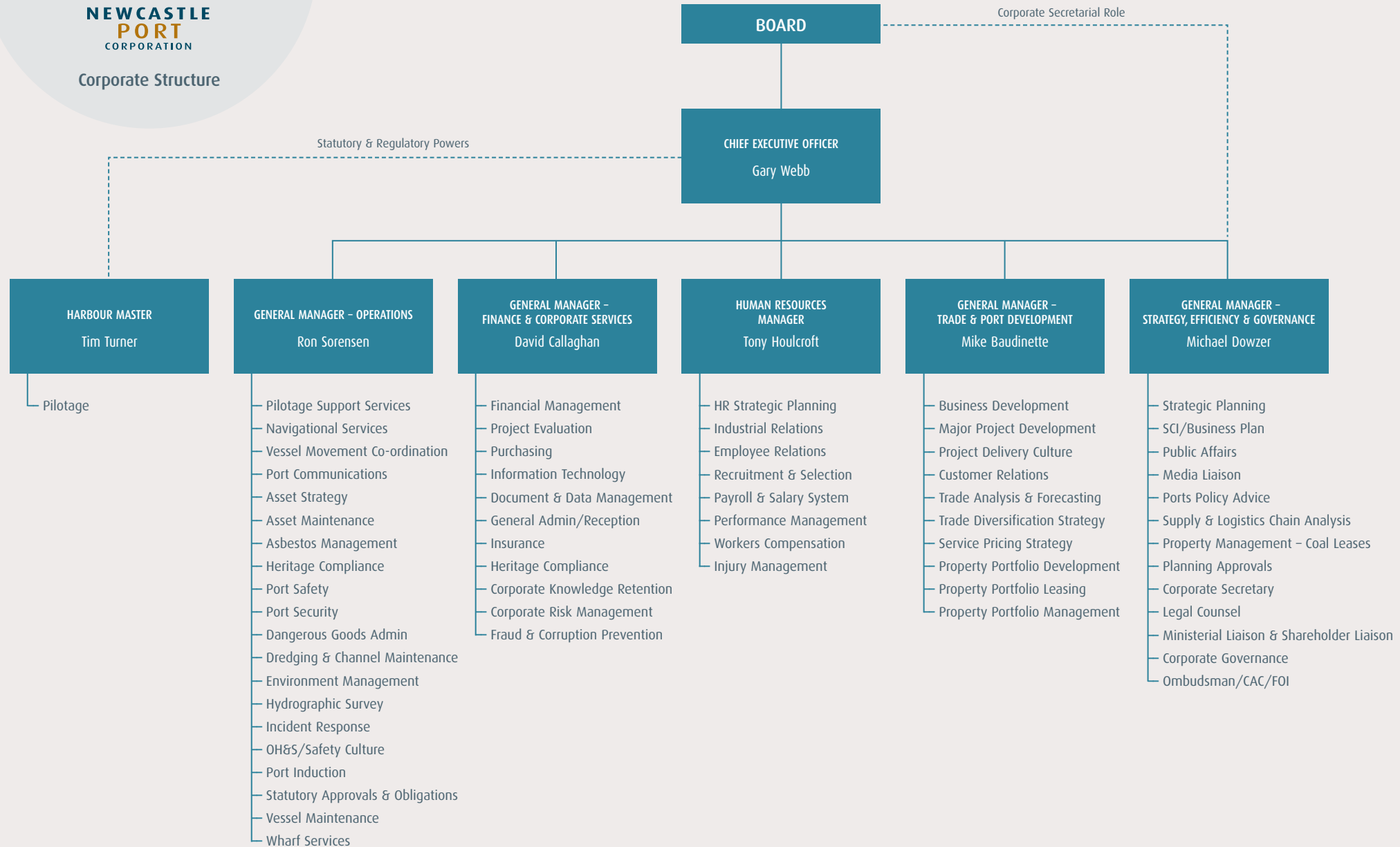
The term for the following Director concluded during the year:

Neil Pearson's term as Staff-elected Director expired in October 2008 (appointed October 2005).





Corporate Structure



Newcastle Port Corporation

Financial Statements

for the year ended 30 June 2009

Contents

Directors' Statement	22
Independent Audit Report	23
Income Statement	24
Balance Sheet	25
Cash Flow Statement	26
Statement of Recognised Income and Expense	27
Notes to and forming part of the Financial Statements	28

Directors' Statement

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

1. the accompanying financial statements exhibit a true and fair view of the financial position of the Corporation as at 30 June 2009 and transactions for the year then ended;
2. the statements have been prepared in accordance with the provision of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2000* and relevant Treasurer's Directions.

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



Paul Jeans
CHAIRMAN



Michelle McPherson
DIRECTOR

Dated: 24 September 2009

Independent Audit Report



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT NEWCASTLE PORT CORPORATION

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Newcastle Port Corporation (the Corporation), which comprises the balance sheet as at 30 June 2009, the income statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Corporation as at 30 June 2009, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

Directors' Responsibility for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *State Owned Corporations Act 1989*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Corporation's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

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

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

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

A handwritten signature in black ink, reading 'James Sugumar'.

James Sugumar
Director, Financial Audit Services

9 October 2009
SYDNEY

Newcastle Port Corporation

Income Statement

for the financial year ended 30 June 2009

	Note	2009 \$000	2008 \$000
<u>Revenue</u>			
Port management	2	44,771	41,501
Interest on deposits		2,265	2,920
Total revenue		47,036	44,421
<u>Other income</u>	3	5,857	5,434
<u>Expenses</u>			
Employee benefits	4	14,013	12,851
Depreciation and amortisation	4	2,682	2,612
Finance costs	4	1,833	2,085
Other expenses	4	22,969	18,250
		41,497	35,798
<u>Profit before income tax</u>		11,396	14,057
Income tax expense	5	(3,718)	(4,481)
<u>Profit after income tax</u>		7,678	9,576
<u>Profit attributable to owners</u>		7,678	9,576

The above Income Statement should be read in conjunction with the accompanying notes.

Newcastle Port Corporation

Balance Sheet

as at 30 June 2009

	Note	2009 \$'000	2008 \$'000
<u>Current assets</u>			
Cash and cash equivalents	6	33,402	44,939
Trade and other receivables	7	5,343	5,115
Inventories	8	51	115
Financial assets at fair value	9	–	35
Total current assets		38,796	50,204
<u>Non-current assets</u>			
Property, plant and equipment	10	86,306	64,476
Investment properties	11	68,227	60,037
Intangible assets	12	625	275
Post employment benefits	13	3,595	2,318
Total non-current assets		158,753	127,106
Total assets		197,549	177,310
<u>Current liabilities</u>			
Trade and other payables	14	14,337	13,098
Income tax payable	5	363	885
Provisions	15	3,854	3,812
Total current liabilities		18,554	17,795
<u>Non-current liabilities</u>			
Interest bearing borrowings	16	30,925	30,851
Deferred tax liabilities	5	21,595	17,412
Provisions	15	256	289
Post employment benefits	13	1,109	–
Total non-current liabilities		53,885	48,552
Total liabilities		72,439	66,347
Net assets		125,110	110,963
<u>Equity</u>			
Contributed equity	17	62,282	62,282
Reserves	18	19,785	10,932
Retained profits	19	43,043	37,749
Total equity		125,110	110,963

The above Balance Sheet should be read in conjunction with the accompanying notes.

Newcastle Port Corporation

Cash Flow Statement

for the financial year ended 30 June 2009

	Note	2009 \$000	2008 \$000
<u>Cash flows from operating activities</u>			
Receipts from customers (inclusive of GST)		52,989	47,938
Payments to suppliers and employees (inclusive of GST)		(40,056)	(33,218)
Interest received		2,277	2,908
Interest paid		(1,867)	(2,054)
Income tax paid	5	(3,564)	(3,429)
Net cash inflow from operating activities	25	9,779	12,145
<u>Cash flows from investing activities</u>			
Payments for property, plant and equipment	10	(15,581)	(8,354)
Payments for investment property	11	(690)	(27)
Payments for intangibles	12	(524)	(40)
Proceeds from sale of property, plant and equipment	10	138	181
Newcastle harbour deepening account	14	-	(12)
Net cash outflow from investing activities		(16,657)	(8,252)
<u>Cash flows from financing activities</u>			
Dividends paid	14	(4,659)	(3,808)
Net cash outflow from financing activities		(4,659)	(3,808)
Net decrease in cash and cash equivalents		(11,537)	85
Cash and cash equivalents at the beginning of the financial year		44,939	44,854
Cash and cash equivalents at the end of the financial year	1(a), 6	33,402	44,939

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

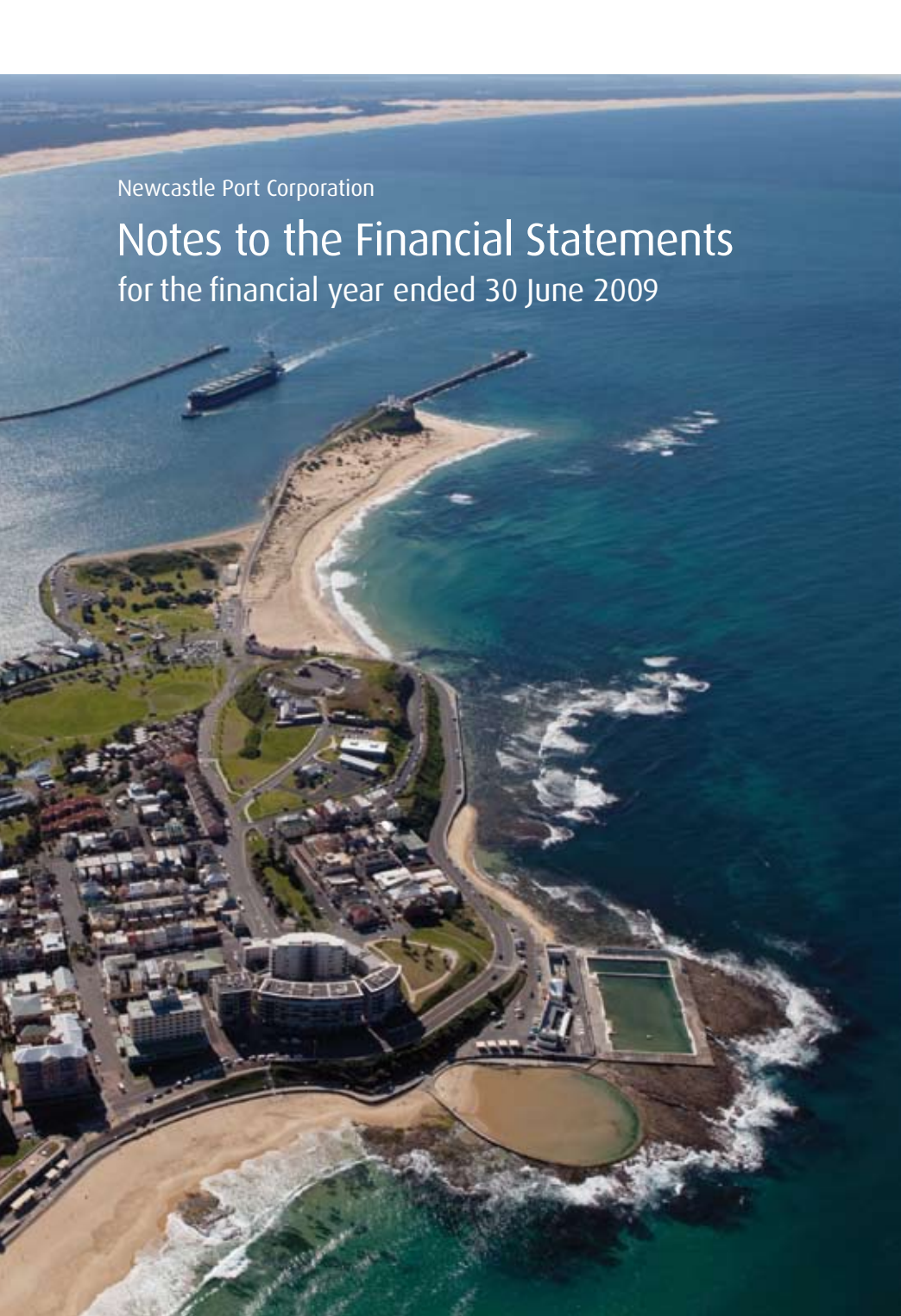
Newcastle Port Corporation

Statement of Recognised Income and Expense

for the financial year ended 30 June 2009

	Note	2009 \$000	2008 \$000
<u>Profit for the year</u>		7,678	9,576
Gain on revaluation of property, plant and equipment, net of tax	10	8,945	–
Post employment benefit actuarial gain / (loss), net of tax	13	(671)	(1,112)
Net income / (loss) recognised directly in equity		8,274	(1,112)
Total recognised income and expense for the year		15,952	8,464
<u>Effect of change in accounting policy</u>			
Profit as reported in 2008			8,464
Change of policy – post employment benefit actuarial losses	1(x)		1,112
Restated profit for the year			9,576

The above Statement of Recognised Income and Expense should be read in conjunction with the accompanying notes.



