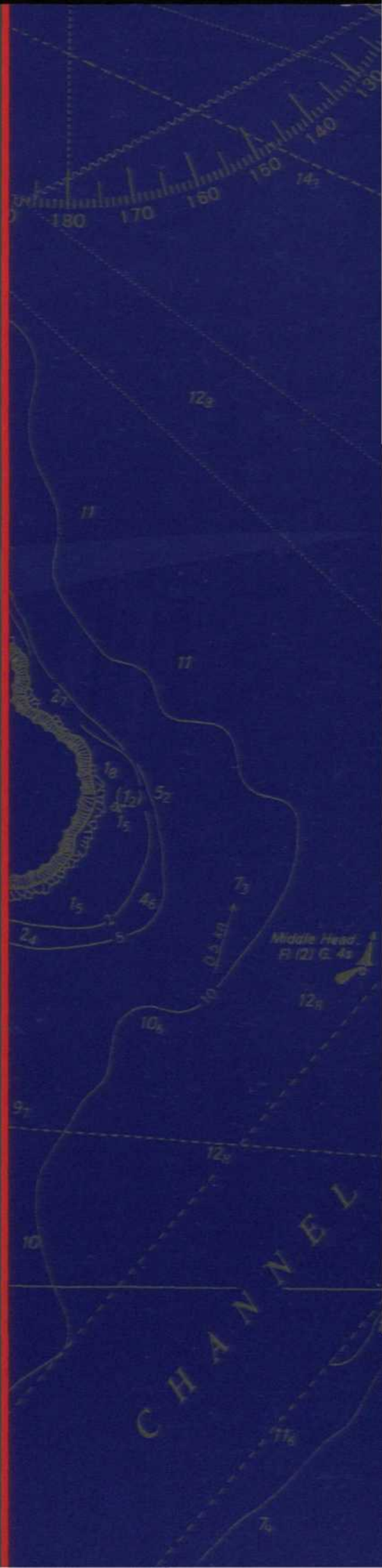


SYDNEY PORTS CORPORATION

Annual Report 2002

FIVE CHANNELS OF ACTION AND SUPPORT



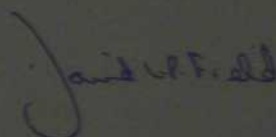
The Hon MR Egan, MLC
Treasurer, Minister for State Development,
Vice President of the Executive Council
Governor Macquarie Tower
Level 33, 1 Farrer Place
SYDNEY NSW 2000

The Hon JJ Della Bosca, MP
Special Minister of State
Minister for Industrial Relations
and Assistant Treasurer
Governor Macquarie Tower
Level 33, 1 Farrer Place
SYDNEY NSW 2000

Dear Messrs Egan and Della Bosca

This annual report covers Sydney Ports Corporation's operations and statement of accounts for the year ended 30 June 2002, in accordance with the provisions of the Annual Report (Statutory Bodies) Act 1984 and the applicable provisions of the Public Finance and Audit Act 1983 and the State Owned Corporations Act 1989, and is submitted for presentation to Parliament.

Yours faithfully



Mr David LP Field
Chairman

31 October 2002



Mr Greg J Martin
Chief Executive Officer

With forecast trade growth anticipated to be some three million TEUs by 2025, Sydney Ports Corporation continues to work with stakeholders to plan for long-term sustainable infrastructure, ensuring ongoing benefits to industry and the end consumer.

2001/2002 HIGHLIGHTS

	2001/2002	2000/2001	% change
Financial (million)			
Revenue from port operations*	98.2	95.1	3.3
Pre-tax profit	28.8	33.0	-12.7
Income tax payable	13.1	13.9	-5.8
Capital expenditure	49.1	27.2	80.5
Dividend payable	8.5	10.9	-22.0
Shareholder value added	4.2	5.7	-26.3
Trade			
Total container trade (TEUs)	1,009,342	990,654	1.9
Total cargo (mass tonnes)	24.3m	24.7m	-1.6
Shipping			
Total commercial vessel visits	2,259	2,295	-1.6
Gross Registered Tonnage (GT)	55.6m	56.5m	-1.6

* includes land rentals

m million

TEU Twenty Foot Equivalent Unit

Sydney Ports aims to ensure a balance is achieved between competing interests of port operators, importers and exporters, the environment, community and the government's need to generate growth and economic wealth.

SYDNEY PORTS CORPORATION'S CHANNELS OF ACTION AND SUPPORT

ECONOMY & GOVERNMENT

More than 98 per cent of the nation's exports and imports are transported by sea. More than \$41 billion worth of trade is moved through the ports of Sydney per year, which is a key indicator of the economic health of Sydney and NSW.

CUSTOMERS & SERVICE PROVIDERS

Approximately 85 per cent of all imported container cargo is moved a maximum of only 40 kilometres from the ports before being unpacked. Sydney Ports is focussed on developing its Glebe Island and White Bay facilities to cater for the growing motor vehicle and bulk trades.

EMPLOYEES

Sydney Ports has established initiatives to assist its employees in providing quality customer service and the resources to safely manage the ports and serve stakeholders.

COMMUNITY

Sydney Ports continues to initiate and participate in many community-based activities and has strengthened its contribution to local port communities and the wider community of NSW throughout the year. These activities are part of Sydney Ports' commitment to sharing the working Harbour and Botany Bay.

ENVIRONMENT

Sydney Ports is committed to the strategy to maximise the use of rail transport of cargo to and from the ports, supporting the NSW State Government's *Action for Air* policy to reduce greenhouse gas emissions. Sydney Ports also continues to contribute to environmental reference groups and environmental studies to ensure the ports are managed in a sustainable manner.



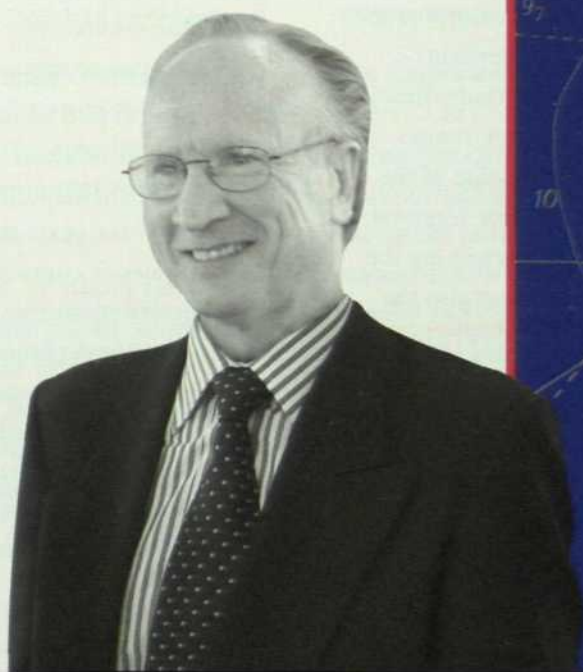
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CHAIRMAN'S REPORT

"The past financial year of 2001/2002 was characterised by uncertainty in a post September 11 environment, but also optimism and determination to achieve our trade and port development targets. Sydney Ports Corporation continued to meet its financial targets despite a two-year period of slowing international trade due to a weakness in the major world economies."



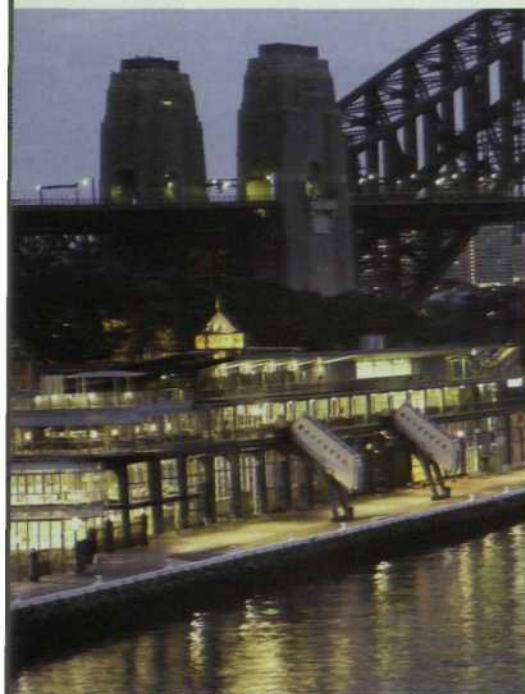
During the year under review the Corporation made significant strategic steps in progressing long-term trade development initiatives and continued to achieve excellent results for shareholders, the New South Wales (NSW) State Government.

Despite a downturn in the major global trading economies, and relatively flat trade growth, the Corporation increased shareholder value in the business by \$4.2 million and paid a dividend of \$8.5 million to shareholders for the 2001/2002 financial year. The Corporation achieved a strong profit result of \$28.8 million for the year, down 12.7 per cent from the 2000/2001 result. This result was achieved after allowing for a superannuation cost adjustment of \$6.5 million and substantial port road maintenance of approximately \$4 million.

During the year, there was a 1.9 per cent increase in container trade to 1,009,342 TEUs, despite the Corporation recording a 1.6 per cent decrease in total trade throughput to 24.3 million tonnes. The major renovation of the Overseas Passenger Terminal was completed benefiting the cruise industry and also the NSW tourism industry by the creation of a revived waterfront destination for the general public.

With the support of the NSW Government, the Minister for Transport, the Hon. Carl Scully, MP., announced in late 2001, the commencement of planning for the Corporation's two major infrastructure projects, the proposed 70 hectare expansion of Port Botany container terminal facilities and an inland intermodal terminal at Enfield in Sydney's west. Consistent with the Corporation's *First Port, Future Port* strategy, redevelopment of Sydney Harbour port facilities at Glebe Island and White Bay has commenced and additional land at Port Botany has been purchased. The Corporation is the strongest advocate of the retention of Sydney Harbour as a "working harbour".

The Corporation's planned investment in port infrastructure will result in significant benefits to the State's economy in the years ahead. Current rates of containerised trade growth mean that within the Corporation's planning horizon, Sydney's existing container terminals will be unable to cope with the extra demand and additional wharves will be required.



The \$44 million refurbished Overseas Passenger Terminal at Circular Quay.



Sydney Ports' fire fighting tug Ted Noffs.