Newcastle Port Corporation

Notes to the Financial Statements

for the financial year ended 30 June 2009

Background

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

The financial statements were approved for issue by the Directors on 24 September 2009.

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

As required by Section 41B(1) of the *Public Finance and Audit Act, 1983*, the accompanying Financial Statements form a General Purpose Financial Report and have been prepared in accordance with applicable Australian equivalents to International Financial Reporting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Interpretations to exhibit a true and fair view of the financial position and transactions of NPC. The Financial Statements also incorporate financial reporting requirements specified in the Public Finance and Audit Regulation 2005 and relevant Treasurer's Directions.

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

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

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

Standards issued but not adopted

The following standards have been issued but are not mandatory for the year ended 30 June 2009. Only those standards or guidelines relevant to the operations of NPC have been considered.

AASB123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123. The amendment is applicable to NPC from 1 July 2009 where the Corporation will capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.

1. Summary of significant accounting policies *continued*

AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101. The amendment will be applicable to the Corporation from 1 July 2009 and requires a Statement of Comprehensive Income and makes changes to the Statement of Changes in Equity. The amendment will not effect the amounts recognised in the financial statements.

AASB 2008-9 Amendments to AASB 1049 Whole of Government and General Government Sector Financial Reporting. The amended standard will provide for the "Whole of Government" aggregate reporting to be consistent with AASB 101. There is no direct impact on disclosures for NPC. The amendment will be applicable to the Corporation from 1 July 2009.

The adoption of these amended standards is not expected to cause any material financial impact on the results of the Corporation. When adopted the standards will mainly impact on the disclosure of information.

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, at bank, in trust and funds invested in the NSW Treasury Corporation Cash Hourglass facility with original maturity of three months or less. Bank deposits are shown at cost. Hourglass funds are at fair value.

For the purpose of the Cash Flow Statement the amount of Cash and Cash Equivalents is reconciled in Note 6.

(b) Property, plant and equipment

Property, plant and equipment is measured at fair value less accumulated depreciation. Fair value is determined by reference to NSW Treasury policy and guidelines paper "Accounting Policy: Valuation of Physical Non-current Assets at Fair Value" (TPP07-1) April 2007.

Depreciation has been calculated on depreciable assets, using rates estimated to write off the assets over their remaining economic lives on a straight line basis. Land and reclamation assets have been treated as non-depreciable.

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

Buildings	2-7 %
Roads	5-9 %
Wharves and jetties	3-8 %
Breakwaters	1 %
Plant	5-85 %

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

All capital expenditure on land, reclamations, buildings, workshops, roadways, wharves, jetties and breakwaters, and plant of \$100 or more are capitalised. Only those assets completed and ready for service are taken to property, plant and equipment accounts. The remaining capital expenditures are carried forward as construction in progress but included in property, plant and equipment in the Balance Sheet. When minor components of an asset are replaced to retain the service level of the asset the amount is expensed in the year incurred rather than capitalised.

i) Revaluation

Material items of property, plant and equipment are subject to revaluations. If an asset's carrying amount is increased as a result of a revaluation, the increase shall be credited directly to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit and loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit and loss. However, the decrease shall be debited directly to the revaluation reserve to the extent of any credit balance in the revaluation reserve in respect of that asset. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being disposed is transferred to retained earnings.

ii) Impairment

At the reporting date the Corporation assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Corporation makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the Income Statement.

Recoverable amount is the greater of the fair value less costs to sell and value in use. It is determined for individual assets, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

iii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in Income Statement in the year the asset was derecognised.

1. Summary of significant accounting policies *continued*

(c) Significant accounting judgements, estimates and assumptions

The Corporation has made the following judgments in preparing these financial statements:

For Profit – the Corporation is a “for profit” entity.

The Corporation has made the following estimates and assumptions in preparing these financial statements:

- i) Superannuation – various actuarial assumptions are required to quantify the net position of the defined benefits funds. These assumptions are disclosed in note 13.
- ii) The classification and measurement of fair value of Investment Property is based on predetermined criteria as disclosed in note 11.

(d) Derivatives

The Corporation uses derivative financial instruments such as interest rate swaps and futures to hedge its risks against interest rate fluctuations. Such derivative financial instruments are stated at fair value. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments. Any gain or loss from measuring the instrument at fair value is recognised immediately in the Income Statement.

(e) Inventories

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

Net realisable value is the estimated selling price due to cessation of consumption in operations.

(f) Provisions

Provisions are recognised when a present obligation exists as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material then provisions are determined by discounting the expected future cashflows at a pre tax rate based on market assessments and the risks specific to the provision. When discounting is used the increase in the provision due to the passage of time is recognised as an expense.

(g) Employee benefits

i) Wages, salary, annual leave and sick leave

NPC provide fully for all employee entitlements. Wages, salary and annual leave expected to be settled within 12 months of the year-end are measured at their nominal amounts based on remuneration rates expected to be paid when the liability is settled.

Liabilities for non accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

ii) Long service leave

Long service leave is provided based on the present value of estimated future cash outflows to be made in respect to services provided by employees up to the reporting date. The provision incorporates future increases in wages, on-costs and a history of staff turnover. A national government bond rate matching as closely as possible the terms to maturity of the related future cashflows is used to calculate the present value of expected future payments.

iii) Pension and other post employment benefits

The Corporation provides contributions to both accumulation funds and defined benefits funds. The cost of providing benefits under the defined benefits funds is determined for each plan using the projected unit credit actuarial valuation method. The over or underfunded position of the defined benefit funds is recognised in the balance sheet. Actuarial gains or losses and any change in surplus in excess of recovery available are recognised outside of profit and loss in the Statement of Recognised Income and Expenditure. Current service cost, interest cost and expected return on financial assets for the defined benefits schemes are recognised in the Income Statement. Contributions to accumulation funds are recognised in the Income Statement.

(h) Assets

The assets of NPC are unencumbered.

(i) Leases

Leases of plant and equipment are classified as operating leases. Operating lease payments are charged as an expense in the period in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(j) Rounding amounts to nearest \$000

In the financial statements, all amounts are rounded to the nearest thousand dollars, except for auditors' and directors' remuneration.

1. Summary of significant accounting policies *continued*

(k) Income tax equivalents

The Tax Equivalent regime requires NPC to make tax equivalent payments to the NSW Government's Consolidated Fund and involves income tax and capital gains tax.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate and adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rate expected to apply when the assets are recovered or liabilities are settled. The tax rate is applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(l) Dividends

Allowance is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

(m) Interest bearing borrowings

Borrowings are measured using the effective interest method. Borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. Subsequently, the difference between the debt's long term face value and the non-current value shown in the Balance Sheet is taken up as a discount on borrowings. The discount will be amortised over the life of the loans.

(n) Finance costs

Finance costs are recognised as an expense when incurred.

(o) Trade receivables

Trade receivables are generally settled within 15 days and are carried at amounts due less a Provision for Impairment where there is objective evidence that the Corporation will not be able to collect the debt following thorough investigation and exhaustion of recovery processes. Bad debts are written off against the Provision for Impairment. A review was carried out during the year to determine the adequacy of the level of the Provision for Impairment. The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an

impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(p) Trade payables

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

(q) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Corporation and that revenue can be reliably measured as follows:

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

Charges on vessels – pilotage revenue is generally recognised on departure however the inward movement is accrued if it occurred prior to year end.

Berth Charges – wharfage revenue is recognised when the vessel departs the berth however site occupation is recognised and accrued if it occurred prior to year end.

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

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

Hourglass income – taken to income monthly based on the movement in the market value of the trust units held.

(r) Other taxes

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

- i) where the amount of GST incurred is not recoverable from the Taxation Office it is recognised as part of the cost of the acquisition of an asset or as part of an item of expense;
- ii) for receivables and payables which are recognised inclusive of GST. GST payable to and recoverable from the Taxation Office is recognised as a payable and receivable respectively in the Balance Sheet; and
- iii) the Cash Flow Statement is inclusive of GST.

1. Summary of significant accounting policies *continued*

(s) Segment information

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

(t) Investment properties

Investment properties are initially measured at cost. Subsequently, the investment properties are stated at fair value which reflects market conditions at the Balance Sheet date. Gains or losses arising from changes in the fair value of investment properties are included in the Income Statement in the year in which they arise.

Investment properties are classified as such where the property is held for rental or appreciation in value.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognition of an investment property are recognised in the Income Statement in the year of derecognition.

(u) Intangible assets

Intangible assets are limited to computer software. On acquisition they are capitalised at cost which equates to fair value. The computer software will have a finite life. Amortisation is to be charged to the Income Statement based on the finite life of the asset. Intangible assets are tested for impairment where an indicator of impairment exists and useful lives are assessed on an annual basis.

(v) Contributed equity

Shares issued to the Voting Shareholders in accordance with the requirements of the *State Owned Corporations Act 1989* are classified as equity.

(w) Capital risk management

The Corporation's objective when managing capital is to safeguard its ability to continue as a going concern, so as to continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Corporation may adjust the amount of dividends paid to shareholders, return of capital to shareholders or sell assets to reduce debt.

The Corporation monitors capital on the basis of the gearing ratio. This ratio is calculated as debt divided by total capital. Debt is calculated as Borrowings as shown in the Balance Sheet. Total capital is calculated as Equity as shown in the Balance Sheet plus net debt.

(x) Change in accounting policy

According with NSW Treasury policy TC 09/01 released 18 May 2009, the Corporation has changed the policy on the recognition of superannuation actuarial gains and losses and change in surplus in excess of recovery amount. Such actuarial gains and losses and change in surplus in excess of recovery amount are now recognised outside of profit and loss in the Statement of Recognised Income and Expense. Previously actuarial gains and losses and change in surplus in excess of recovery amount were recognised through profit and loss. Both options are permissible under AASB 119 Employee Benefits.