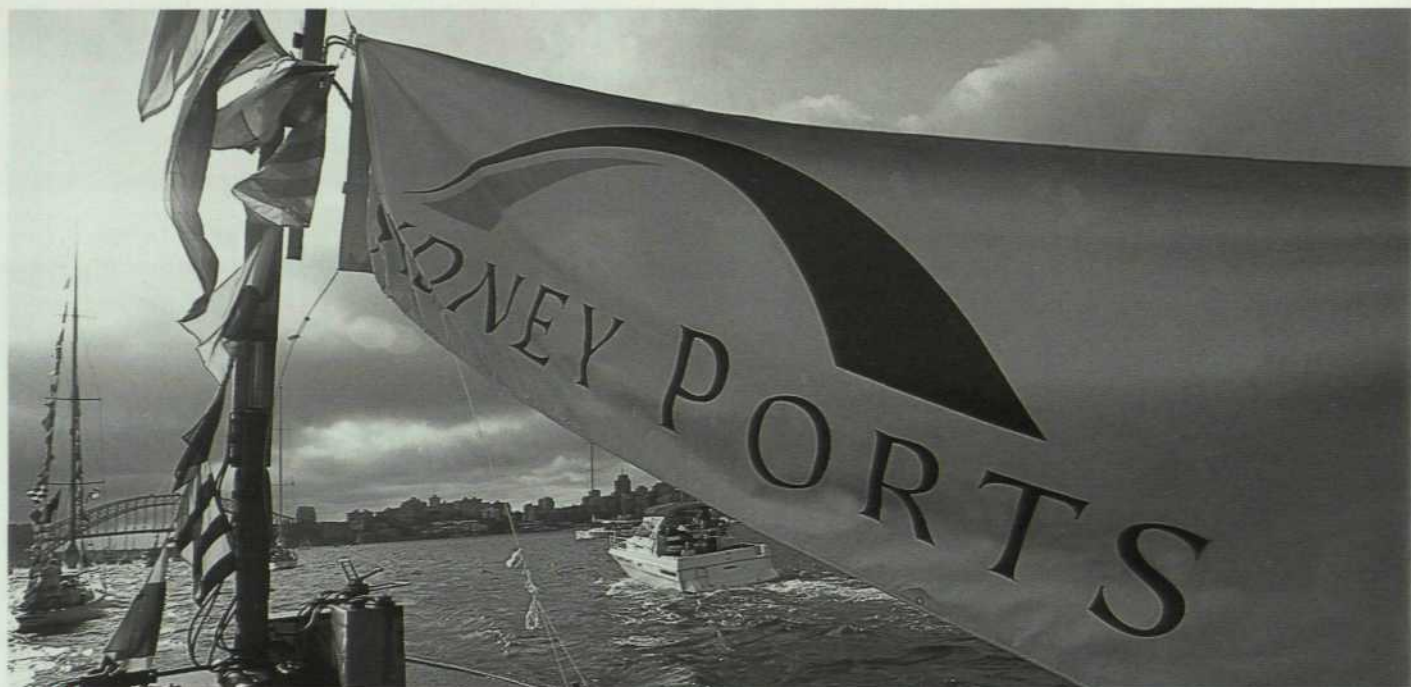
The Corporation is intent on providing an integrated and efficient freight handling solution, with the proposed developments of the Enfield Intermodal Terminal and Port Botany facility expansion.

In response to the local community, Minister Scully placed on hold the Enfield Environmental Impact Statement (EIS) preparation to enable an independent review to be undertaken. While the Corporation awaits the outcome of this review with interest, it remains committed to the strategy to maximise the use of rail transport to and from Port Botany, consistent with the Government's *Action for Air* policy.

The ports of Sydney Harbour and Botany Bay are an essential part of the infrastructure of NSW and the focal point of our State's national and international trade.

As such, the Board and Executive of the Corporation fully recognise and accept their responsibility to the simultaneous pursuit of short, medium and long-term planning objectives. Our attention is focussed on ensuring that appropriate infrastructure initiatives are brought forward to Government. In this respect, the priority is clearly on ensuring the provision of sufficient capacity to cater for continuing trade growth over the next five to 25 year period.

The Corporation also continues to play a key role in conserving the marine environment and working with all stakeholders to ensure the ports' operations are managed in an economically, socially and environmentally responsible manner.



**Sydney Ports sponsors
Australia Day
celebrations on
Sydney Harbour.**

Importantly during the year, the Corporation continued its commitment to rural and regional NSW with its program of board meetings in regional NSW and western Sydney, strengthening ties between stakeholders who rely on port services for exporting and importing. The Board hosted the sixth stakeholder forum in September 2001, to build on our understanding of port users' needs. In addition, the Corporation continues to support the community both at a local level and on a broader scale. The Corporation again worked closely with the Australia Day Council in recognition and celebration of Australia's heritage and national spirit.

During the reporting year, and with the approval of its shareholders, Sydney Ports announced its intention to establish a wholly owned subsidiary company to provide pilotage services in Sydney's

two ports. The new company, Sydney Pilot Service Pty Ltd will continue to deliver pilotage services on a commercial basis in the ports of Sydney Harbour and Botany Bay. This decision was made to address the non-competitive nature of the pilot service model and to ensure appropriate capital investment for the long-term viability of the service, not in response to performance concerns with the incumbent pilot company.

It is acknowledged the continued coordinated development of port facilities and streamlining of interagency and private operator logistics involves the cooperation of many stakeholders. The achievement of improvements in these areas is a credit to all involved, and on behalf of the Board of Directors, I congratulate all for their efforts. In particular, I would like to thank the Corporation's management and employees

who have helped increase efficiencies within the transport chain, provide quality customer service, and ensure safe navigation and operation of the ports. I am pleased to warmly recognise the significant contribution of Chief Executive Greg Martin who continues to manage and lead his executive team and staff with vision and entrepreneurial effectiveness.

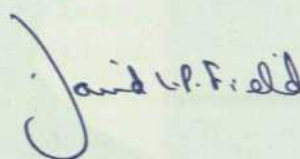
I thank my Board colleagues for their contribution and strategic direction in ensuring the delivery of the Corporation's key objectives. I particularly thank Ms Cheryl Bart, Mr Peter Medlock, and Mr John Douglas (Staff Director) for their valuable input during their respective Directorships, which expired during 2001/2002.

The Corporation continues to work with government and industry to plan for long-term trade growth. Failure to provide adequate port capacity will lead to congestion, delays and additional costs to consumers. The future is about ensuring Sydney's ports have capacity for growth and creating a more efficient environment for the transport of goods to and from the ports. At the same time, the Board and management of the Corporation appreciate the great importance and responsibility of ensuring the port is operated efficiently and

safely with emphasis on safety of personnel and protection of the marine environment.

In conclusion, I thank our shareholders, represented by the Hon. Michael Egan MLC, Treasurer and Minister for State Development, and The Hon. John Della Bosca MLC, Special Minister of State, Minister for Industrial Relations and Assistant Treasurer, for their very keen interest in the growth and development of the Corporation. I also thank the Corporation's portfolio Minister, The Hon. Carl Scully MP., Minister for Transport and Minister for Roads, with whom we share the mutual objective of ensuring an efficient, effective and progressive Corporation.

On behalf of the Board, I thank all our stakeholders for the valuable individual contribution they have made to the advancement of the objectives of the Corporation. We look forward to 2002/2003 with great confidence and to your continued cooperation and support.



David LP Field
Chairman



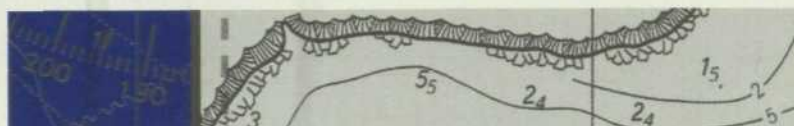
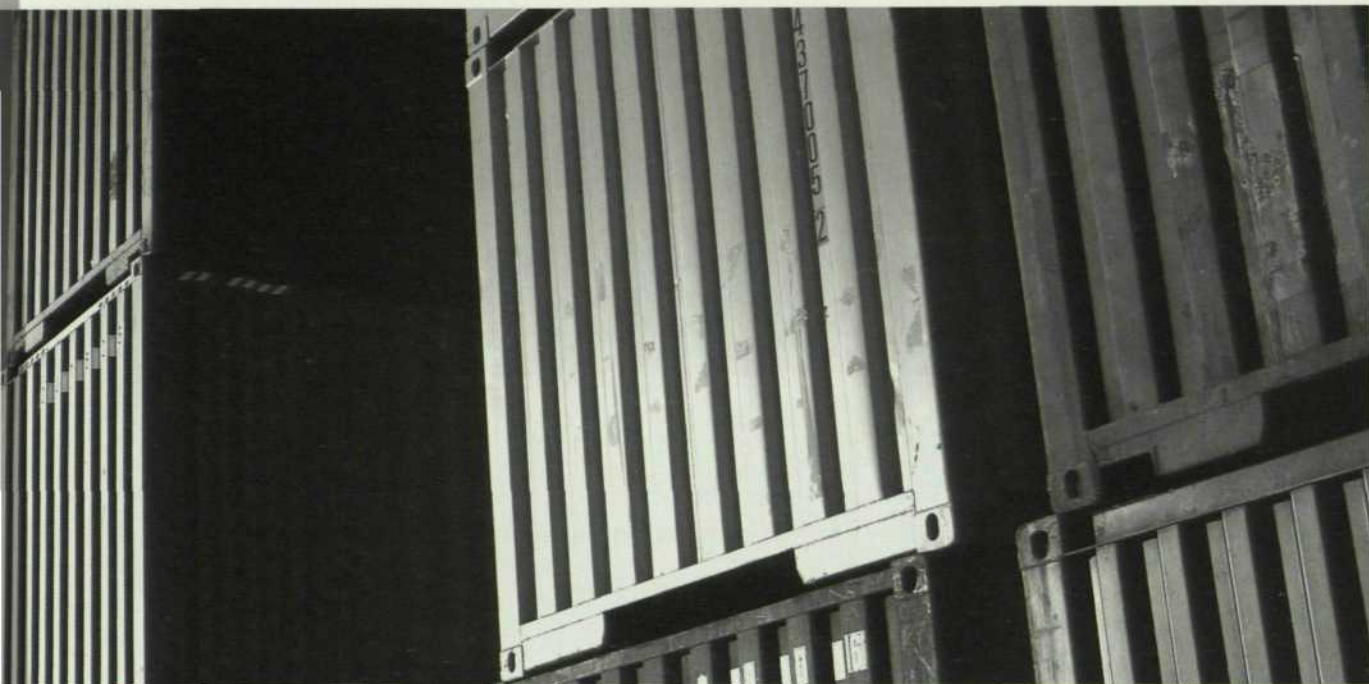
Chairman, David Field (left) and CEO, Greg Martin (right) being briefed by Brendan Tatt (centre) at Fletcher International Exports in Dubbo.



CHIEF EXECUTIVE OFFICER'S REPORT

"Sydney Ports Corporation was established in 1995 under the Ports Corporatisation and Waterways Management Act to give a greater focus to commercial port operations and enhance competition in the provision of services to the shipping and cargo industries. During the reporting year, Sydney Ports continued to achieve its objectives for the management and development of the commercial ports of Sydney Harbour and Botany Bay."





Delivering results

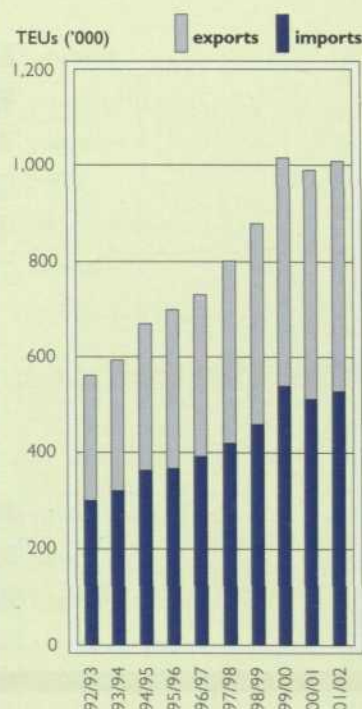
The reporting year saw important achievements in both the acquisition of more land to cater for trade growth, and the redevelopment of port land enabling both the expansion of existing port operations as well as the entry of new operators.

During the reporting year, Sydney Ports achieved a solid \$28.8 million profit (before tax), delivered an increase in shareholder value, saw total port trade of 24 million tonnes and container trade exceed one million TEUs, finalised a new Enterprise Agreement and announced our intention to establish a subsidiary company for the provision of pilotage for the working ports of Sydney Harbour and Port Botany.