The change in policy has been adopted on the basis that recognition outside profit and loss provides reliable and more relevant information as it better reflects the nature of actuarial gains and losses and change in surplus in excess of recovery amount. This is because actuarial gains and losses and change in surplus in excess of recovery amount are re-measurements, based on assumptions that do not necessarily reflect the ultimate cost of providing superannuation.

Recognition outside profit and loss also harmonises better with the Government Finance Statistics / GAAP comprehensive income presentation for the whole of government and general government sector, required under AASB 1049 Whole of Government and General Government Sector Financial Reporting.

The change in accounting policy increases 2009 profit after tax from \$7.007 to \$7.678m (2008: from \$8.464m to \$9.576m), by excluding from profit the superannuation actuarial loss item and change in surplus in excess of recovery amount (2009: \$0.958m, 2008: \$1.589m), along with the associated and offsetting income tax effect (2009: \$0.287m, 2008: \$0.477m). Both these items are now recognised in the Statement of Recognised Income and Expense rather than the Income Statement.

		2009	2008
	Note	\$000	\$000
2. Revenue			
Port management			
Charges on vessels		34,649	33,408
Berth services		10,122	8,093
		<u>44,771</u>	<u>41,501</u>
3. Other income			
Non port related lease		3,098	2,576
Increment in value of Investment Property	11	1,026	220
Post employment benefits income	13	1,126	1,280
Other		607	1,358
		<u>5,857</u>	<u>5,434</u>
Post employment benefit income relates to the net of current service cost, interest cost and expected return on financial assets for the defined benefits superannuation schemes.			
4. Expenses			
Employee benefits			
– Salaries, wages and related costs		13,116	12,092
– Superannuation contributions to accumulation funds	13	897	759
Depreciation and amortisation	10, 12	2,682	2,612
Finance costs		1,833	2,085
Repairs and services		13,152	10,537
Administration		8,283	6,848
Decrement in value of Property, Plant and Equipment	10	601	–
Consultants		28	48
Net loss on disposal of Property, Plant and Equipment	10	260	131
Other		645	686
		<u>41,497</u>	<u>35,798</u>

	2009	2008
	\$000	\$000
5. Income tax equivalent		
Income tax expense		
Current tax	3,043	3,579
Deferred tax, net of amount directly to equity	675	902
Income tax expense	<u>3,718</u>	<u>4,481</u>
Deferred tax		
Deferred income tax expense included in income tax expense comprises:		
Decrease (increase) in deferred tax assets	(37)	(29)
(Decrease) increase in deferred tax liabilities	712	931
	<u>675</u>	<u>902</u>
Deferred tax asset		
Non allowable depreciation	64	182
Pooled infrastructure items	1,609	1,498
Leave entitlements	1,618	1,589
Sundry accruals	18	3
	<u>3,309</u>	<u>3,272</u>
Deferred tax liability		
Depreciation and revalued property	24,110	19,893
T Corp unrealised gain	–	54
Overfunded superannuation	746	695
Accrued trading income	48	42
	<u>24,904</u>	<u>20,684</u>
Net deferred tax liability position for disclosure in Balance Sheet	<u>21,595</u>	<u>17,412</u>

	2009 \$000	2008 \$000
5. Income tax equivalent <i>continued...</i>		
The difference between income tax expense provided in the financial statements and the prima facie income tax expense is reconciled as follows:		
Profit before tax equivalents	11,396	14,057
Prima facie tax thereon at 30%	3,419	4,217
Add tax effect of items with differential accounting / tax treatment:		
Non deductible expenses / (assessable income)	98	71
(Deductible depreciation) / not deductible depreciation	201	193
Total income tax expense attributable to operating profit	3,718	4,481
Net deferred tax debited (credited) directly to equity	3,508	(477)
Movement in Income tax equivalent payable		
Balance at the beginning of the financial year	885	735
Charge to expense	3,043	3,579
Payments	(3,564)	(3,429)
Balance at the end of the financial year	363	885

	Balance 1 July 2008 \$000	Charge to income \$000	Charge to equity \$000	Balance 30 June 2009 \$000
Movement in deferred tax asset				
Non allowable depreciation	182	(118)	–	64
Pooled infrastructure items	1,498	111	–	1,609
Leave entitlements	1,589	29	–	1,618
Sundry accruals	3	15	–	18
	3,272	37	–	3,309
Movement in deferred tax liability				
Depreciation, revaluation and derecognition of property, plant and equipment	19,893	422	3,795	24,110
T Corp unrealised gain	54	(54)	–	–
Overfunded superannuation	695	338	(287)	746
Accrued trading income	42	6	–	48
	20,684	712	3,508	24,904

	2009	2008
	\$000	\$000
6. Cash and cash equivalents		
Cash assets consist of:		
Cash on hand	3	3
Cash at bank	355	1,949
T Corp Hourglass Facility Trust	32,527	42,987
T Corp RAFT Account	517	–
	33,402	44,939

Cash assets at both 30 June 2009 and 30 June 2008 are very short term, hence market value approximates cost.

(a) Net fair value

The Corporation considers the carrying amount of cash assets approximate their net fair values.

(b) Significant terms and conditions

There are no significant terms and conditions relating to cash assets.

(c) Details regarding credit risk, liquidity risk and market risk arising from financial instruments are further disclosed in note 26.

	2009	2008
	\$000	\$000
7. Trade and other receivables		
Trade receivables	3,383	3,373
Accrued income	224	425
Prepayments	964	749
Other receivables	772	568
	5,343	5,115

(a) Net fair value

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

(b) Significant terms and conditions

Trade receivables are required to be settled within 7 days.

(c) Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in note 26.

8. Inventories

Consumable store items – at cost	51	115
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Reviews of all store items have been carried out during the year ended 30 June 2009 to determine stock obsolescence and stock on hand adjustments. Stores are valued at the lower of cost and net realisable value.

9. Derivative financial instruments

Derivative financial instruments – futures contracts

2009	2008
\$000	\$000
–	35

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

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

A derivative financial instrument is a contract or agreement whose value is derived from the value of the underlying instrument, reference rate or index. Derivative financial instruments are used to alter and modify the natural risks inherent in the Balance Sheet. The Corporation uses futures contracts and interest rate swaps to hedge financial exposures arising from its borrowing portfolio thereby limiting the risk that changes in interest rates will adversely affect profit.

There was no fair value gain or loss required to be brought to account at the end of either financial year.

Details regarding credit risk, liquidity risk and market risk arising from financial instruments are further disclosed in note 26.

Outstanding sold futures position

30 June 2009	Delivery month	Contracts sold	Contracts bought	2009 Value \$000
90 day bill futures	March 2010	1	–	(1,000)
				(1,000)
30 June 2008	Delivery month	Contracts sold	Contracts bought	2008 Value \$000
3 year bond futures	Sept 2008	–	6	600
10 year bond futures	Sept 2008	–	20	2,000
90 day bill futures	Dec 2008	13	–	(13,000)
				(10,400)

	2009 \$000	2008 \$000		2009 \$000	2008 \$000
10. Property, plant and equipment			Construction in progress		
Property, plant and equipment at fair value	73,919	69,388	Land and buildings	609	4,254
Accumulated depreciation	(6,487)	(12,753)	Wharves and jetties	16,870	3,377
Construction in progress	18,874	7,841	Plant	1,395	210
	<u>86,306</u>	<u>64,476</u>		<u>18,874</u>	<u>7,841</u>
Land and buildings			Disposals		
At fair value	17,174	12,459	Proceeds from sale	138	181
Accumulated depreciation	(170)	(582)	Written down value	(398)	(312)
Net carrying amount	<u>17,004</u>	<u>11,877</u>	Net amount included in the Income Statement	<u>(260)</u>	<u>(131)</u>
Roads					
At fair value	1,920	2,030			
Accumulated depreciation	(139)	(472)			
Net carrying amount	<u>1,781</u>	<u>1,558</u>			
Wharves and jetties					
At fair value	22,276	23,939			
Accumulated depreciation	(185)	(3,854)			
Net carrying amount	<u>22,091</u>	<u>20,085</u>			
Breakwaters					
At fair value	14,746	14,979			
Accumulated depreciation	(25)	(612)			
Net carrying amount	<u>14,721</u>	<u>14,367</u>			
Plant					
At fair value	17,803	15,981			
Accumulated depreciation	(5,968)	(7,233)			
Net carrying amount	<u>11,835</u>	<u>8,748</u>			
Total net carrying amount of property, plant and equipment in operation	<u>67,432</u>	<u>56,635</u>			

10. Property, plant and equipment *continued*

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

30 June 2009	Land and buildings \$000	Roads \$000	Wharves and jetties \$000	Breakwaters \$000	Plant \$000	Construction in progress \$000	Total \$000
Carrying amount at start of year	11,877	1,558	20,085	14,367	8,748	7,841	64,476
Additions	–	–	–	–	–	19,528	19,528
Disposals	(5)	–	(242)	–	(151)	–	(398)
Transfer to asset register	266	–	78	–	988	(1,332)	–
Transfer to investment property	–	–	–	–	–	(7,164)	(7,164)
Revaluation increment to reserves	5,237	327	3,863	503	3,489	–	13,419
Revaluation decrement to reserves	(138)	–	(310)	–	–	–	(448)
Revaluation decrement to expense	(112)	–	(421)	–	(68)	–	(601)
Depreciation expense	(121)	(104)	(961)	(149)	(1,171)	–	(2,506)
Carrying amount at end of year	17,004	1,781	22,092	14,721	11,835	18,873	86,306

30 June 2008	Land and buildings \$000	Roads \$000	Wharves and jetties \$000	Breakwaters \$000	Plant \$000	Construction in progress \$000	Total \$000
Carrying amount at start of year	12,069	1,663	19,885	14,517	9,065	1,464	58,663
Additions	–	–	–	–	–	8,592	8,592
Disposals	(71)	–	(26)	–	(216)	(28)	(341)
Transfer to asset register	–	–	1,172	–	1,015	(2,187)	–
Depreciation expense	(121)	(105)	(946)	(150)	(1,116)	–	(2,438)
Carrying amount at end of year	11,877	1,558	20,085	14,367	8,748	7,841	64,476

10. Property, plant and equipment *continued*

Land and buildings, roads, wharves and jetties, breakwaters and major items of plant were revalued as at 1 May 2009.

The valuation is considered appropriate for determining the carrying value for the year ended 30 June 2009. Assets acquired since 1 May 2009 have been recognised at purchase price and therefore deemed as fair value. The revaluation covered 94% of the book value of assets in all classes. Assets deemed immaterial and not subject to revaluation were recognised at fair value based on the carrying value as at 1 May 2009 projected to 30 June 2009. As in the prior year they are classified as fair value.

Items of land and commercial buildings were valued by M Henley Registered Valuer No.1710 of the NSW Department of Lands. Operational buildings, roads, wharves and jetties, breakwaters and major navigation aids were valued by Mr F Julier AAPI, Senior Valuer, Property Services, of Rushton Valuers Pty Ltd. Floating plant was valued by A Hannah API (P&M) of Rushton Valuers Pty Ltd.

The Property, Plant and Equipment assets are valued at fair value in accordance with Australian Accounting Standard AASB 116 "Property, Plant and Equipment. "Fair value" is defined as "the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction". Additional guidance regarding implementation of the principles of AASB 116 in the Public sector was gained from the New South Wales Treasury paper "Accounting policy: Valuation of Physical Non-Current Assets at Fair Value (TPP 07-1)"

Carrying amounts if Property, plant and equipment were stated at cost:

	2009 \$000	2008 \$000
Cost	75,711	74,463
Accumulated depreciation	(37,693)	(34,166)
Net carrying amount	38,018	40,297

11. Investment property

	2009 \$000	2008 \$000
Investment property – at fair value	68,227	60,037
Movement in investment property at fair value		
Opening balance at the beginning of the year	60,037	59,790
Additions	7,164	27
Gain / (loss) from fair value adjustments of opening balances	1,026	220
Closing balance at the end of the year	68,227	60,037

(a) Basis of valuation

Investment properties are stated at fair value.