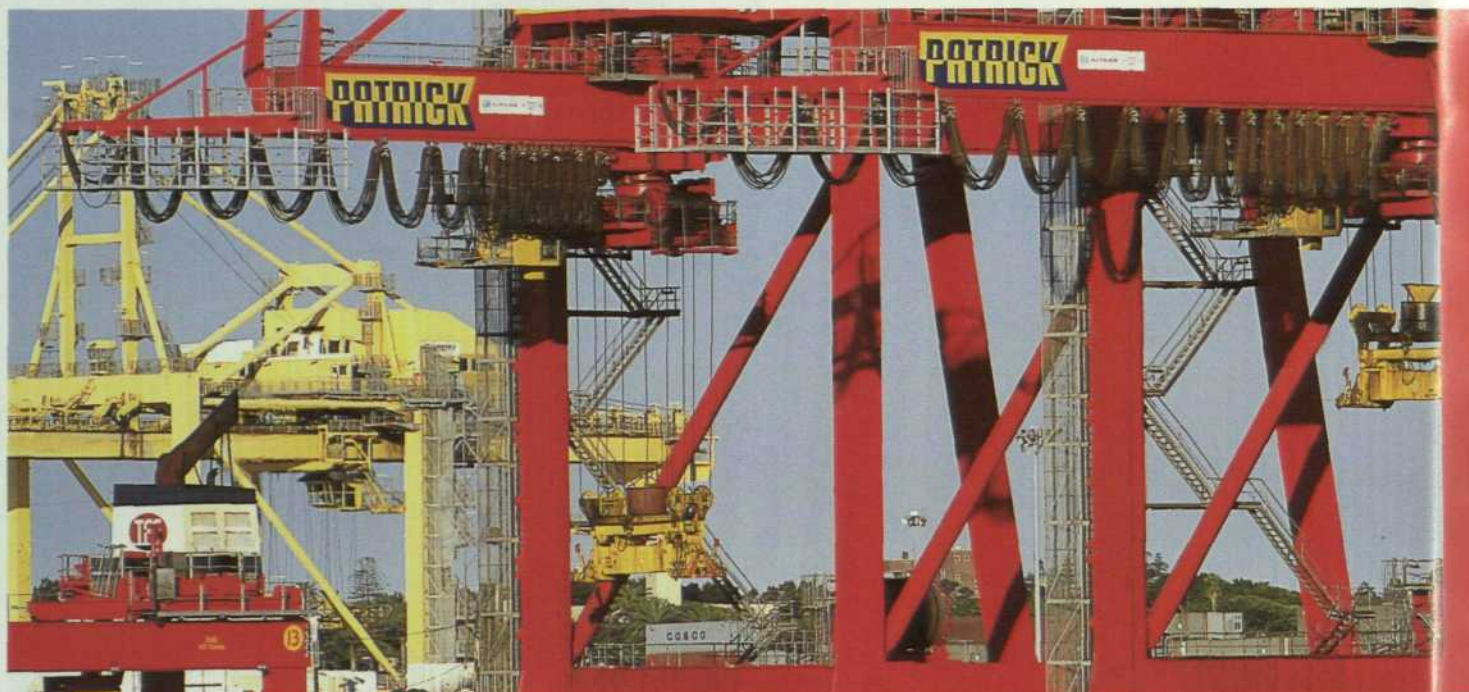
In addition, Sydney Ports has been able to maintain its competitive statutory Navigation Services and container Wharfage charges, which have not increased for more than a decade. This was reflected in the Productivity Commission's findings in its May 2002 report, *Trends in Australian Infrastructure Prices 1990/91 to 2000/01*. In real terms, in the 10-year period, Sydney's port charges have reduced by 53 per cent for containers and 28 per cent for bulk trades.

Containerised trade exceeds one million in 2001/2002.

Photograph, far left: Sydney Ports participating in oil spill response exercise (The Daily Telegraph).

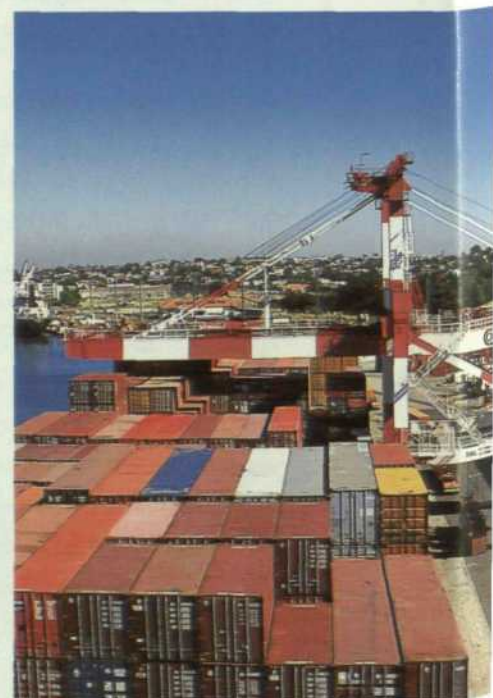


Annual container trade 1992–2002



Stevedoring operations. Port Botany serves approximately 90 per cent of Sydney's container throughput.

These achievements, coupled with productivity improvements by Sydney Ports' tenants – particularly the two stevedores, Patrick Corporation and P&O Ports – are indicative of a successful year for Sydney Ports, both commercially and in its relationship with employees and stakeholders. It also demonstrates Sydney Ports' capability of meeting the needs of stakeholders and the local and international trading community.

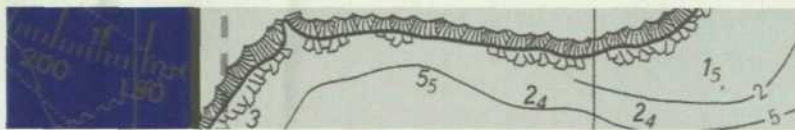


Containers at White Bay.

SYDNEY PORTS



The Hon. Carl Scully, MP, Minister for Transport, discusses Sydney Ports' future plans at the 2001 Stakeholder Forum.

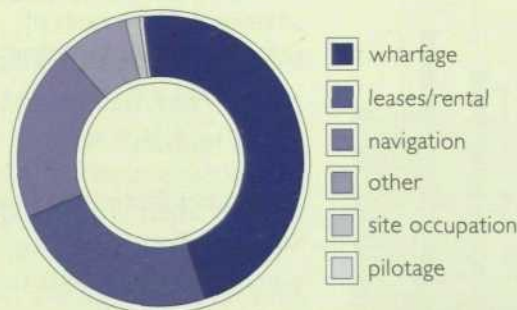


Performing for shareholders

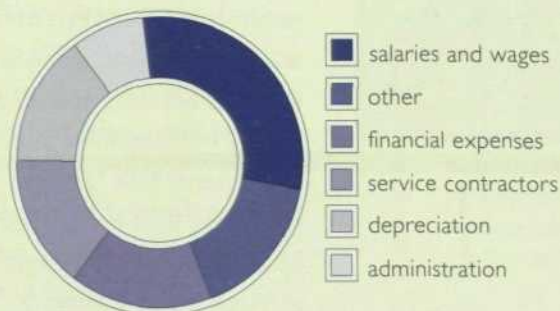
Sydney Ports has continued to deliver solid profits and increased shareholder value since corporatisation.

The \$28.8 million end of year profit was achieved from total revenues of \$106.4 million, \$2.2 million less than the previous financial year. However, operational revenue increased by more than three per cent compared to 2000/2001 due to sustained growth in the majority of trades and improved returns from property investments.

Expenditure for the year increased by three per cent to \$77.5 million due to significant works on major port roads. In addition, the \$28.8 million profit before tax included a superannuation cost adjustment of \$6.5 million (\$3.9 million in 2000/2001), as a result of the combined effect of the negative superannuation fund earnings performance and an actuarial assessment of the future liability of the defined benefit funds.



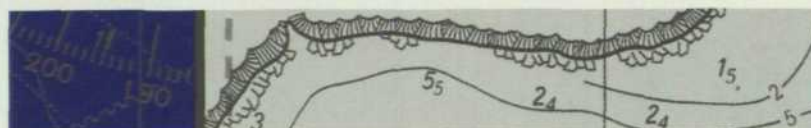
Revenue (2002)
(as a proportion of total revenue)



Expenditure (2002)
(as a proportion of total expenditure)

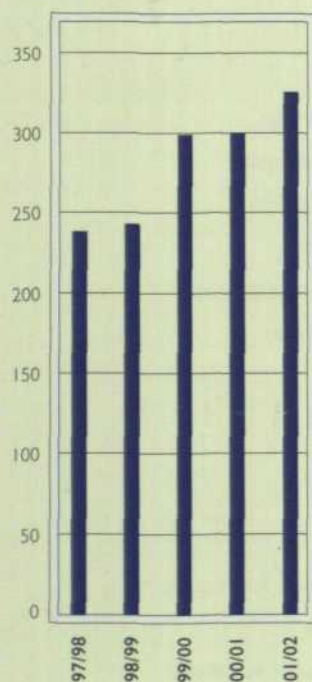


Bulk Liquids Berth at Port Botany operated by Sydney Ports Corporation.



Developing port assets and trade capacity

Hectares



Sydney Ports' land holdings

Expanding port land

During the past year, an additional 25 hectares of land was purchased, taking Sydney Ports' land holding to 325 hectares.

The former Bunnerong Power Station at Port Botany was purchased in May 2002 to provide for additional port related activities and provide for an additional "buffer" zone for the benefit of port neighbours. A 2.7 hectare area will accommodate the Australian Customs Service's new X-ray facility for containers under a long-term lease, and the remaining land is expected to be leased out for port ancillary services and to Randwick Council.

Sydney Ports' land holding at Port Botany is now 205 hectares, and serves approximately 90 per cent of Sydney's container throughput and the majority of Sydney's bulk liquids trade.

Proposed intermodal terminal at Enfield (Sydney)

Sydney Ports has acquired almost 60 hectares of land holdings within Sydney's western suburb of Enfield.

The Enfield site, which is the preferred location for Sydney Ports' proposed intermodal terminal, extends some two kilometres in length and incorporates an additional 12 hectares following the purchase of the DELEC (NSW Freight Rail's diesel electric workshops) site during the year.

The preparation of the EIS for the Enfield proposal is on hold while an independent review, conducted by the Hon. Milton Morris AO, is completed and recommendations made to the State Government, which is expected to occur towards the end of 2002.

Proposed expansion of Port Botany facilities

In November 2001, the NSW State Government announced the commencement of an EIS for Sydney Ports' proposal to expand facilities at Port Botany.

The proposal is aimed at providing additional port land by reclaiming some 70 hectares, adjoining the southwestern side of Brotherson Dock (see maps, page 43), to cater for the future growth of trade, forecast to reach some three million TEUs by 2025. The proposal includes the construction of 1,800 metres of quayline for five berths, additional road and rail links, rail sidings, utilities, internal roads and landscaping to protect, and where possible enhance, the local environment.

To ensure the potential impacts of the proposal are understood, Sydney Ports is undertaking extended consultation activities and has initiated more than 30 specialist studies. A thorough analysis of the complex and

interrelated issues will assist in identifying the optimum and most sustainable design for the proposed development. The NSW State Government will give further consideration to the proposal upon lodgement of the EIS, which is not anticipated to take place until mid-2003.