Land and buildings were valued by M Henley Registered Valuer No 1710 of the NSW Department of Lands in May 2009.

Other Investment Property was valued by F Julier AAPI, Senior valuer, Property Services, of Rushton Valuers Pty Ltd in May 2009 and is deemed current for the year ended 30 June 2009.

Fair value is based on the New South Wales Treasury paper 'Accounting policy: Valuation of Physical Non-Current Assets at Fair Value (TPP 07-1)'.

In determining the fair value of the Corporation's Investment Properties, the Directors considered the above independent valuations together with the discounted cash flows arising from Investment Properties which are leased under long term agreements.

(b) Transfer of Port Related Land

In December 2007 the NSW Government Budget Committee of Cabinet (BCC) endorsed the principle that to facilitate the growth of the port, Newcastle Port Corporation should own and/or manage port related land in the port of Newcastle. BCC has conditionally approved the transfer of ownership of 600 hectares of land at the port from several State Government agencies to Newcastle Port Corporation.

As at 30 June 2009 no transfer of ownership or responsibility for ownership had occurred.

The formal transfer of ownership is expected to occur during the year ended 30 June 2010. Refer to note 22 for further detail.

	2009 \$000	2008 \$000
11. Investment property <i>continued</i>		
(c) Amounts recognised in the Income Statement for investment property		
Rental income	7,409	6,581
Direct operating expenses from property that generated rental income	(2,467)	(2,003)
Direct operating expenses from property that did not generate rental income	(553)	(146)
(d) Leasing arrangements		
Lease payments receivable at balance date (inclusive of GST)	33,103	40,326
Minimum future lease payments not recognised in the financial statements receivable from non-cancellable operating leases are as follows:		
Not later than one year	5,754	5,899
Later than one and not later than five years	14,132	19,870
Later than five years	13,217	14,557
Lease income consists of a combination of base and throughput rents.		
12. Intangible assets		
At fair value	1,708	1,193
Accumulated amortisation	(1,083)	(918)
Net carrying value	625	275
Intangible assets consist of computer software which have a defined economic life of 5 years.		
Reconciliation of the net carrying amounts of intangible assets at the beginning and end of the current and previous financial year are set out below:		
Carrying amount at start of year	275	409
Additions	524	40
Amortisation expense	(174)	(174)
Carrying amount at end of year	625	275

	2009 \$000	2008 \$000
13. Post employment benefits		
Overfunded defined benefits superannuation – SSS	3,595	–
Underfunded defined benefits superannuation – SASS and SANCS	(1,109)	–
Overfunded defined benefits superannuation – SSS, SASS and SANCS	–	2,318
	2,486	2,318

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

State Authorities Superannuation Scheme (SASS)

State Superannuation Scheme (SSS)

State Authorities Non-contributory Superannuation Scheme (SANCS)

These schemes are all defined benefits schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. All schemes are closed to new members.

The Corporation provided no employer contributions to the funds during the year due to a Trustee approved 'funding holiday'.

	Note	2009 \$000	2008 \$000
(a) Movement in net superannuation position			
Balance at the beginning of the financial year		2,318	2,627
Defined benefit actuarial gain / (loss) – recognised in Equity	19	(958)	(1,589)
Post employment benefits income – recognised in Income	3	1,126	1,280
Balance at the end of the financial year		2,486	2,318

13. Post employment benefits *continued***(b) Superannuation position**

	2009			2009
	SASS	SANCS	SSS	Total
	\$000	\$000	\$000	\$000
Present value of obligations	(10,097)	(1,614)	(18,202)	(29,913)
Fair value of plan assets	9,072	1,530	23,726	34,328
Surplus	(1,025)	(84)	5,524	4,415
Surplus in excess of recovery available	-	-	(1,929)	(1,929)
Net asset for disclosure	(1,025)	(84)	3,595	2,486
	2008			2008
	SASS	SANCS	SSS	Total
	\$000	\$000	\$000	\$000
Present value of obligations	(9,742)	(1,508)	(14,634)	(25,884)
Fair value of plan assets	11,150	1,951	26,896	39,997
Surplus	1,408	443	12,262	14,113
Surplus in excess of recovery available	(1,177)	(370)	(10,248)	(11,795)
Net asset for disclosure	231	73	2,014	2,318

(c) Present value of defined benefit obligations

	2009			2009
	SASS	SANCS	SSS	Total
	\$000	\$000	\$000	\$000
Defined benefit obligation at the beginning of the year	9,743	1,508	14,634	25,885
Current service cost	232	78	106	416
Interest cost	610	93	938	1,641
Contribution by fund participants	115	-	119	234
Actuarial (gains) / losses	581	160	3,119	3,860
Benefits paid	(1,184)	(225)	(714)	(2,123)
Defined benefit obligation at the end of the year	10,097	1,614	18,202	29,913
	2008			2008
	SASS	SANCS	SSS	Total
	\$000	\$000	\$000	\$000
Defined benefit obligation at the beginning of the year	10,028	1,445	15,044	26,517
Current service cost	253	78	125	456
Interest cost	616	87	943	1,646
Contribution by fund participants	124	-	112	236
Actuarial (gains) / losses	(683)	(34)	(778)	(1,495)
Benefits paid	(595)	(68)	(812)	(1,475)
Defined benefit obligation at the end of the year	9,743	1,508	14,634	25,885

13. Post employment benefits *continued*

(d) Fair value of fund assets	2009			2009
	SASS	SANCS	SSS	Total
	\$000	\$000	\$000	\$000
Fair value of fund assets at the beginning of the year	11,151	1,952	26,896	39,999
Expected return on fund assets	871	151	2,161	3,183
Actuarial gains / (losses)	(1,881)	(348)	(4,735)	(6,964)
Contribution by fund participants	115	-	119	234
Benefits paid	(1,184)	(225)	(715)	(2,124)
Fair value of fund assets at the end of the year	9,072	1,530	23,726	34,328

	2008			2008
	SASS	SANCS	SSS	Total
	\$000	\$000	\$000	\$000
Fair value of fund assets at the beginning of the year	12,342	2,158	29,345	43,845
Expected return on fund assets	922	164	2,297	3,383
Actuarial gains / (losses)	(1,642)	(302)	(4,046)	(5,990)
Contribution by fund participants	124	-	112	236
Benefits paid	(595)	(68)	(812)	(1,475)
Fair value of fund assets at the end of the year	11,151	1,952	26,896	39,999

(e) Amount in Income Statement	2009	2008
	\$000	\$000
<u>Define benefit fund</u>		
Current service cost	417	457
Interest cost	1,641	1,646
Expected returns on fund assets	(3,184)	(3,383)
Amount recognised in Income Statement	(1,126)	(1,280)
 <u>Accumulation fund</u>		
Amount recognised in the Income Statement	897	759

(f) Amounts recognised in Statement of Recognised Income and Expense		
<u>Defined benefits fund expense</u>		
Actuarial (gains) / losses	10,825	4,496
Adjustment for limit on net assets	(9,867)	(2,907)
Amount recognised directly to equity	958	1,589

(g) Fair value of plan assets consists of:	2009	2008
	%	%
Australian equities	32	32
Overseas equities	26	25
Australian fixed interest securities	6	7
Overseas fixed interest securities	5	8
Property	10	11
Cash	8	6
Other	13	11
	100	100

13. Post employment benefits *continued***(h) Fair value of fund assets**

All fund assets are invested at arm's length through independent fund managers.

(i) Expected rate of return

The expected return on asset assumption is determined by weighting the expected long term return for each class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

	2009 \$000	2008 \$000
(j) Actual return on fund assets	3,935	2,784
(k) Expected contributions to be paid next financial year	Nil	Nil

(l) Valuation method

The projected unit credit valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

(m) Economic assumptions	June 2009	June 2008
Salary increase rate	3.50%	3.50%
Rate of CPI increase	2.50%	2.50%
Expected rate of return on assets	8.13%	8.30%
Discount rate	5.59%	6.55%

(n) Historical information

	2009 \$000	2008 \$000	2007 \$000	2006 \$000	2005 \$000
Present value of defined benefit obligation	(29,913)	(25,884)	(26,516)	(25,046)	(25,717)
Fair value of fund assets	34,328	39,998	43,845	39,038	34,376
(Surplus) / deficit in fund	4,415	14,114	17,329	13,992	8,659
Experience adjustments – fund liabilities	(3,860)	1,495	(535)	1,912	–
Experience adjustments – fund assets	(6,965)	(5,991)	2,849	2,822	–

14. Trade and other payables

Payables comprise:

	2009 \$000	2008 \$000
Trade payables	6,477	3,725
Accrued financial expenses	663	588
Port cargo access charge (a)	614	490
Accrued salaries and wages	652	596
Other payables and accruals	2,613	1,842
Annual leave (e)	1,283	1,198
Dividend	2,035	4,659
	14,337	13,098

(a) Relates to the port cargo access charge collected, on behalf of the Consolidated Fund from port users, but not yet remitted. A management fee is retained by NPC.

(b) Net fair values

The Corporation considers the carrying amounts of trade and other accounts payable approximate their net fair values.

14. Trade and other payables *continued*

(c) Significant terms and conditions

Trade accounts payable are generally settled in 30 days.

(d) Details regarding credit risk, liquidity risk and market risk arising from financial instruments are further disclosed in note 26.

(e) Amounts not expected to be settled within the next 12 months

Other payables include accruals for annual leave. The entire obligation is presented as current since the Corporation does not have an unconditional right to defer settlement. However, based on past experience the Corporation does not expect all employees to take the full amount of accrued leave within the next 12 months. The following amounts reflect leave that is not expected to be taken within the next 12 months:

	2009 \$000	2008 \$000
Annual leave obligation expected to be taken after 12 months	333	277

	Note	2009 \$000	2008 \$000
15. Provisions		Current	Non-current
Long service leave	(a)	3,854	256
			3,812
			289
<u>Movement in Provisions</u>		<u>Total</u>	<u>Total</u>
Balance at the beginning of the financial year		4,101	3,772
Arising during the year		431	523
Utilised		(422)	(194)
Balance at the end of the financial year		4,110	4,101

(a) The amount provided which relates to employees with service less than the qualifying period is disclosed as non current as there is no legal obligation to pay within 12 months.

(b) The current provision for long service leave includes all unconditional entitlements where the Corporation does not have an unconditional right to defer settlement. However based on past experiences the Corporation does not expect all employees to take the full amount of long service leave within the next 12 months.

The Corporation expects to settle long service leave entitlements of \$237,000 within the next 12 months (2008:\$400,000).

16. Interest bearing borrowings

NSW Treasury Corp borrowings

	2009 \$000	2008 \$000
NSW Treasury Corp borrowings	30,925	30,851
<u>Classification of liability</u>		
Non-current – Face value	31,442	
– Discount on purchase	(517)	
	30,925	30,851

(a) Significant terms and conditions

Borrowings consist of NSW Treasury Corporation floating and fixed rate loans. NSW Treasury Corporation loans are based upon instalment payments of interest only and repayment or rollover of principal at maturity. All borrowings are secured by Government Guarantee.

(b) Maturity profile of the borrowings is disclosed in note 26.

(c) Details regarding credit risk, liquidity risk and market risk arising from financial instruments are further disclosed in note 26.

		2009	2008
	Note	\$000	\$000
17. Share capital			
Ordinary share capital		62,282	62,282

The *State Owned Corporations Act 1989* (as amended) requires the Corporation to have two voting shareholders. As at 30 June 2009 they were the Treasurer, The Hon E Roozendaal MLC, and the Deputy Premier, The Hon C Tebbutt MP. Each shareholder must at all times have an equal share in the equity of the Corporation. As at 30 June 2009 each shareholder held a \$1 share.

There has been no movement in share capital during the year.

Capital risk management

During the year the Corporations strategy, unchanged from 2008, was to maintain a gearing ratio within investment grade. The gearing ratio as at year end was as follows:

Total borrowings	16	30,925	30,851
Total equity		125,110	110,963
Total capital		156,035	141,814
Gearing ratio		20%	22%

18. Reserves

Asset revaluation reserve			
Balance at the beginning of the financial year		10,932	10,932
Gain on revaluation of property, plant and equipment, net of tax	10	8,945	–
Write back revaluation reserve on derecognition of plant, net of tax		(92)	–
Balance at the end of the financial year		19,785	10,932

		2009	2008
	Note	\$000	\$000
19. Retained profits			
Balance at the beginning of the financial year		37,749	33,944
Net profit		7,678	9,576
Dividend provided for or paid		(2,035)	(4,659)
Post employment benefit actuarial gain / (loss), net of tax	13	(671)	(1,112)
Write back revaluation reserve and DTL on derecognition of plant		322	–
Balance at the end of the financial year		43,043	37,749

20. Contingent assets and contingent liabilities

No contingent assets or contingent liabilities were in existence as at 30 June 2009. (2008 – \$Nil)

21. Commitments

Capital expenditure

Forward obligations of NPC under major contracts committed as at 30 June 2009 but not otherwise brought to account have been assessed as follows (GST inclusive):

Within one year	10,677	148
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Operating leases

Minimum future lease payments payable for non-cancellable operating leases are as follows:

Not later than one year	316	54
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22. Events after the balance sheet date

In December 2007 the Budget Committee of Cabinet (BCC) endorsed the principle that to facilitate the growth of the port Newcastle Port Corporation (NPC) should own and/or manage port related land in the port of Newcastle. BCC conditionally approved the transfer of ownership of several parcels of land at the port to implement this policy. Vendors include State Property Authority (SPA), Rail Infrastructure Corporation (RIC), NSW Maritime Authority (NSWM) and the Department of Lands (DoL). In March 2009 BCC conditionally endorsed the transfer of land at the western end of Kooragang Island from SPA to NPC to facilitate the expansion of the coal export infrastructure. The BCC minute requires NPC to purchase the land under terms that "The value of the land under lease will be based on the terms of the existing lease and the value of improvements undertaken by NPC. Land currently not under lease will be transferred for peppercorn value".

The BCC Minute approved NPC being exempt from liability for the cost of remediating any contaminated land transferred to it. NPC has recently received a Deed of Indemnity from the Crown for any remediation of contamination.

As at 30 June 2009 control of the land had not transferred to NPC. A contract to transfer the SPA land was exchanged on 23 July 2009. Transfer of title of the SPA land will follow in a staged manner. The transfer of control and title of other land by way of vesting order will occur in the financial year ended 30 June 2010.

The likely financial effect in the year ended 30 June 2010 is as follows:

Total cash contribution from NPC to SPA will equate to \$75m. Cash contribution to RIC will be staged and aligned to the receipt of rental income from the applicable land each year.

Funding for the transfer will be provided from current cash reserves and additional borrowing from NSW Treasury Corporation. Cash reserves in 2009-10 will be reduced to a level to support daily cash flow requirements only. Interest expense will increase accordingly and interest income will reduce significantly.

Revenue from existing leases on the new land will be received into NPC from 1 July 2009.

Expenses relating to management of the land, including repairs and maintenance, will be incurred from 1 July 2009.

All land subject to the land transfer will be recognised at fair value and disclosed as Investment Property. The fair value of the land subject to transfer will be assessed by independent valuers during 2009-10 and as such an estimate is not available at this time. Any difference between consideration and fair value will be recognised as a contribution from shareholders in equity.

23. Remuneration of Auditors

Fees paid or payable to the Audit Office of NSW for services provided in accordance with the Public Finance and Audit Act. (PricewaterhouseCoopers are agent of the Audit Office).

2009	2008
\$	\$

61,000	64,000
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24. Director and Executive disclosure

Details of key management personnel during the financial year.

i) Directors

Paul Jeans	Chairman
Mark Sargent	Director
Michelle McPherson	Director
John Carter	Director
Malcolm Goodfellow	Staff Director – commenced 1 October 2008
Neil Pearson	Staff Director – ceased 30 September 2008
Gary Webb	Chief Executive Officer

ii) Executives

Ron Sorensen	General Manager – Operations
David Callaghan	General Manager – Finance and Corporate Services
Mike Baudinette	General Manager – Trade and Port Development
Michael Dowzer	General Manager – Strategy Efficiency and Governance
Tony Houlcroft	Human Resource Manager – executive since 26 February 2009
Annette Woods	General Manager – Planning and Development – ceased 5 September 2008
Ali Baghaei	General Manager – Planning and Development – commenced 27 October 2008 – ceased 27 February 2009

24. Director and Executive disclosure *continued*

Details of compensation paid to key management personnel during the financial year:

	2009	2008
	\$	\$
i) Total remuneration to key management personnel	1,347,479	1,376,614
ii) Remuneration paid to Directors is in accordance with rates determined by the Premier's Office. Remuneration paid to the CEO and Executives is determined by the Corporation's Remuneration Committee. Key management personnel received no loans nor any other benefits during the year.		

25. Notes to the Cash Flow Statement

Reconciliation of profit from ordinary activities after income tax equivalents to net cash flows from operating activities.

	2009 \$000	2008 \$000
Profit from ordinary activities after income tax equivalent	7,678	9,576
Depreciation and amortisation	2,682	2,612
Gain on fair value of investment property	(1,026)	(220)
Post employment benefit actuarial gain	(1,126)	(1,280)
Decrement in value of Property Plant and Equipment	601	–
Write-off opening construction in progress	–	28
(Profit) / loss on sale of non current assets	260	131
	9,069	10,847

Changes in assets and liabilities

(Increase) / decrease in trade and other receivables	(192)	(1,397)
(Increase) / decrease in inventories	64	(14)
(Decrease) / increase in trade and other payables	518	1,244
(Decrease) / increase in borrowings	74	22
(Decrease) / increase in tax payable	(522)	150
(Decrease) / increase in deferred tax	674	902
(Decrease) / increase in leave provisions	94	391
Net cash from operating activities	9,779	12,145

26. Financial risk management

The Corporation's principal financial instruments are outlined below. These financial instruments arise directly from the Corporation's operations or are required to finance the Corporation's operations. The Corporation does use derivative instruments to manage exposure to risk however does not use derivatives for speculative purposes.

The Corporation's main risks arising from financial instruments are outlined below, together with the Corporation's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Financial risk management is provided by NSW Treasury Corporation (T Corp) under a set of policies approved by the Corporation's Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas including liquidity risk, interest rate risk, foreign exchange risk, commodity risk, permitted instruments and counterparty credit risk. Compliance with policies is reviewed by the Audit Committee on a continuous basis.

The Corporation manages debt and investments within the framework of the *Public Authorities (Financial Arrangements) Act 1987*.

(a) Financial instruments held are as follows:**Financial assets**

	Note	2009 \$000	2008 \$000
Cash	6	358	1,952
T Corp Hourglass Facility	6	32,527	42,987
T Corp RAFT Account	6	517	-
Trade Receivables	7	3,383	3,373
Accrued income and other receivables	7	1,960	1,742
Derivative financial instruments	9	-	35
Total financial assets		38,745	50,089

Financial liabilities

	Note	2009 \$000	2008 \$000
Trade and other payables	14	14,337	13,098
Borrowings	16	30,925	30,851
Total financial liabilities		45,262	43,949

(b) Credit risk

Credit risk arises when there is the possibility of the Corporation's debtors defaulting on their contractual obligations, resulting in a financial loss to the Corporation. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Corporation, including cash and trade and other receivables. No collateral is held by the Corporation. The Corporation has not granted any financial guarantees.

Credit risk associated with the Corporation's financial assets, other than trade and other receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash and T Corp Hourglass facility

Cash comprises cash on hand and at bank with the Commonwealth Bank under the Government Banking division. Interest is earned on a daily bank balance basis and credited monthly. Deposits held in the NSW Treasury Corporation Cash Hourglass facility are guaranteed by the State of NSW and are AAA rated by Standard and Poors.

Trade receivables

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Sound debt recovery procedures are established and followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the Corporation will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. Invoices are raised on 7 day terms. Interest may be charged on outstanding debt in accordance with the Ports and Maritime Administration Act.

26. Financial risk management b) credit risk *continued*

The Corporation is not materially exposed to concentrations of credit risk to a single trade debtor, group of debtors or industry sector. Based on past experience, the Corporation has had limited exposure to impaired or bad debts. The majority of debts are paid within 15 days.

Major concentrations of credit risk that arose from the Corporation's receivables during the year in relation to the industry categories and location of the customers by the percentage of the total revenues from customers are:

	2009	2008
	%	%
Mining industry	77	73
Manufacturing industry	14	14
Agricultural industry	9	13
Asia	92	93
Australia	2	3
Other	6	4

Trade Receivables is the only financial asset that has individual transactions that are past due or impaired. The transactions relate to port charges or rent. A summary of past due or impaired debtors is as follows:

	2009	2008
	\$000	\$000
<u>Past due but not impaired</u>		
< 3 months overdue	524	430
3 months – 6 months overdue	75	246
> 6 months overdue	16	–

(c) Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its payment obligations when they fall due. The Corporation continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holdings of high quality liquid assets.

The Corporation has Public Authorities Financial Arrangement Act approval of a borrowing limit of \$32m of which \$1.2m was unused as at 30 June 2009 (\$1.2m as at 30 June 2008). The Act has also provided approval of a bank overdraft facility limit of \$500,000 to fund working capital if required. Future material capital expenditure will be funded through T Corp borrowings following an increased borrowing limit approval from the PAFA. Future committed expenditure is disclosed in note 21.

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The Corporation's exposure to liquidity risk is deemed insignificant based on prior periods data and current assessment of risk.

Liabilities are recognised for amounts due to be paid in the future for goods and services, whether or not invoiced. Amounts owing to suppliers are settled within trade terms. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice is received.

26. Financial risk management *continued*

The table below outlines the maturity analysis and interest rate exposure of the Corporation's financial liabilities.