Effective use of port land

In the past year, the redevelopment and marketing of 20 hectares of Glebe Island and White Bay was undertaken, with a view to securing new business and enhancing existing trade. The first of the new tenants is expected to be operational by the end of 2002.

The schedule of works includes improvements to rail and road access to the port area. These critical infrastructure works will be staged to meet traffic demand as the new developments come on line. The improved port land also offers deepwater frontage and berth access.

Darling Harbour port land has been leased for a further five years to Patrick Corporation. The wharves in this area, and the nearby Glebe Island and White Bay port precinct, form the nucleus of Sydney's working harbour for vehicle imports, bulk and break bulk trade.



Redevelopment of Glebe Island terminal will increase Sydney's car import capacity.

Overseas Passenger Terminal

The Overseas Passenger Terminal was re-opened to the public in December following a total investment of some \$44 million by Sydney Ports and by the new and existing restaurants/licensed hotel tenants.

The remodelled terminal now provides greater access and modern facilities for the cruise ship passengers who travel through Sydney each year. The terminal has four new lifts, air conditioning, enhanced views of the Harbour and greater access to the quayside promenade and viewing areas, opening up more of the Harbour foreshore to the public.

In addition, renovations included the important restoration of Arthur Murch's historical mural titled *Foundation of European Settlement*, displayed prominently along the northern wall of the Terminal's Customs Hall.

Wharf 8 Darling Harbour

Construction commenced during the year of a new self-supporting passenger gantry for use at Sydney's second passenger terminal located at Wharf 8, Darling Harbour. The construction is to be completed during 2002/2003. This new gantry will raise the benchmark for passenger and port worker safety.

Port access

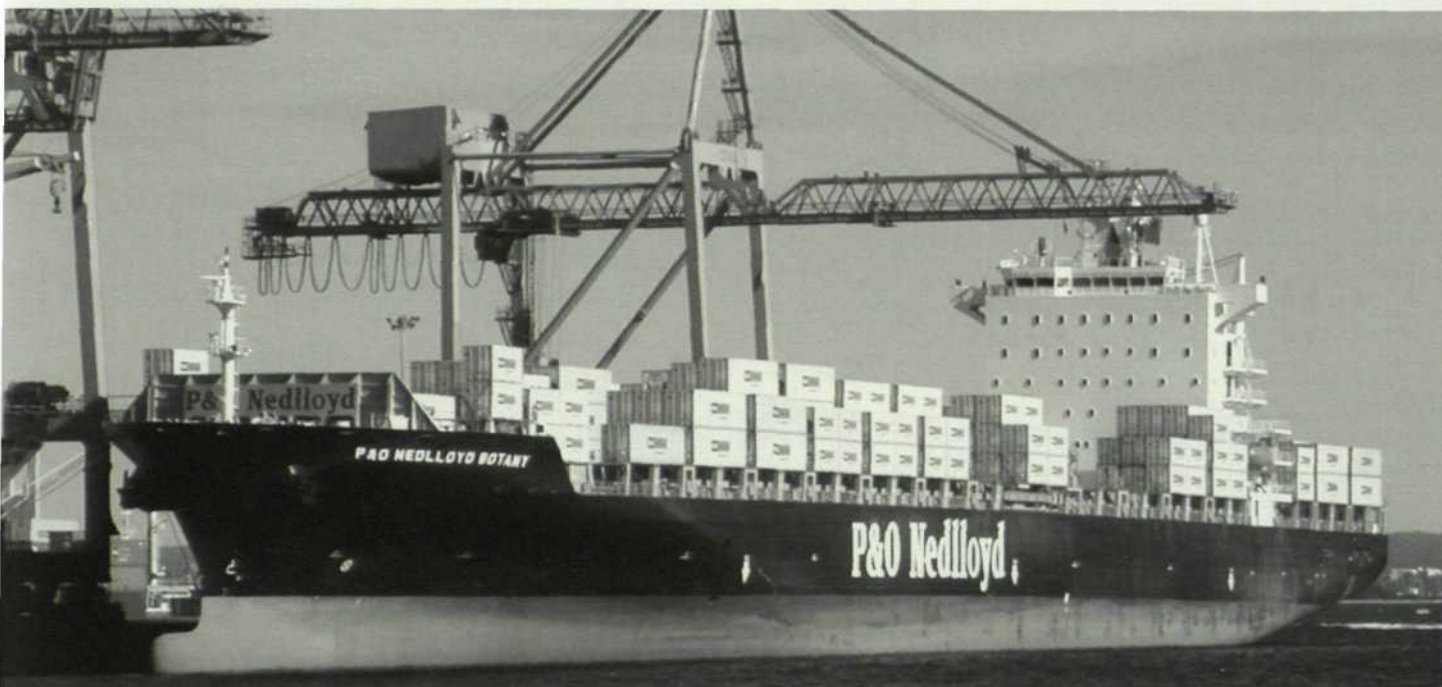
As part of Sydney Ports' efforts to improve transport efficiencies to and from the port, significant upgrades of Bumbora Point and Friendship Roads were completed. These major port access roads, which service the container and bulk liquids facilities at Port Botany, will have a longer service life with safety and convenience improved for port users and other road users.

Following successful trials during the year, Sydney Ports made an application to the Roads and Traffic Authority (RTA) for the establishment of an approved B-Double route to service the Darling Harbour berths. If approved, the proposed B-Double route will reduce truck numbers in the busy city centre and improve transport access to and from Darling Harbour.

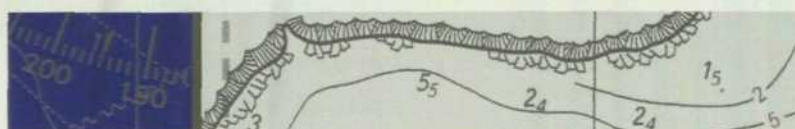
In addition, the second stage of landscaping and signage to the ports was completed as part of a \$1.3 million three-year program. The improved port precinct environment will benefit the local community and approximately 1,700 people who work at the ports each day.



Opening of the Overseas Passenger Terminal in December 2001 with the landmark Arthur Murch mural showing. Pictured left to right: Zenon Michniewicz, John Hayes, Chris Johnson and Ted Blamey.



The 4,100 TEU container ship, the P&O Nedlloyd Botany, named in Sydney in 2002.



Improving trade

Despite the difficulties being faced by many of the world's major economies, steady growth was recorded in container imports and exports, general cargo, break bulk and bulk chemicals and gas, reflecting the resilience of Australia's domestic economy during 2001/2002.

However, total trade volume through the ports decreased from 24.7 to 24.3 million mass tonnes over the past financial year, a 1.6 per cent fall compared to 2000/2001.

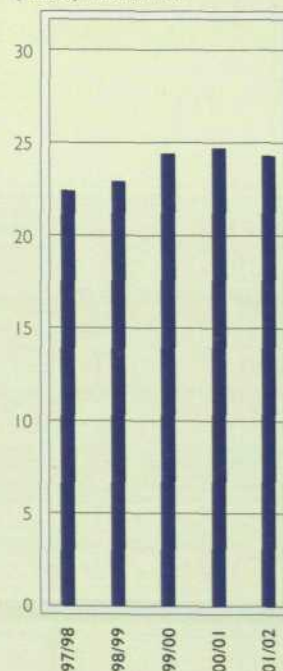
This was predominantly the result of a significant fall in oil imports (approximately one million tonnes) resulting from a combination of post September 11 events and the demise of Australia's second domestic based airline, Ansett.

Total container volume for the reporting year was 1,009,342 TEUs, 1.9 per cent higher than the previous 12-month period.

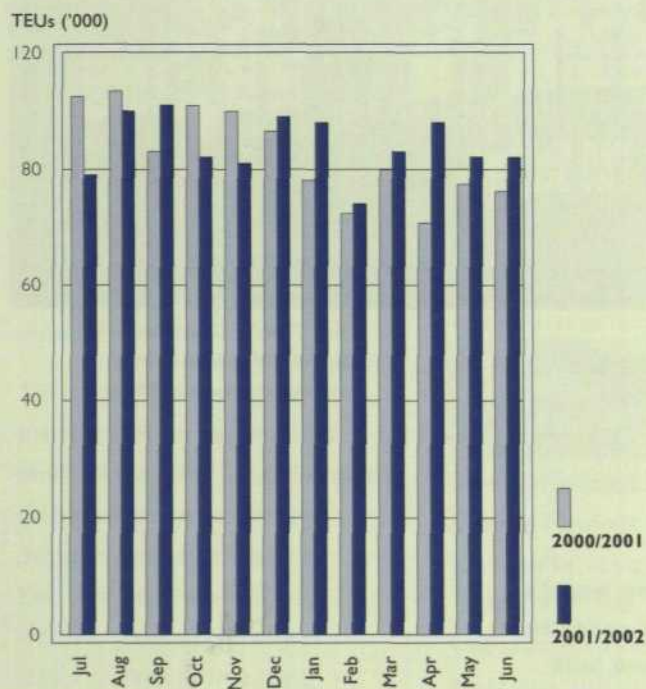
Full container exports totalled 307,529 TEUs, an increase of 0.5 per cent over last year, maintaining the positive trend of containerised exports. There were significant increases in food preparations, paper and beverages (mainly wine) exports.

The major containerised export commodities were non-ferrous metals (mainly aluminium), followed by chemicals and cereals (mainly wheat). The major destinations remain New Zealand, Japan, China (including Hong Kong) and the United States.

(million) mass tonnes



Trade by total cargo



Container trade per month (TEUs)
12 months ending June 2002 compared to 2001

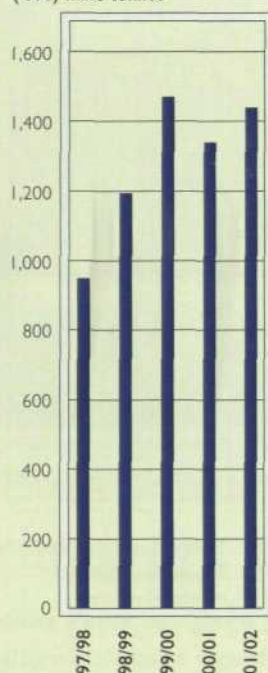
Full container imports totalled 507,042 TEUs, an increase of 2.9 per cent over the 12-month period last year. The major import commodities were chemicals, manufactures, paper products and machinery. The main sources of containerised imports remain China, New Zealand and the United States.

At the time of reporting and parallel to the release of the Annual Report, Sydney Ports has initiated and released a comprehensive Annual Trade Report, which is available via Sydney Ports Internet site (see back cover).

2001/2002 (TEUs)	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total Cumulative
Exports	38,051	39,904	41,671	40,921	41,477	42,096	35,730	37,442	42,400	37,400	45,064	37,450	479,606
Imports	44,475	47,021	47,457	47,862	49,514	41,864	41,803	38,160	42,898	45,110	42,489	41,083	529,736
Total													
2001/2002	82,526	86,925	89,128	88,783	90,991	83,960	77,533	75,602	85,298	82,510	87,553	78,533	1,009,342
Total 2000/2001	92,491	93,413	83,032	90,888	89,963	86,503	78,066	72,321	79,831	70,700	77,327	76,119	990,654

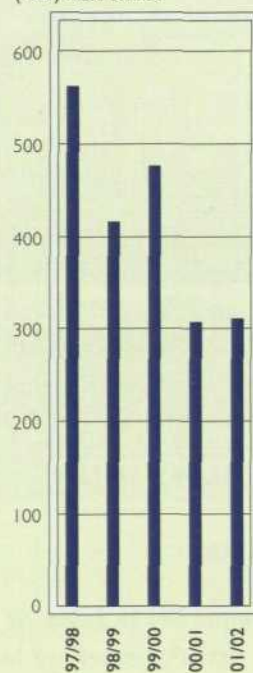
Export and import container trade per month (TEUs)
12 months ending June 2002 compared to 2001

('000) mass tonnes



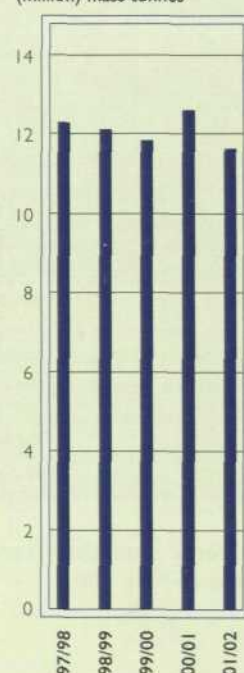
Total dry bulk

('000) mass tonnes



Total break bulk trade

(million) mass tonnes



Total bulk liquids trade

Imports	2001/2002	Exports	2001/2002
Chemicals	824,202	Non-ferrous metals	519,608
Manufactures	781,548	Chemicals	431,707
Paper products	566,377	Cereals	348,285
Machinery	537,407	Manufactures	290,012
Non-metallic minerals	267,835	Cotton	283,196
Food preparations	234,869	Meat	277,036
Iron & steel	173,379	Iron & steel	266,960
Beverages & tobacco	166,694	Food preparations	243,387
Textiles	106,110	Paper products	232,323
Timber	102,213	Animal foods	218,507
Fruit & vegetables	93,465	Wool	148,936
Rubber products	80,434	Beverages & tobacco	147,264
Others	728,780	Machinery	142,764
Total	4,663,313	Others	774,675
		Total	4,324,660

Container contents by commodity (mass tonnes)

Country	Imports 2001/2002			Exports 2001/2002			Total trade 2000/01**	% Change over 1999/00
	Full	% Change*	Empty	Full	% Change*	Empty		
China***	118,731	15.6%	1,005	38,785	20.2%	42,154	200,675	8.9%
New Zealand	38,972	1.2%	4,416	47,880	9.4%	13,553	104,821	4.7%
United States	49,790	-11.3%	3,942	24,961	1.0%	3,633	82,326	-3.7%
Singapore	20,315	-20.4%	565	10,840	-3.0%	23,175	54,895	-6.0%
Japan	25,321	34.4%	991	33,229	-4.0%	8,225	67,766	-6.1%
Korea	24,405	-3.0%	323	13,908	11.8%	13,407	52,043	2.0%
Australia	3,267	-13.0%	620	16,049	-16.1%	37,173	57,109	-1.6%
Malaysia	23,903	0.8%	118	8,919	7.8%	10,390	43,330	4.7%
Indonesia	19,840	9.3%	-	15,603	0.4%	3,129	38,572	-7.5%
Taiwan	18,260	-11.2%	1,505	7,659	-17.8%	7,301	34,725	-14.5%
Italy	20,840	-0.3%	-	5,277	-16.0%	1,561	27,678	-1.4%
Thailand	19,055	14.1%	11	8,905	-6.5%	1,003	28,974	6.7%
Germany	19,585	5.1%	145	2,459	-19.6%	997	23,186	3.3%
United Kingdom	14,965	1.8%	19	7,747	-0.8%	193	22,924	-1.6%
Netherlands	17,503	-5.3%	79	1,439	-26.0%	153	19,174	-7.2%
South Africa	8,926	11.6%	673	5,909	-29.4%	1,443	16,951	-11.7%
Other	63,364	2.1%	7,784	57,960	0.5%	5,085	134,193	15.3%
Total	507,042	2.9%	22,196	307,529	0.5%	172,575	1,009,342	1.9%

Sydney Ports' container trade by country (TEUs)
12 months to June 2002

* Over the same period as last year

** Includes empty boxes

*** Includes Hong Kong

Cruise industry

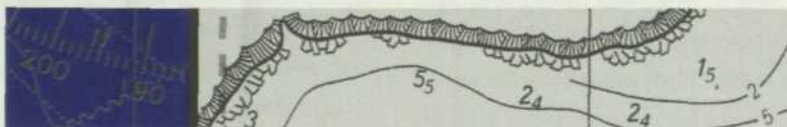
Sydney is the only port in Australia to have two dedicated cruise terminals, Wharf 8 Darling Harbour and the Overseas Passenger Terminal in Circular Quay. It is also the leading cruise port in Australia, welcoming 59 vessel visits during the reporting year.

Although this represented 14 less visits compared to the previous year, the domestic and international cruise market remains buoyant with approximately 80 vessel visits expected in Sydney during 2002/2003.

International vessels made 26 calls to Sydney and the domestic based vessel, P&O Pacific Sky, made another 33 calls. It is estimated approximately \$1 million per vessel is generated for the local economy per international visit, making the cruise ship industry a valuable contributor to the NSW economy.

Year	Calls	No. vessels	Sydney-based	International
2001/2002	59	18	1	17
2000/2001	73	26	3	23
1999/2000	83	18	2	16
1998/1999	82	28	2	26
1997/1998	53	21	1	20

Sydney Ports' cruise vessel statistics



Rail-borne share of container movements to and from Sydney increased by six per cent in 2001/2002.

Streamlining the transport chain

Sydney Ports has given greater focus to areas of the supply chain, which have significant influences on Sydney Ports' ability to maintain or increase the level of trade.

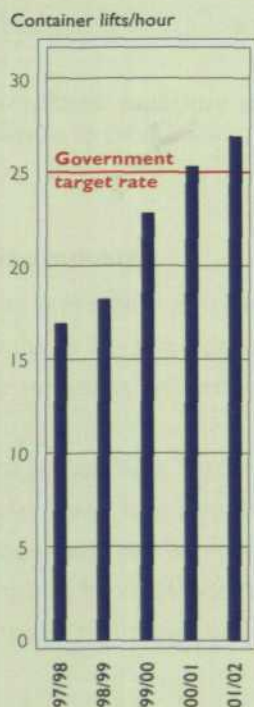
This is reflected in Sydney Ports chairing the Botany Rail Steering Group. The latest work in this area is the planning for an electronic coordinated daily train schedule system linking together Rail Infrastructure Corporation (RIC), rail operators and the stevedores.

Sydney Ports continues its efforts to facilitate improvements to the road and rail links servicing our ports. This is achieved by working closely with Transport NSW (formerly the NSW Department of Transport), RTA and RIC to advise on operational and strategic issues that can have current and long-term effects on road and rail infrastructure.

Sydney Ports is represented at a senior level on a number of government transport and logistics committees, working to coordinate strategic planning for transport infrastructure and supply chains. Sydney Ports has also provided strategic advice on key NSW and Federal Government transport planning initiatives, with an example being the National Transport Secretariat Strategic Corridors project, which is being assessed by the Australian Transport Council.



The upgraded Bumbora Point Road – part of the \$6 million Port Botany improvement program.



Average net crane rate for Sydney, Port Botany*

Rail-borne share of container movements to and from Sydney's ports increased by six per cent from 213,000 in 2000/2001 to 225,000 TEUs. The acquisition by Pacific National of National Rail Corporation and FreightCorp in early 2002 is expected to give continued focus to increasing the percentage of containers moved by rail, which now equals some 25 per cent of the ports' total container cargo. The privately owned metropolitan and regional intermodal terminals continue to service this increased proportion of the ports' trade and play an important role in improving the efficiency of port logistics. The proposed Enfield Intermodal Terminal will be complementary to existing terminals and will assist in seeing the rail modal share exceed the targeted 40 per cent share in the medium-term.

Stages 2 and 3 of the Port Botany rail corridor upgrade program, which involved the duplication of the rail track between Marrickville and Cooks River and upgrading the signalling systems, were completed by RIC in 2001/2002. Planning for Stage 4 of the project, covering the duplication of the eight kilometres of rail track between Cooks River and Port Botany, is now underway.

The recent opening of the M5 East Motorway is a significant infrastructure improvement for the growing activity around the port and airport. While the focus is still to push for an increased rail-mode share of container movements, which is consistent with the NSW Government's environmental objectives of reducing greenhouse gas emissions, there is an ongoing need to pursue efficiencies in the road transport

and depot operations in areas such as two-way loading, higher utilisation of slots on trucks, and off-peak and evening deliveries.

Efficiency gains

At the time of reporting, the latest productivity indicators of the "five port average"* show Sydney's ports as the Australian best with regard to the highest ship rate of 46.1 containers per hour. Sydney also recorded a crane rate of 27.4 moves per hour – nearly two and a half container lifts per hour above the 25 lifts per hour target set by the Federal Government five years ago and has continuously exceeded the 25 lift target since January 2001.

The past year has seen improvements in the truck turnaround times at Port Botany container terminals. The June 2002 quarter showed the average gate-to-gate truck time was 44 minutes. The previous June quarter turnaround time fluctuated between 65 and 78 minutes. In September 2001, Sydney Ports coordinated a second benchmark independent survey to gauge the performance trend in truck turnaround times. This survey contributes to the ongoing monthly reporting of truck turnaround times.

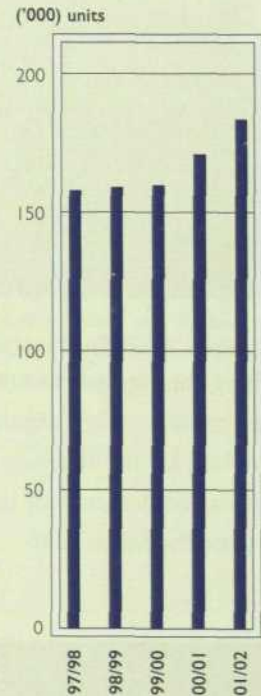
* Source: Bureau of Transport and Regional Economics, *Waterline*, September 2002.

New integrated vehicle import facility

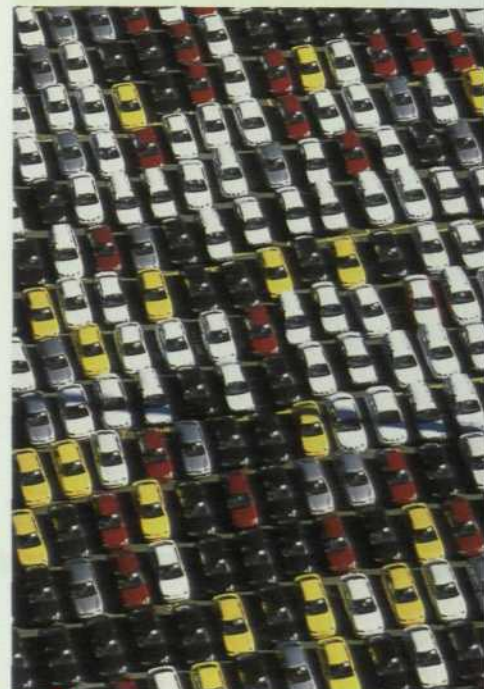
Recent redevelopment at Glebe Island and White Bay has allowed for an addition of some 2.3 hectares to the existing 10-hectare Glebe Island Motor Vehicle Terminal. This has provided Sydney Ports with the opportunity to enter into a ten-year lease agreement to provide a first-class, long-term terminal facility for the motor vehicle import trade for NSW.