	Weighted average effective interest rate %	Non interest bearing \$000	Floating interest rate \$000	Fixed interest rate				Market Value \$000
				< 1 year \$000	>1 – <5 years \$000	> 5 years \$000	Total contractual cash flow \$000	
30 June 2009								
Trade payables	–	6,477	–	–	–	–	–	–
Borrowings	5.34%	–	1,299	1,790	19,201	17,845	40,135	31,855
Total financial liabilities		6,477	1,299	1,790	19,201	17,845	40,135	31,855
 30 June 2008								
Trade payables	–	3,725	–	–	–	–	–	–
Borrowings	6.33%	–	4,193	1,630	18,067	16,756	40,646	30,171
Total financial liabilities		3,725	4,193	1,630	18,067	16,756	40,646	30,171

26. Financial risk management *continued***(d) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price. The Corporation's exposures to market risk are primarily through interest rate risk on the Corporation's borrowings and other price risks associated with the movement in the unit price of the T Corp Hourglass investment facility. The Corporation has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the table below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Corporation operates and the time frame for the assessment. The sensitivity analysis is based on risk exposures in existence at 30 June 2009. The analysis is performed on the same basis for 2008. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposures to interest rate risk arises primarily through the Corporation's interest bearing liabilities. The risk is minimised by undertaking mainly fixed rate borrowings with T Corp. The Corporation does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale. Therefore for these financial instruments a change in interest rates would not effect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The Corporation's exposure to interest rate risk is provided as follows:

	Carrying amount \$000	Profit +/- 100 basis points \$000	Equity +/- 100 basis points \$000
30 June 2009			
Assets			
Cash at bank	355	4	4
Realised Gains on Derivatives	517	5	5
Liabilities			
Borrowings	30,925	309	309
30 June 2008			
Assets			
Cash at bank	1,949	19	19
Derivative financial instruments	35	-	-
Liabilities			
Borrowings	30,851	309	309

26. Financial risk management *continued*Other price risk – NSW Treasury Corporation

Exposure to “other price risk” arises through the investment in the T Corp Cash Hourglass facility, which is held for strategic rather than trading purposes. The Corporation has no direct equity investments.

Funds were held in the T Corp Cash Hourglass facility for the years ended 30 June 2009 and 30 June 2008. The Cash facility is categorised as Investment Sector and consists of cash and money market instruments. The investment horizon is up to 2 years.

The unit price of the facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for the facility. Unit prices are calculated and published daily.

T Corp as trustee for the facility is required to act in the best interest of the unit holders and to administer the trust in accordance with the trust deed. As trustee, T Corp has appointed managers to manage the performance and risks of the facility in accordance with a mandate agreed by the parties. However, T Corp, acts as manager for part of the Cash Hourglass facility. A significant portion of the administration of the facility is outsourced to an external custodian.

Investment in the T Corp Cash Hourglass facility limits the Corporation’s exposure to risk, as it is relatively short term, however allows diversification with different investment horizons and mix of investments.

T Corp provides sensitivity analysis information for the cash facility, using historically based volatility information. The T Corp Hourglass facility is recognised as cash and measured at fair value with any change in unit price impacting on profit rather than equity.

(d) Market risk

The Corporation’s exposure to price risk on the profit or loss is provided as follows:

	Carrying amount \$000	Profit +/- 100 basis points \$000
30 June 2009		
T Corp Hourglass cash facility	32,527	325
 30 June 2008		
T Corp Hourglass cash facility	42,987	430

(e) Fair value

Financial instruments are generally recognised at cost, with the exception of the T Corp Cash hourglass facility and derivative financial instruments which are measured at fair value. The facility is valued using redemption pricing.

The Corporation considers the carrying amount of the financial instrument approximates its net fair values.

END OF AUDITED FINANCIAL STATEMENTS

Statutory Requirements

Exemptions

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

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

Schedule 1 ARSBR

- Summary Review of operations
- Management activities
- Consultants
- Consumer response
- Risk Management

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

- Budgets – outline and detail – S.7(1)(a)(iii)ARSBA/Schedule 1 ARSBR
- Human Resources – Schedule 1 ARSBR
- Investment Management Performance – Cl.12 ARSBR/TCG 1991/5
- Land Disposal – Schedule 1 ARSBR
- Liability Management Performance – Cl.12 ARSBR/TCG 1991/5
- Performance in Payment of Accounts – Schedule 1 ARSBR
- Research and Development – Schedule 1 ARSBR

Corporate Governance

Directors Meetings

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

P Jeans	11 (of 11)
J Carter	11 (of 11)
M McPherson	11 (of 11)
M Goodfellow	8 (of 8)
M Sargent	11 (of 11)
G Webb	11 (of 11)
N Pearson	3 (of 3)

Committees of the Board

Audit Committee

There were three meetings of the Audit Committee. The number of meetings attended by each Director was:

M McPherson	(Continuing Member and Chair)	3 of 3
P Jeans	(Continuing Member)	3 of 3
N Pearson	(Member to August 2008)	1 of 1
John Carter	(Member from December 2008)	1 of 1

The purpose of the Audit Committee is to provide Board oversight in relation to:

- reporting of financial information
- accounting policy and practice
- treasury financial management
- internal controls identified for supervision by the committee
- information technology systems
- project management systems
- compliance with applicable legislation, standards and best practice

Safety, Health and Environment Committee

There were three meetings of the Safety, Health and Environment Committee. The number of meetings attended by each Director was:

M Sargent	(Continuing Member and Chair)	3 of 3
P Jeans	(Continuing Member)	3 of 3
J Carter	(Member to December 2008)	1 of 1
M Goodfellow	(Continuing Member from February 2009)	2 of 2

The purpose of the Safety, Health and Environment Committee is to provide Board oversight in relation to:

- occupational health and safety
- employee relations
- port safety
- port security
- environmental management and heritage
- monitoring systems adopted by management to ensure compliance

Remuneration Committee

The Remuneration Committee met once in October 2008. The Committee comprised:

P Jeans	(Member and Chair)
J Carter	(Member)
M McPherson	(Member)
M Sargent	(Member)

The Remuneration Committee provides oversight of the:

- remuneration, conditions of employment and performance management of the CEO
- remuneration of the Corporation's Executive Management Team
- succession planning for the Corporation's Executive Management team
- Corporation's Industrial Relations

Executive Management

Number of Executive Officers with remuneration equal to or exceeding equivalent of SES Level 1

End of Current Reporting Year 5

Performance Statements – Senior Executives

Name	Gary Webb
Position	Chief Executive Officer
Total Remuneration Package	\$335,296
Period in Position	from 1 October 2004
Statement of Performance	Performance review assessed a very high level of satisfaction against identified performance targets.

At 30 June 2009 the Corporation had no female executive officers.

NPC Board Charter

Matters relating to the Corporation's corporate governance are set out in the Board Charter. The Charter can be viewed at www.newportcorp.com.au

Performance Evaluation of the Board

The performance of the Board is evaluated by a nominated Director at each Board meeting. In November 2008 the Board investigated a program for the evaluation of the Board and Chair through an externally administered survey. The Board decided that as there had been a number of recent appointments to the Board that this evaluation would be best to occur early in the 2009–10 financial year. That evaluation process has been programmed for July 2009.

The Board proposes that an expansion of the evaluation process to include evaluation of individual directors will occur later in financial year 2009–10.

Meeting Statutory and Compliance Requirements

Newcastle Port Corporation had no adverse audit, regulatory or legal findings during the year.

Statement of Corporate Intent and Business Plan

Voting Shareholders and Board of Directors approved the annual Statement of Corporate Intent and 10 Year Business Plan.

Set out below is a report against Newcastle Port Corporation's 2008-09 Business Plan.

Goal	KPI / Tasks to Achieve	Status
Safety		
Improved safety culture	Develop and deliver next phase of education and fitness for work program by December 2009.	Ongoing
	Improved medical support program to 24 hour day, 7 days a week delivered by December 2008.	
	Enhanced injury and illness management program resulting in reduction of average cost of medical claims in 2008-09 from 2007-08 claims and zero employees off work 8 weeks after work related injury or illness.	
Leadership in port safety	Developed and implemented by March 2009 bulk liquids dangerous goods training, infrastructure and protocols.	Achieved
	Kooragang No.2 Berth fendering repaired or replaced by December 2008.	Achieved
	Kooragang No.3 Berth fendering repaired or replaced and fully operational by June 2010.	Ongoing
	Site safety program for Corporation land with Level 1 Inductions completed by 1 July 2008 and Level 2 Inductions provided as required from September 2008.	Achieved
	Oil spill response capability suitable for bulk liquid port with system operational by first fuel vessel.	Achieved
Improving environmental performance	Environmental Management System to be implemented for NPC with environmental obligations in all new leases and external gap analysis audit to ISO 14001 ongoing through 2009-10.	Ongoing
	Baseline contamination assessment of Corporation sites including baseline assessment in all new leases.	Achieved
	Review of Strategic Development Plan to incorporate environmental management of landside transport to be completed by October 2009.	Ongoing

Goal	KPI / Tasks to Achieve	Status
Delivering Opportunity		
Good port development	Development of Channel & Berth Configuration plan completed by October 2009 in accordance with Corporation Strategic Development plan.	Ongoing
	Projects to be delivered on time and budget with project improvement recommendations being implemented. All 2008-09 to 2010-11 projects on time and on budget.	Achieved & Ongoing
	Good decision making with project evaluation toolkit implemented in March 2009 and value for money assessment available.	Achieved
	Development and implementation of system and procedures for compliance with Corporation planning control responsibilities completed by July 2009 in anticipation of gazettal of port as State Significant Site.	Achieved
Community support for the port	Strategy to be developed and implemented by June 2010 for enhanced community interaction with the port through education; information; port access and information points and port tours.	Ongoing
	Port Open Day to be held by June 2010 with increased Corporation involvement in 2009 Maritime Festival as first step.	Ongoing
	Attracted 2009 Regional Ports Conference to Newcastle.	Achieved
	Improved community content on website with new content and framework being tested and available early 2010.	Ongoing
	Attract cruise visits to port with refurbishment of Channel Berth to accommodate Carnival Australia home berthing in Newcastle during 2010.	Ongoing
	Achievement of cost neutrality to Corporation by June 2011 through changing mix of cruise vessels and home basing.	Ongoing

Goal	KPI / Tasks to Achieve	Status
Grow Trade		
Port is unencumbered within design	Expansion by 2010 of coal throughput capacity for the port that ensures port capacity remains ahead of the coal chain capacity.	Ongoing
	Corporation port traffic simulation model incorporated within the Hunter Valley Coal Chain Logistics Team model, with model outputs for port capacity to commence August 2009.	Ongoing
	Annual review of operational resourcing delivered in March 2009.	Achieved
	Annual review of port prices delivered and new port pricing commencing from 1 July 2009.	Achieved
	Facilitation of BHPB remediation of contaminated sediments with landside licences in place in September 2008, and project to be completed before end date of approvals of September 2011.	Ongoing
	Expansion of the tidal windows with high water trial completed December 2008 and ebb tide trial to be completed by June 2010.	Ongoing
No capacity constraints in Hunter Valley Coal Chain	Facilitated development of long-term coal chain framework with industry agreement achieved in July 2008, government framework issued in December 2008, Implementation Memorandum signed by parties in April 2009 and detailed implementation to occur by August 2009.	Achieved & Ongoing
	Development of port to facilitate coal exports greater than 120 mtpa in 2011.	Ongoing
	Develop and implement bi-annual reviews to ensure port operations remain ahead of the coal chain with next review due 2009-10.	Ongoing

Grow non-coal trades	Development of strategy for container trade to be delivered by September 2009.	Ongoing
	By 2010 Corporation will have grown non-coal bulk trade by actively pursuing potential general cargo options and bulk liquids terminals.	Ongoing
	Complete agreement with terminal operator on Mayfield port land by 2011.	Ongoing
	150,000 TEU through port in 2012.	Ongoing
	Facilitate bulk liquid trade in the port with the BP terminal operational by June 2009 and the Marstel terminal operational by June 2010.	Achieved & Ongoing
Newcastle Port Corporation trade provides for business continuity	Complete Mayfield No 4 Berth construction and secure customers. Berth to be operational by December 2009 with 30 ship visits anticipated by December 2010.	Ongoing
	Complete by 2010 a business continuity assessment of the port's trade, including container strategy.	Ongoing
Optimise Port Land Use		
Complete transfer of port lands to Newcastle Port Corporation	Complete and implement risk planning for all sites; negotiate commercial terms for land transfer; exchange transfer documentation and complete all transfers in financial year 2009-2010.	Achieved & Ongoing
All Corporation land with tenants returning economic value	By 2010 Corporation will have achieved market rates of return for all new leases.	Achieved & Ongoing
	Tenants for unleased land including identification of a tenant for Mayfield by December 2009 and Walsh Point land allocation process by 2010.	Ongoing
	NCIG wetland lease to be completed by December 2009.	Ongoing