At the time of reporting, a Heads of Agreement has been signed with Australian Automotive Terminals (AAT) to manage an extended specialised motor vehicle handling facility at the Glebe Island terminal.

The Agreement was signed following extensive consultation with the motor vehicle industry including importers, shipping lines, the Federal Chamber of Automotive Industries, and pre-delivery inspection (PDI) operators, providing for long-term improvements in the import vehicle supply chain in NSW.



Motor vehicle imports



Last year a record number of 183,000 cars were imported into Sydney.

AAT is a joint venture between P&O Ports and Patrick Corporation and will operate as an independent facility manager with responsibility for wharf and facility management, terminal planning and security, vehicle delivery and receipt, processing and general administration.

Sydney Ports' primary objective in reaching this agreement is to provide a motor vehicle import and handling facility that best suits the varied demands of the industry for the foreseeable future.



Sydney Ports was the first in Australia to introduce electronic manifest lodgement for cargo entering Sydney.

Ensuring a functional facility with on-wharf PDI operations catering for the long-term needs of the industry, will secure Sydney's role as the premier NSW import destination for the car industry. Last year 183,000 cars were imported into Sydney, with forecast steady growth to 250,000 within 10 years.

A leading IT port

Sydney Ports continues to set the pace amongst Australian ports in promoting the industry take-up of e-commerce solutions, making port operations and information more accessible by linking the operators in the transport chain.

Sydney Ports delivers electronic capabilities to customers through Sydney's Integrated Port System (ShIPS), which went live in October 2000. The major change during the reporting year was the development and implementation of the Manifest and Invoicing module (MIS) in April 2002. One of the benefits of this new module includes the ability to electronically match on-line, information from the stevedores (terminal reports) to information from shipping agents (manifests reports).

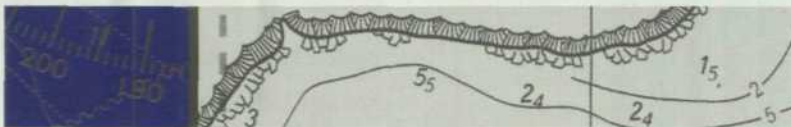
From a customer perspective, this application will assist with our ongoing goal of providing more accurate and timely trade information. The ability to lodge Dangerous Goods manifests through ShIPS is currently being developed and it is envisaged that it will be delivered in 2003.

As the first port in Australia to introduce electronic manifest lodgment, Sydney Ports continues the push to raise industry uptake. More than 80 per cent of wharfage revenue is now captured through Electronic Data Interchange or e-form on ShIPS, five per cent higher than 2000/2001.

In achieving Sydney Ports' objective to facilitate efficient trade, IT solutions are an imperative. The ports of Sydney will see greater use of electronic commerce – increased use in ship and equipment planning, vehicle booking, electronic manifest input, intermodal transfer, electronic funds transfer and cargo tracking. During the next 12 months, Sydney Ports will hold further discussions with the stevedores to promote e-commerce solutions for non-commercial information.



Sydney Ports' marine services during a training exercise on Sydney Harbour.



Navigation safety and environmental management

Port Safety Operating Licence

The high standard of navigation safety required to satisfy the conditions of the Port Safety Operating Licence (PSOL) has been maintained. This has been confirmed through successful bi-annual audits, confirming conformance with the required conditions, and a satisfactory annual review by Transport NSW in February 2002. The licence was secured for a further five years in 2000/2001.

Pilotage

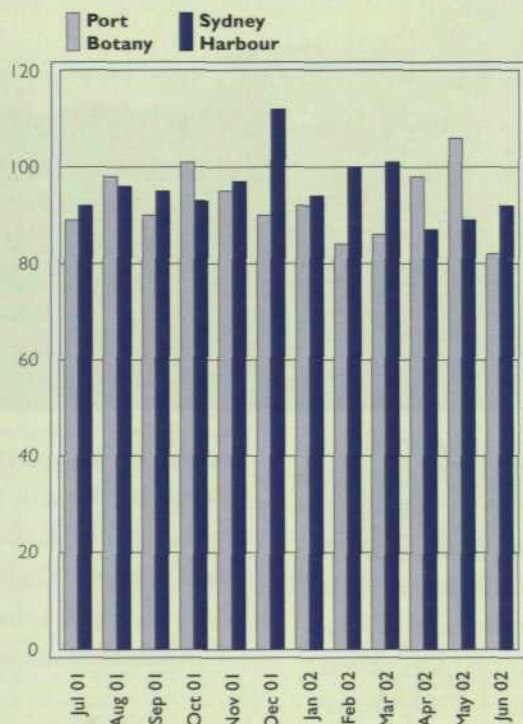
A major initiative for Sydney Ports was the decision to establish a wholly owned subsidiary company, Sydney Pilot Service Pty Ltd, to provide pilotage services in the ports.

The provision of the service by the new company will remain on a commercial basis, with the safe navigation of vessels and safety of personnel, port facilities and the surrounding environment being high priority.

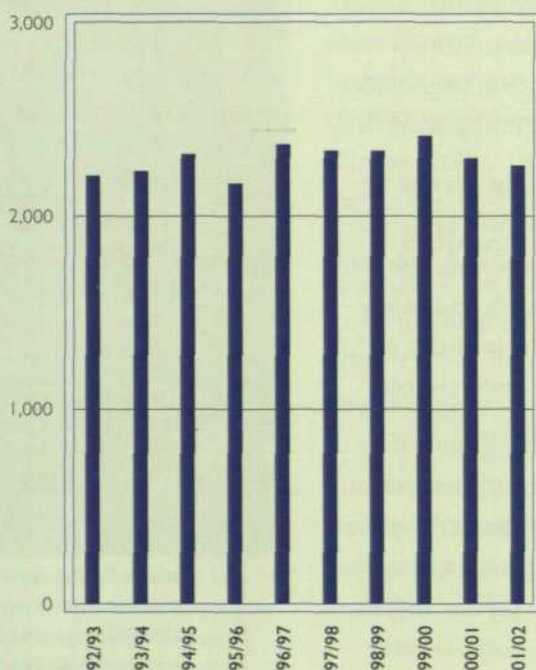
The new company's priorities will also be to upgrade the pilot cutters and the pilot station at Port Botany. The service will be delivered by the port's existing pilots and cutter crew who are expected to transfer to the new company early in 2002/2003.



Sydney Ports' emergency response efforts are maintained at the highest standard (pictured: Phil Pegram).



Commercial vessel visits to the two ports
12 months ending June 2002



Total commercial vessel visits
to Sydney's ports
1992-2002

Protecting the marine environment

During the reporting year, 2,259 ships visited the ports of Sydney Harbour and Botany Bay, 1.6 per cent down on the previous year. However, roll-on/roll-off (ro/ro) and dry bulk vessels exceeded visit numbers in the previous year.

With a focus on prevention, Sydney Ports undertook almost 3,000 audits of bulk liquids transfer operations and approximately 1,225 audits of bunker operations of commercial shipping. During the reporting year, there were 229 reports of marine pollution, 110 reports less than the previous year, with all reports promptly investigated. Of the 229 reports only seven (3 per cent) were sourced from commercial shipping operations, compared to 97 per cent of pollution reports, which originated from land or non-commercial sources.

Six of the marine pollution reports related to minor spills from commercial ships and one from a pipeline. Sydney Ports is proceeding with action on all seven incidents under the relevant legislation.

Two prosecutions brought by Sydney Ports prior to 2001/2002 against individuals and companies under the Marine Pollution Act 1987 were

successfully completed during the reporting year. Four penalty notices were issued under the Protection of Environment Operations Act 1997 and five prosecutions under the Marine Pollution Act are currently being prepared for hearing by the Land and Environment Court of NSW.

To ensure emergency response efforts are maintained at the highest level for Sydney Harbour and Botany Bay, Sydney Ports conducted and participated in five major emergency exercises in conjunction with Port Botany tenants, oil terminal operators, Sydney Airport, NSW Police Service, NSW Fire Brigade and other emergency service organisations.

Monitoring the marine environment

During the reporting year, more than 180 dives were performed and 57 Harbour locations sampled as part of an intensive 10-month study carried out by the Australian Museum to determine the presence of, and identify, introduced marine pests in the waters of Sydney Harbour.

The study, *Port Survey for Introduced Marine Species*, is part of Sydney Ports' ongoing commitment to monitor and protect the local marine environment of Sydney Harbour and Port Botany (surveyed in 1998).

The study supports previously documented research that some marine pests introduced in the past are still in existence, but with no new introductions. The only known marine species on Australia's Target List (known marine pests) present in Sydney Harbour were found to be dead dinoflagellate cysts. Living cysts can produce algal toxic blooms, commonly referred to as "red tides", which are known to cause harm to marine fauna and flora.

As well as providing important baseline data for the future use in monitoring the Harbour environment, the data was also provided to the Australian Quarantine Inspection Service (AQIS) to assist Australia's new ballast water management arrangement. This will assist AQIS and other agencies to ensure the risk of introducing marine pests from foreign waters is minimised.

Coastal management

The restoration of Botany Bay's Lady Robinsons Beach was approved following the determination by PlanningNSW of the project's EIS.

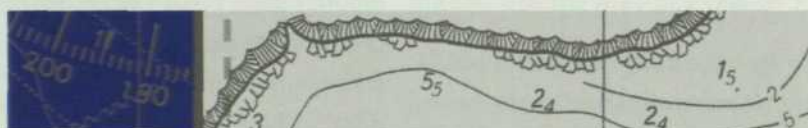
Sydney Ports is the project manager on behalf of several funding organisations, including Rockdale City Council, Sydney Airport Corporation Ltd, the Department of Land and Water Conservation and the Maritime

Asset Division of the Waterways Authority. The EIS preparation and proposed construction solution of five rock groynes was a result of extensive local community, council and government agency input – identifying the most appropriate solution that was environmentally, socially and economically sustainable.

Sydney Ports carried out 40 hydrographic surveys during the year – 10 more than the previous year. The surveys are also part of the important role of beach monitoring around the ports and identification and removal of submarine navigation hazards.



Sydney Ports participated in five major emergency exercises throughout the year (pictured: John Garuffi).



Working with stakeholders

A challenge for Sydney Ports is to increase its market share above the current 37 per cent of Australia's East Coast ports' container movements as competition from east coast ports intensifies.

Sydney Ports continues to work to increase the throughput of dry bulk trade, as evidenced by the Glebe Island and White Bay development proposals, and to increase the volume of the bulk liquids trade through the Bulk Liquids Berth at Port Botany.

Existing strategies that enable Sydney Ports to contest container trade and strengthen the bulk trade include working with major stakeholders to identify and eliminate impediments to trade and to identify new sources of additional business. These stakeholders include shipping lines, stevedores, importers/ exporters, trade and industry associations, as well as road and rail operators.

A strategic customer alliance program has been pursued, incorporating visits to rural and interstate customers, visiting major shipping lines based in Australia and overseas, and holding Board meetings in key NSW regional centres. In 2001/2002, Sydney Ports held one of 11 regular Board meetings in the central west of NSW at Orange, followed by customer visits to Dubbo, Parkes and Blayney; and a second board meeting was held in western Sydney at Parramatta.

Supporting Sydney's growth in the motor vehicle trade and container trade, Sydney Ports visited shipping line principals and manufacturers across Asia,

including Singapore, Hong Kong, Shanghai, and Tokyo. The visit further strengthened customer alliances following an earlier visit last year to key shipping lines in Japan, Taiwan and China, and visits to intermodal terminals in Europe and the US.

In addition to sponsoring major domestic industry events, Sydney Ports' staff were invited to present at several international conferences, including the International Harbour Masters Conference in South Africa; the Association of Australian Port and Marine Authorities (AAPMA) conference in Melbourne; and the International Association of Ports and Harbors (IAPH) in Belgium, NZ, United Arab Emirates, Korea and Thailand, reflecting the professionalism and standing of Sydney Ports within industry. Sydney Ports also held key roles in international and national organisations including the Presidency of AAPMA, 3rd Vice Presidency of IAPH (the late John Hayes) and Vice Presidency of Cruising Down Under – national cruise industry forum. Visiting delegations hosted by Sydney Ports included government ministers, port authorities, shipping lines, trade journalists and industry analysts from both Australia and overseas.

Port neighbours

Throughout the year, Sydney Ports continued to facilitate or participate in many community activities and committees. The aim of these activities is to provide an opportunity for open dialogue with the community and port customers so they are informed of port-related activities; increase community awareness and understanding of port operations and responsibilities; and continue to strengthen the contribution of Sydney Ports in local port communities and the wider community of NSW.

This is particularly important in Sydney Harbour where there has been a substantial increase in residential development surrounding port areas, without the protection of a "buffer" zone. In addition, there are increasing demands on port land for alternative uses, both cargo and non-cargo. Sydney Ports and the NSW Government are fully supportive of the "working harbour" concept, to retain and develop current port lands for future cargo use.



The Board visiting FCL Interstate Transport Services facility as part of its program of visits to key NSW regions.

Several important community forums have been established with Sydney Ports chairing or participating. During the reporting year, new community activities and consultation forums were established including: facilitation of community discussion for the proposed projects at Port Botany and Enfield; and representation on new committees such as the Interim Steering Committee of the Botany Bay Studies Unit at the University of NSW.

Sydney Ports' objective is to ensure a realistic balance is achieved between competing interests of port operators, importers and exporters, the environment, local community, and the government's need to generate growth and economic wealth. All these interests are important considerations for Sydney Ports in managing, developing and ensuring its ports are sustainable in the longer-term.

Supporting local business

Sydney Ports continues to participate and provide resources to many business organisations or community events such as the NSW State Chamber of Commerce, the Export Centre (Western Sydney), the Botany Business Enterprise Centre, and a number of non-government community organisations.

As stated in the Chairman's report, Sydney Ports plays a significant role in Australia Day celebrations. Sydney Ports provides significant resources to ensure the Australia Day festivities are a continued success by sponsoring *Sydney Ports Best Dressed Vessels Competition*, *Sydney Ports Jazz on the Water* concert, and the *Australia Day Botany Bay Regatta*.

These activities are part of Sydney Ports' commitment to sharing the working Harbour and Bay.

Supporting the recreational boating community

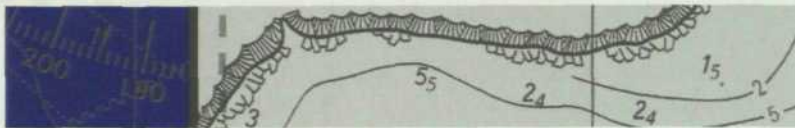
Sydney Ports Harbour Control Tower will now play a vital role as a conduit for the Coastal Radio Network (CRN), an important community service for the recreational boating community. The CRN, which was operated nationally, is now being operated on a State and Territory basis with the continued and important support of the volunteer marine rescue organisations. Harbour Control will monitor 24 hours per day HF and VHF distress, safety and emergency messages. It will also provide weather information on VHF Channel 67 and broadcast local navigational warnings and Marine Safety Information (MSI) on VHF 67 and selected HF frequencies.



Sydney Ports' tug provides a water display for Australia Day celebrations.



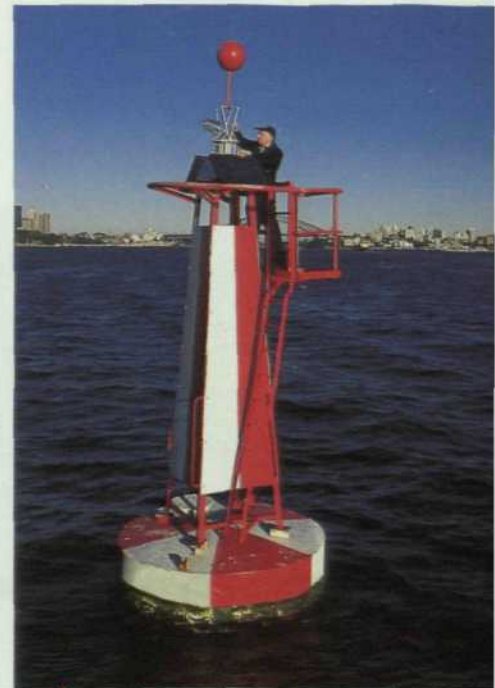
P&O's Aurora making its way into the newly renovated Overseas Passenger Terminal.



Managing risk

Sydney Ports has developed and implemented an organisation-wide Risk Management System to minimise exposure to risk, consistent with AS/NZS 4360:1999.

The system, which is internally and externally audited, encompasses responsibilities under the Ports Corporatisation and Waterways Management Act 1995, and incorporates identification of risks, mitigation strategies and control of any losses and reduction in the cost of risk impacting on the organisation.

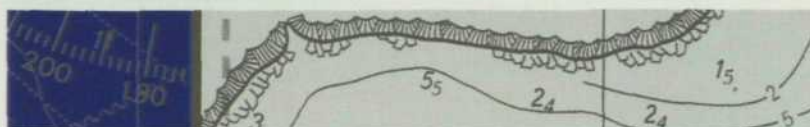


One of the 143 navigation aids maintained by Sydney Ports (pictured: Lindsay Bishell).



Sydney Ports awards long-standing staff with certificates of service.

Pictured left to right: Greg Martin (CEO), Vic Smith (Director), Stephen Bezzett (30 yrs), John Douglas (Staff Director), Kim Bailey (30 yrs) David Yau (30 yrs), Ross Tesoriero (30 yrs), Ken Murray (Director), Roy Garth (20 yrs), Col Rowe (20 yrs), Leticia Rodriguez (10 yrs), Ian Campbell (20 yrs), David Field (Chairman), Ian Cook (30 yrs), Bruce Hudson (30 yrs).



Delivering a professional service

During the reporting year, Sydney Ports made significant steps towards enhancing its employees' work environment through new policy development and encouraging staff input towards identifying employer of choice characteristics.

These initiatives will assist in providing staff with the resources to efficiently manage the ports and serve all stakeholders.

A new Enterprise Agreement was approved and signed by the four representative unions (Maritime Union of Australia, Australian Maritime Officers Union, Australian Services Union of NSW and Association of Professional Engineers, Scientists and Managers Australia – NSW Branch) in November 2001. An innovative change incorporated into the new agreement was the negotiation of a discrete set of working arrangements for

professional technical staff and maritime professional staff. Following significant consultation and with the support of the two maritime unions, these new arrangements have enabled Sydney Ports to introduce alcohol testing for safety sensitive functions.

Sydney Ports recognises employees are one of its major strengths. Many staff undertook training programs in the areas of performance management, communications, and issues management. Sydney Ports' Study Assistance Policy supported many staff to undertake further studies towards tertiary qualifications.

In addition, a staff exchange was encouraged with a port officer relocating for one month to Sydney Ports' sister Port of Yokkaichi in Japan.

A Climate Survey of employees was conducted during the year, enabling all staff to provide open and honest comment on the organisation, its performance and future direction. Overall, the results of the Survey were sound and provided Sydney Ports the opportunity to advance the business to its full potential.

Sydney Ports commissioned a Stakeholder Survey for a sixth consecutive year. The survey based on customer perception, recorded a rating of 7.6, which is above the 7.5 baseline.

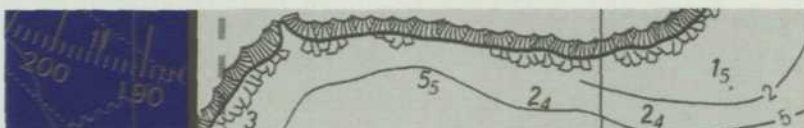
The rating remains significantly higher than the rating of 6.7 six years ago, however, it is 0.3 below the previous year's rating. Sydney Ports will implement appropriate measures to improve the delivery of its services in areas identified by our stakeholders. Sydney Ports appreciates the contribution of respondents to the survey.



Greg Martin, CEO (right) in discussion with Patrick Corporation's Chris Corrigan (left) and Wallenius Wilhelmsen Lines Australia's Peter Dexter (centre).



Port Botany with deep channels to cater for the larger vessels entering Australia.



Looking forward

In the previous reporting year, Sydney Ports mapped the way forward, targeting the delivery of a new Enterprise Agreement and the long-term strategies and projects to be progressed to ensure trade growth is catered for, both at the ports, and along the logistics chain.

Australia wide, many ports are currently facing significant challenges regarding the future capacity of ports, coupled with road and rail infrastructure needs, to meet the anticipated growth in container trade and larger vessels already servicing Australia's trade routes.

To address these challenges, there needs to be an integrated and cooperative approach to national freight management, which begins with an examination of international shipping trends and a realistic assessment of the likely ports of call of these vessels in Australia. In this regard, Sydney Ports has participated in many national

and state forums, and in the important preparation of the NSW Ports and Freight Strategy by Transport NSW.

Ports in Australia need to provide sufficiently deep shipping channels to accommodate the global increase in vessel size. Port Botany has the distinct advantage of already having sufficient channel depth to cater for the larger vessels now entering the Australian trade routes. This was heralded by the arrival and naming, on the 10 July 2002, of the new 4,100 TEU P&O Nedlloyd Botany, the world's largest reefer container vessel with 1,300 reefer points.

Sydney Ports' current challenge is to plan for, and ultimately provide, the necessary port land infrastructure to meet industry's medium to long-term needs. Based on forecasts, containerised trade is set to increase from one million TEUs, to some three million TEUs per year by 2025.

Progressing the *First Port*, *Future Port* strategy will secure the necessary infrastructure. Initial steps have already been taken and achievements made to set the foundations for an economically, socially and environmentally sustainable future for the ports of Sydney. The year ahead will focus on progressing the EIS for the proposed expansion of facilities at Port Botany and a capital works program of \$22 million. The establishment of short distance shuttle rail operations to the western suburbs of Sydney, rather than long distance land bridging, will be the major focus for rail in the next five to 10 years.

In an effort to increase Sydney Ports' focus in the area of environmental management coupled with the increased emphasis on port security, Sydney Ports has implemented a new corporate structure to commence early in 2002/2003. Port Services and Navigation Services were separated several years ago to provide the opportunity to refocus and rebuild these important operational areas. This has been achieved and at the time of reporting, were brought together under a new Marine Operations Unit (refer to management structure, page 38). Sydney Ports' environmental management activities will be further enhanced by consolidating them into a new Environment and Planning Unit. This new business unit will take the lead in the strategic environmental management and planning of Sydney Ports' land holding and waterways.