Goal	KPI / Tasks to Achieve	Status
Real property strategies for all real property	By 2010 Corporation will have: developed and implemented a Real Property Strategy for each vacant and expired lease site; achieved market rates of return for all new leases, lease renewals and market reviews; and completed Carrington strategies within four months of securing Mayfield tenants.	Ongoing
	Completed review of non-core business property assets by March 2009.	Achieved
Staff Sustainability		
That Newcastle Port Corporation has the Human Resources to deliver the Business Plan	Implement by June 2010 Corporation workforce planning strategies to accommodate areas such as ageing workforce, succession planning and training and development.	Ongoing
	Implement enhanced recruitment program to ensure we are attracting quality employees aligned with Corporation values through: improved recruitment advertising by September 2008; updated Position Descriptions by December 2008; value-based selection criteria for all recruitment by 2009 and revised recruitment policy and procedure by June 2009.	Achieved
	Engagement of employees through performance management to drive delivery of the Business Plan in 2008-09; conduct performance management training for managers and supervisors by June 2009 to improve performance and communication.	Achieved
	Complete a skills needs analysis of current business requirements by June 2010.	Ongoing
	Develop employee value proposition by June 2010.	Ongoing

Plans and Outlook 2009-10

Newcastle Port Corporation's Statement of Corporate Intent (SCI) for 2009-10 contains a Business Plan for the period 2009-10 to 2011-12 which identifies the high level goals and task for this period. The plan provides as follows:

For Newcastle Port Corporation **SAFETY** is our number one priority.

In 2007 we committed that by 2010 Newcastle Port Corporation will have:

- had no fatalities;
- a zero lost time injury frequency rate;
- a strong safety culture that is:
 - readily identified by staff; and
 - identified through benchmarking with other ports and other non-port businesses.

We are on target to meet these commitments.

In 2009 we commit that by 2012 the whole of the Port of Newcastle will have a first rate safety culture.

Key Actions for 2009-10 include:

- Newcastle Port Users Group meetings to increase the focus on Safety
- Implement enhanced induction program by September 2009
- All major port safety procedures reviewed and reissued by December 2009
- New maintenance arrangements to improve contractor safety by June 2010
- Site Safety program for all new NPC land by December 2009
- All new leases to include obligation to have safety management plan

Newcastle Port Corporation is committed to the **SUSTAINABILITY** of our business and our port.

To sustain our business we have a business plan that is focussed on the needs of our customers, is aware of the uncertainties of the global economy, understands the expectations of our shareholders, reflects the legislative and regulatory framework in which we operate and is responsive to the community's expectations that we facilitate economic activity and protect our environment.

To sustain our business we will ensure we have the people, the assets, the 'know how' and the culture to deliver a consistently high standard of service to our customers and to anticipate and deliver the future needs of our customers.

In particular we are committed to 'on time, on budget' project delivery to ensure we have effective and efficient delivery of assets to service our customers.

Key Actions for 2009–10 include:

- Deliver TAMS maintenance and capital program on time and on budget
- Develop Asset Strategy that is linked to the Service Strategy and SCI by December 2009
- Asset condition report by February 2010
- Renewal of current infrastructure:
 - channel entrance dredging completed on time on budget by March 2010
 - Pilot Cutter delivered on time on budget by June 2010
 - Channel Berth facility for home berthing Cruise Ships delivered on time on budget by June 2010
- All project delivery staff to be competent in new project management system by June 2010
- Maintain certification of AS9001 Port Safety Operating Licence system (December and June surveillance audits)
- Environmental Management System fully implemented by June 2010
- Develop a Corporate training plan by March 2010
- Enterprise wide integrated information management plan by March 2010
- Customer relationship strategy and plan implemented by December 2009
- Real property strategy by December 2009
- Strategic Development Plan for the Port of Newcastle and Channel & Berth configuration plan delivered by October 2009

Newcastle Port Corporation is committed to **GROWING TRADE** through the Port of Newcastle.

Growing Trade is central to our business. To do this we must understand our customers business and its needs and work collaboratively with those customers to develop and implement opportunities to grow our respective businesses.

In order to grow the coal trade we will work with industry to release the bottlenecks that inhibit the Hunter Valley Coal chain to address current constraints and provide a framework to ensure that coal export capacity is available when customers require it.

We will expand our non-coal bulk commodities by facilitating the development and operation of new bulk liquids facilities in the Port and to continue to work with customers to address supply chain constraints and develop new opportunities to expand.

We will provide the framework to grow general cargo and container trade through the effective master planning and development of the Mayfield site to provide for the next major container terminal in New South Wales.

Key Actions for 2009–10 include:

- Mayfield No.4 Berth delivered on time and on budget for operation in December 2009
- Grow non-coal trade in the port through Mayfield No.4 Berth by June 2010
- Deliver development strategy for Mayfield site by March 2010
- All Corporation reviews and approvals for BHP Billiton sediment remediation project provided in accordance with agreed timetable
- Port simulation model is delivering outputs to support port planning by August 2009
- Bi-annual review to ensure port operations remain ahead of the coal chain conducted by December 2009

Newcastle Port Corporation is committed to **FOSTERING COMPETITION** in the Port of Newcastle.

We will develop strategies to promote and facilitate a competitive commercial environment in port operations in accordance with our new statutory responsibilities.

Key Actions for 2009–10 include:

- Identify significant competition issues in the port and strategies for Newcastle Port Corporation to foster competition (by March 2010)
- Incorporate strategies for fostering competition in Newcastle Port Corporation's key strategic policy documents (by June 2010)

Newcastle Port Corporation is committed to **IMPROVING PRODUCTIVITY & EFFICIENCY** in the Port of Newcastle and in the supply chains that support the port.

We will develop strategies to monitor, assess and improve productivity and efficiency in the port and the supply chains that service the port in accordance with our new statutory responsibilities.

Key Actions for 2009–10 include:

- Vessel Arrival System implemented by December 2009.
- Incorporate strategies to enhance productivity and efficiency in Newcastle Port Corporation's key strategic policy documents by March 2010
- Complete a review of the Hunter Valley Coal Chain by June 2010

Newcastle Port Corporation is committed to **DELIVERING OPPORTUNITY FOR THE HUNTER REGION.**

We are implementing strategies to secure the long-term future for Cruise Hunter.

We are providing enhanced community interaction with the port through a strategy involving: education; information; port access and information points; and port tours.

Key Actions for 2009–10 include:

- Channel Berth facility for home berthing Cruise Ships delivered on time on budget by June 2010 for Cruise Hunter operations as a home berth in 2010–11.
- Enhanced port signature event in conjunction with Maritime Festival in October 2009.

To support this Business Plan Newcastle Port Corporation has a number of tasks, projects and actions at Corporate and Branch levels to deliver the plan.

Risk Management System

Newcastle Port Corporation's Risk Management System continues to be adaptable and effective in identifying, assessing and treating various risks within the Corporation's operations. The risk register continues to be populated with assessed and controlled risks.

In May 2009 Newcastle Port Corporation management reported to the Board on the Corporation's risk management system and key risk. The Board endorsed the Corporation's updated risk register.

Credit Card Use

Credit card use has been in accordance with the Premier's Memoranda and Treasurer's Directions.

Funds Granted To Non-Government Community Organisations

In 2008–09 the Corporation committed the following funds in charitable donations and sponsorship for community organisations and events:

Organisation	Amount	Purpose
University of Newcastle	\$50,000	Clean Coal Research Project – 2nd year (research)
Newcastle Region Maritime Museum	\$30,000	Sponsorship of major exhibit at new maritime museum (community)
Newcastle Region Maritime Museum	\$17,500	Sponsorship of Maritime Festival on harbour (community)
Conservation Volunteers Australia	\$12,500	Removal of invasive bitou bush and native plant regeneration at Nobbys Beach (environment)
Stockton Surf Life Saving Club	\$12,500	Annual support of Stockton SLSC activities (community)
Hunter Business Chamber	\$11,000	Sponsorship of major award, magazine and corporate golf day (business)
World Duathlon Corporation	\$10,000	Sponsorship of 2009 Oceania and Australian Duathlon championships (community)
Ausintermodal	\$10,000	Support of major annual industry event (business)
Regional Ports Australia Conference	\$10,000	Support of annual regional ports conference (business)
Hunter Export Centre	\$10,000	Sponsorship of major award – Exporter of the Year (business)
Hunter Valley Research Foundation	\$9,000	Sponsorship of Foundation (research)
Star Struck	\$9,000	Corporate segment sponsor – since 1983 (community)
Australia Day Newcastle Festivities	\$5,000	Support of major community event (community)
Mission to Seafarers	\$5,000	Donation (port welfare services)

Organisation	Amount	Purpose
Clean Up Australia Day	\$4,000	Local environment initiative (community – environment)
Shipping Australia	\$2,000	Sponsorship for annual golf day (business)
Hunter Medical Research Institute	\$2,000	Top 200 Donation (medical research)
Hunter TAFE Foundation	\$2,000	Sponsorship of maritime medal (education)
Dragons Abreast	\$1,500	Sponsorship of port group (community)
Nobbys Surf Life Saving Club	\$500	Annual support of SLSC activities (community)
Salvation Army	\$500	Christmas Appeal (community)
Samaritans Foundation	\$500	Christmas Appeal (community)
Coal Link Golf Day	\$200	Support for annual event (business)
Total	\$214,700	

None of these items appeared on the Government Budget Papers.

Subordinate Legislation

There were no departures from the Subordinate Legislation Act.

Disclosure of Controlled Entities

The Corporation has no controlled entities.

Freedom of Information

Newcastle Port Corporation is required to report annually on its administration of the applications it receives under the *Freedom of Information Act 1989 (NSW)*. The following tables detail statistics required to be reported under the Act for the period 1 July to 30 June for the financial years 2007–08 and 2008–09.

During the reporting period, no requests were transferred to another organisation or agency. No requests were carried forward to the reporting period 2008–09.

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	
	07–08	08–09	07–08	08–09	07–08	08–09
New	0	0	5	8	5	8
Completed	0	0	5	8	5	8
Granted in full	0	0	1	7	1	7
Refused (Exempt)	N/A	N/A	0	0	0	0
Information sought not held	N/A	N/A	2	1	2	1
Total assessed	N/A	N/A	5	8	5	8

Days to process FOI applications

Time elapsed	Personal		Other	
	07–08	08–09	07–08	08–09
0–21 days	N/A	N/A	2	5
22–35 days	N/A	N/A	0	1
Over 35 days	N/A	N/A	3	2

Processing Time

Processing Hours	Personal		Other	
	07-08	08-09	07-08	08-09
0-10 hours	N/A	N/A	4	8
11-20 hours	N/A	N/A	1	0
Greater than 20 hours	N/A	N/A	0	0

During the period no Ministerial Certificates were issued, no formal consultations requested, no amendments or notations to records made.

The Corporation's compliance with the Act did not raise any major issues in the reporting period, nor did compliance with the Act have any significant impact on Newcastle Port Corporation activities.

Heritage

Newcastle Port Corporation has the responsibility for the maintenance of a range of heritage assets of state significance and the Corporation's Section 170 Heritage and Conservation Register is endorsed by the NSW Heritage Council. The Heritage Asset Management Plan outlines the strategy being applied to each of the assets to ensure compliance with heritage values and to progress the use of those assets which are of high public use value, critical to port operations or have characteristics which are compatible with renewed use. For some assets a controlled deterioration strategy has been applied to maintain the heritage value for an extended period.

Pursuant to Section 170A of the *Heritage Act 1977*, set out below is a statement of the condition of items contained in the Corporation's Heritage and Conservation Register.

Asset	Status	Condition Statement	Heritage Management Strategy
Pilot Station, Boat Harbour and Sheds	State Significance	Poor to Good	Restoration to reflect heritage values and port operation requirements
Nobbys Grounds Nobbys Head Bunker Nobbys Head Foghorn Siren Nobbys Lighthouse Cottages Nobbys Signal Station	State Significance	Poor to Good	Progressing development application to reflect heritage values and provide greater public access
Macquarie Pier, Stone Steps, Sandstone Wall	State Significance	Good	Maintained to reflect heritage values of a high public use area
Southern Breakwater	State Significance	Good	Maintenance consistent with port operation requirements
Hydraulic Power House, Carrington	State Significance	Poor	Restoration to reflect compatible heritage values and adapt to achieve renewed use
Submarine Trap and Gun Emplacement (Pilot Station)	State Significance	Poor	Restoration to reflect heritage value
Nobbys Gun Emplacement and Observation Tower	State Significance	Poor	Restoration to reflect heritage value of an asset adjacent to high public use area
Foundation for Gun Emplacement (Macquarie Pier)	State Significance	Good	Reassessing heritage status
Newcomen Street office building façade	Façade of local significance	Good	Maintained to ensure value of commercial asset
Northern Breakwater (including <i>Adolphe</i> Wreck Observation Deck)	Local	Good	Maintenance consistent with port operation requirements
Morison & Bearby Building	Local	Good	Maintained to ensure value of commercial asset
Hydraulic Crane Bases 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 12a, 13, 13a, 14, 15	Local	Fair	Controlled deterioration

Asset	Status	Condition Statement	Heritage Management Strategy
Dyke 3 Coal Loader Base	Local	Fair	Controlled deterioration
Snakepit Slipway	Local	Fair	Controlled deterioration
Basin Warehouse (Façade on Hill Street elevation only)	Local	Good	Maintained to ensure value of commercial asset
Navigational Markers of Rear Main Lead Tower		Good	Maintenance consistent with port operation requirements
Dyke Point Landform		Good	Maintenance consistent with port operation requirements
Dyke Point Former Building Berths		Poor	Controlled deterioration
Dyke Point Dockyard Fitting Out Wharf Crane Base		Poor	Controlled deterioration
Dyke Point Timber Bollards		Poor	Controlled deterioration
Dyke Point Dorman Long Structural Frames		Good	Adapted built environment to achieve renewed use
Collection of Moveable Items		Good	Maintained to reflect heritage values
• Artefacts, Documents and Drawings • McLarty Centre Building Plaque • Dyke Point Machine Shop Cranes Isolator • Dyke Point Pneumatic Press • Dyke Point Blacksmith Anvil • Dyke Point Electronic Token Board • Newcastle Harbour Fog Bells • State Dockyard Establishment Plaque and Sandstone Foundation Stone • Pilot Station Historical Instruments • Dyke Point Concrete Shaped Barrels			

Economic or Other Factors Affecting Achievement of Operational Objectives

Trade through the Port of Newcastle totalled 95.84 million tonnes in 2008-09, an increase of 2.5 million tonnes on the previous year. Total value of trade throughput was \$17.01 billion which was a \$6.66 billion increase, mainly due to the high prices obtained for coking coal and steaming coal during 2008-09.

Coal exports totalled 90.49 million tonnes, the first time that 90 million tonnes of the commodity had been exported from Newcastle. The \$14.32 billion value represented 85% of overall value of trade throughput.

Newcastle Port Corporation continually assessed the impact of global economic conditions but saw increases in alumina, copper & zinc concentrate and grain throughput.

Grain imports/exports of 882,090 tonnes mainly occurred during the December 2008 – June 2009 period to reflect improved conditions in NSW grain-growing areas. The total was an increase of 731,364 tonnes on the previous year.

Downturns were experienced in fertiliser trade (277,277 tonnes – down 50,834 tonnes), aluminium exports (105,101 – down 23,943 tonnes), grinding media exports (65,155 tonnes – down 15,489 tonnes) and steel imports/exports (289,832 tonnes – down 4,038 tonnes). The reduction in fertiliser trade was mainly due to improved rural conditions while the impact of the global economy on mining and construction industries resulted in reduced metal throughput.

Equal Employment Opportunities

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

The percentages of staff in defined EEO groups are as follows:

EEO Group	Benchmark or Target	% of total staff				
		04-05	05-06	06-07	07-08	08-09
Women	50	14	16	19	18	24
Aboriginal people and Torres Strait Islanders	2	0	0	0	0	1
People with a disability	12	5	5	5	5	5

A number of the Corporation's practices support equal opportunity for all employees, including women and employees from non-English-speaking backgrounds. These include flexible hours of work, family and special leave, part-time work, study assistance and support to attend training.

Outcomes achieved in 2008–09 include:

- an assessment of organisation health including a comparison of the percentage of female and part-time employees compared to the NSW Public Sector and the Policy Sector
- regular Consultative Committee meetings held and outcomes communicated to staff
- broader staff representation on project teams
- recognition of service, academic, professional and community achievements by staff
- increased emphasis on values based staff selection criteria
- review of recruitment and selection policy and procedures consistent with good practice recommendations
- provision of strategic advice and assistance in relation to EEO and other Human Resource issues

Outcomes targeted for 2009–10 include:

- staff focus groups to obtain qualitative input from staff on workplace issues
- development of an employee value proposition with input from the staff focus groups
- review of strategies to retain existing employees
- development of a succession plan as part of the Corporation's workforce planning strategies
- implement strategies to accommodate the ageing workforce
- skills needs analysis prior to development of a corporate training plan
- identification of options for improving access to training and development by staff working shifts
- review existing Human Resource policies to ensure compliance with legislative reforms

Code of Conduct

The Corporation's Code of Conduct and Ethics describes the standard of behaviour and ethical requirements expected by all employees in the performance of daily business. All employees are advised of their obligations under the Code of Conduct and Ethics during induction. During the year, the Corporation hosted a visit from the Independent Commission against Corruption and subsequently provided an update to management on the Code of Conduct and Ethics Policy, the Fraud and Corruption Prevention Policy, and the Protected Disclosures Policy.

Status Report on Ethnic Affairs Priority Statement

The Corporation has an Ethnic Affairs Priority Statement which it continues to implement. The Corporation abides by the NSW Charter of Principles for a Culturally Diverse Society. Current initiatives include:

- maintenance of signs and notices around the port to ensure the safety of the general public
- sponsorship of Missions to Seafarers which provides services to crew of visiting international vessels
- ongoing inclusion of cultural diversity principles in all position descriptions
- merit based recruitment practices
- provision of Employee Assistance Program, which includes interpreter services
- working arrangements that accommodate cultural and religious differences through provision of cultural and religious holidays
- incorporation of non-discrimination clauses in agreements

It is relevant and appropriate that the Corporation continues to support cultural diversity in 2008–09.

Occupational Health & Safety

In 2008–09 the Corporation had one lost time injury compared to four the previous year. The Corporation was not subject to any prosecution under the *Occupational Health & Safety Act 2000*.

Waste Reduction and Purchasing Policy (WRAPP)

The Corporation continued its policy of purchasing electronic equipment with capability of double-sided printing to reduce consumption of paper stock. The implementation of electronic document management has reduced the consumption of paper significantly. An internal review found the Corporation to be efficient in recycling but employees were advised to continue their diligence in recycling items such as toner cartridges, newspapers and waste paper.

Recycling bins for waste paper are emptied daily by cleaning contractors and forwarded to recyclers, while Summer Hill Waste Management Centre continues to be utilised for green waste.

Consultants

The Corporation spent \$28,000 on consultants during the year.

Promotion – Publication

In 2008–09 the following publications and other information was made available to the public dealing with functions and activities of the Corporation:

- Annual Report 2007–08
- Corporate brochure
- Corporate Information advertisement (monthly)
- Community Information advertisement (monthly)
- Guarantee of Service Statement
- Information pamphlet about the port
- Newcastle Port Corporation website
- Newsletter (bi-monthly)
- Tide Chart and Information Handbook

Overseas Visits

Chairman of the Board, Mr Paul Jeans, Chief Executive Officer, Gary Webb, Harbour Master, Captain Tim Turner, General Manager Trade and Port Development, Mike Baudinette, and Executive Assistant, Paula Rayfield, attended a Friendship Co-Operation Seminar in Newcastle's sister port of Qinhuangdao in China in November 2008 to celebrate the 20th anniversary of the sister port relationship.

The delegation travelled to Shanghai and was hosted by the Shanghai International Port Group and visited the Shanghai Zhendong Container Terminal. It also visited Hutchison Port Holdings in Hong Kong.

Manager Vessel Traffic Information Centre, Bruce Cooper, attended the 11th International Vessel Traffic Service Symposium in Bergen, Norway in August 2008 and also paid a visit to the Port of Rotterdam, Belgium to inspect its vessel traffic systems.

A total of four Marine Pilots (two in November 2008 and two in March 2009) have travelled to Malaysia, Singapore and Thailand to undertake the Marine Pilot competency audit course, involving the Marine Pilot simulator in Port Kelang in Malaysia and practical component aboard a trading vessel between Singapore and Thailand.

Guarantee of Service

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

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

Annual Report

A total of 200 hard copies of the 2008–09 Annual Report have been printed. A copy of the Annual Report is available on the Corporation's website at www.newportcorp.com.au. Total external costs incurred in the production of the report are \$22,915.00.

The logo of the Newcastle Port Corporation reflects the Corporation's aims of efficiency and international competitiveness. The combination of features promotes Newcastle as a global port that is innovative, market focussed and world competitive. Nobbys headland is dominant in the logo as it is the Port of Newcastle's most recognisable and prominent feature. The multiple horizontal lines represent the diversity of the Corporation. The diamond shape represents the 'four corners of the world' with the triangle indicating a strong future direction. The triangle is also representative of navigational aids used in the port. The colours of turquoise blue and bronze reflect our environmental elements. The overall design represents the strength, efficiency, value and reliability of the Port of Newcastle – a leader in port management and a pacesetter for other ports.



Newcastle Port Corporation's positioning statement *Delivering Opportunity* strongly focusses on the promise of benefit for current and future customers, businesses and the community. *Delivering Opportunity* reflects a port that is creating opportunity for local, national and international businesses. This includes existing port customers, prospective port customers, regional organisations, government bodies and suppliers to the Newcastle Port Corporation. Short, punchy and to the point, the statement co-incides with record trade throughput for the Port of Newcastle which continues to grow and diversify. The port is an economic powerhouse for not only the Hunter Region but also New South Wales and *Delivering Opportunity* is designed to challenge the Newcastle Port Corporation to build its international reputation and to secure a sustainable future. Newcastle Port Corporation has a sound, long-term strategy that guides its decision making. In delivering opportunity, the Corporation is making prudent use of public assets to encourage investment that benefits the Hunter Region.

Newcastle Port Corporation

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