Sydney Ports' focus for the future includes improvements to rail infrastructure.



Acknowledgements

2001/2002 has been a year of solid progress rather than significant achievements, which characterised the 2000/2001 Year of the Olympics.

During the year, Sydney Ports' management and staff were assisted in their efforts to achieve the outcomes reported by many individuals and organisations too numerous to mention by name. These included shipping lines, exporters and importers and other customers, port service and transport providers, professional service providers, the community and government. On behalf of the Corporation I would like to extend my thanks to all who have provided assistance to the Corporation and its employees throughout the year.

A special thanks is attributed to the members of Sydney Ports Users Consultative Group (SPUCG) and particularly its Chairman, Mr Brian O'Dea, for their contribution and commitment.

I would also like to specially thank Chairman, David Field, and all Board Members for their support and co-operation in achieving the year's many positive outcomes and for their input in developing the strategic direction for the ports of Sydney beyond 2020.

Finally, I wish to record my sincere appreciation to the Executive and staff of the Corporation for their first class performance during the year. There have been many hurdles to overcome and many improvements achieved during the year and it is a credit to all employees that these things were accomplished in such a professional way.

The tragic death of John Hayes on 20 August 2002 will leave a void for many of us, both on a personal and professional level.

With the new corporate structure in place and a focus on progressing port development, I look forward to working closely with employees and stakeholders to achieve another successful year in 2002/2003.

Greg J Martin
Chief Executive Officer



Sydney Ports' oil boom protecting our waterways.

VALE: JOHN HAYES**b. 31 May 1943, d. 20 August 2002**

Sydney Ports loses key executive

Just prior to the finalisation of this Annual Report, Sydney Ports and the port industry were shocked and saddened at the sudden death of Sydney Ports' highly esteemed executive and key industry figure, Mr John Hayes, General Manager Property and Planning, who passed away at the age of 59 on 20 August 2002, following a short battle with cancer.

John had many years of experience in the planning, management and reform of NSW ports. He joined the former Maritime Services Board in 1966 and played an integral role throughout his 35 years of service. John was also instrumental in the establishment of the container terminals at Port Botany. He twice held the position of acting Chief Executive Officer of the MSB, first in 1991/1992 and again in 1994/1995 when he prepared the organisation for corporatisation.

More recently his achievements with Sydney Ports as General Manager Property and Planning included his tireless efforts during the Olympics and leading the ongoing Port Botany expansion proposal.

John was a leading port executive both domestically and internationally, representing Australia for eight years as an Executive Committee member, and since 2001, as 3rd Vice President of the International Association of Ports and Harbors. He was a man of great integrity and loyalty, and he will be remembered for his wonderful sense of humour. He was also a fount of knowledge about all things concerning NSW ports.

Sydney Ports would like to acknowledge John's many years of exemplary service to the port industry, and thereby, the people of NSW. He will be sorely missed throughout the port community, both nationally and internationally.

Our deepest sympathies are extended to his family.

BOARD OF DIRECTORS*



From left to right: Ken Murray, Cheryl Bart, Greg Martin (CEO), David Field (Chair), John Douglas and Vic Smith during a tour of Port Botany facilities. Far right: Peter Medlock.

DAVID LP FIELD

FAICD

Chairman

Mr Field is a Principal with the global executive search firm of Heidrick & Struggles International.

He has extensive board and executive management experience gained from a 30-year career within the international trade/shipping industry. He has had wide experience in marketing and sales at both international and national level.

He was with the Swire Group for 20 years based in Australia and the Far East. He left Swire's to join Blue Star Line (Aust) Pty Ltd, a subsidiary of The Vestey

Group, UK. In 1996 he was appointed Managing Director/CEO of Blue Star Line (Aust) Pty Limited and Chairman of Blue Star Line (Asia) Pty Ltd. Responsibilities covered Australia, Far East, South East Asia, Sub-Continent and the Middle East and shared responsibility for the company's North American shipping interests.

Following the international sale of Blue Star Line, he completed a six-month Interim Management appointment as CEO of the Tourism and Leisure division of the Australian listed company, Amalgamated Holdings Ltd.

Prior to accepting in early 2001 the invitation of the Australian partners of Heidrick & Struggles to head the Interim Executive Practice, David was a partner in the Sydney-based consulting and executive search firm Moss & Hooper Pty Ltd. Mr Field is Chairman of the Sydney Ports Corporation's Remuneration Committee and a member of the Audit and Risk Management Committee.

GREG MARTIN

BE (Civil), BCom, ASIA, FAICD
Chief Executive Officer

Mr Martin was appointed Chief Executive Officer of Sydney Ports Corporation and took office on 15 April 1996. From 1990 to 1996 he was Chief Executive Officer of the Port

of Brisbane Corporation and is President of the Association of Australian Ports and Marine Authorities Inc.

He is a member of the Audit and Risk Management Committee of Sydney Ports Corporation.

CHERYL BART

BCom, LLB, FAICD

Director until 3 December 2001

Ms Bart is a lawyer and company director. She is Chairman of the Australian Sports Foundation and APP Strategic Partners Pty Ltd and a Director of ETSA Utilities. She was a Director of the board of Soccer Australia and was a Director of APP Corporation Pty Ltd and a founding Director of the Alcohol Education and Rehabilitation Foundation.

Ms Bart is a Director of the Institute of Biomedical Research at the University of Sydney and a member of the Advisory Board of the PA Consulting Group. She is the immediate past chairman of a major charitable organisation and also holds directorships with a number of private companies including companies manufacturing, exporting and importing plastics and textiles.

Ms Bart was Chairman of the Audit and Risk Management Committee of Sydney Ports Corporation until the completion of her term.

JOHN DOUGLAS

Staff Director until 30 June 2002

Mr Douglas was elected to the position of Staff Director by the staff of the Corporation in May 1999. Mr Douglas is an employee of Sydney Ports Corporation, and while a member of the Board he worked as an Administrative Co-ordinator in the Navigation & Environment Unit. He joined the Maritime Services Board of New South Wales in 1976. He has been Vice-President of the Ports Division Committee of Management of the New South Wales Branch of the Australian Services Union since 1994.

PETER MEDLOCK

BEC

Director until 3 June 2002

Mr Medlock is currently a Director of Fellows, Medlock & Associates and APP Strategic Partners Pty Ltd, consulting companies which specialise in providing management consulting advice to organisations in the public and private sectors.

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

KEN MURRAY

Director

Mr Murray was the Executive Director of CasinoWorld Australasia Pty Ltd, the Australian licensee company of US-based computer technology provider CasinoWorld Holdings Ltd.

He is Managing Director of a privately owned property development and investment company. He is also President of a major Eastern Suburbs licensed club.

He has 34 years' experience in the stevedoring industry.

VIC SMITH

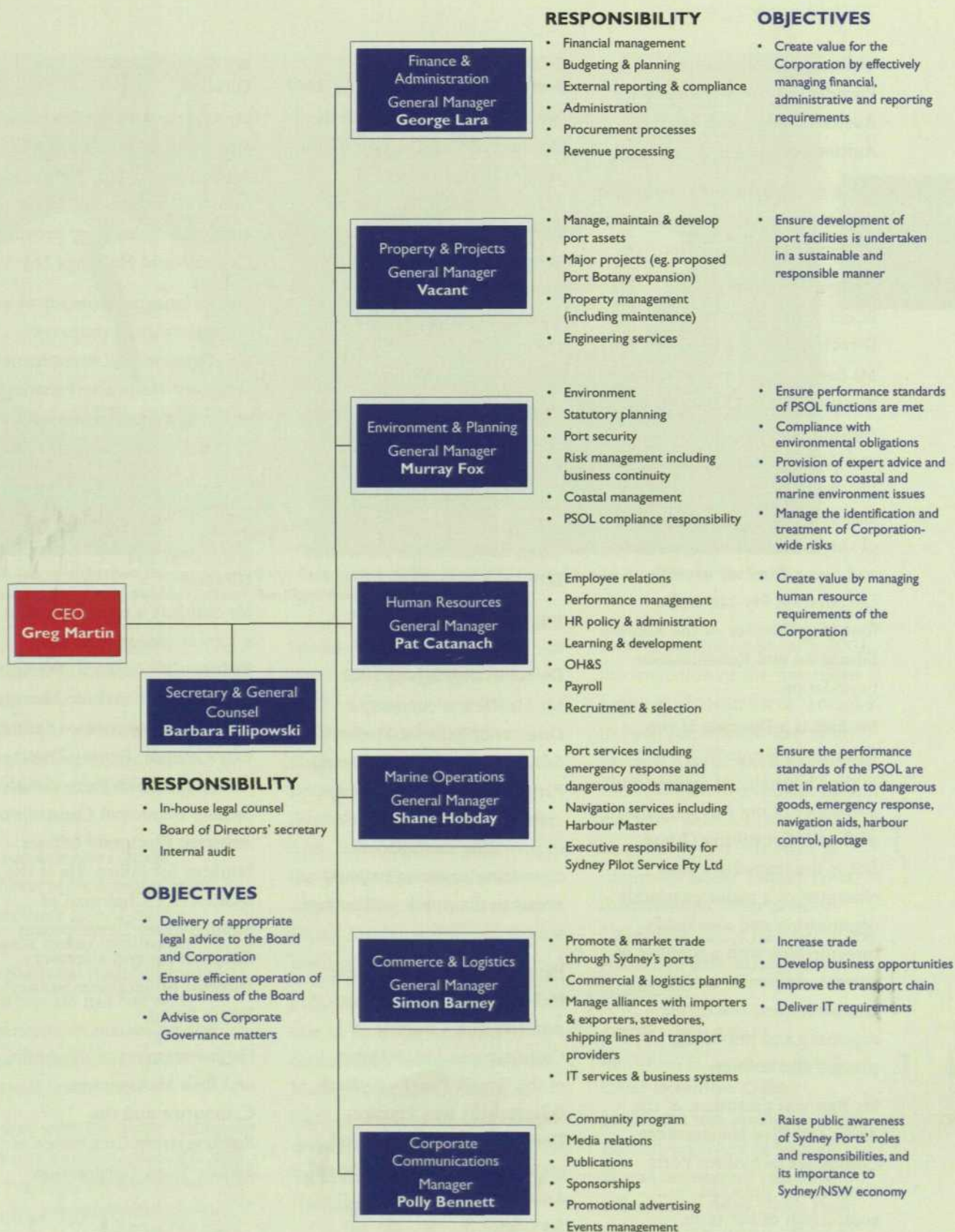
Director

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

He is a member of the Audit and Risk Management Committee and the Remuneration Committee of Sydney Ports Corporation.

* This information is correct as at 30 June 2002.

MANAGEMENT STRUCTURE



OUR VISION

Sydney Ports' vision is to be an internationally respected commercial port manager in all operational and environmental aspects, and to provide facilities to promote and support trade growth for the benefit of the New South Wales economy.

Corporate values

Sydney Ports is committed to:

Service to our customers through reliable, professional and courteous attention;

Excellence by being progressive and encouraging alternative solutions to complex issues;

Respect for the individual worth and honest contribution of all employees;

Vigilance in promoting a safe environment for personnel and community;

Integrity through nurturing the highest standards of conduct and ethics;

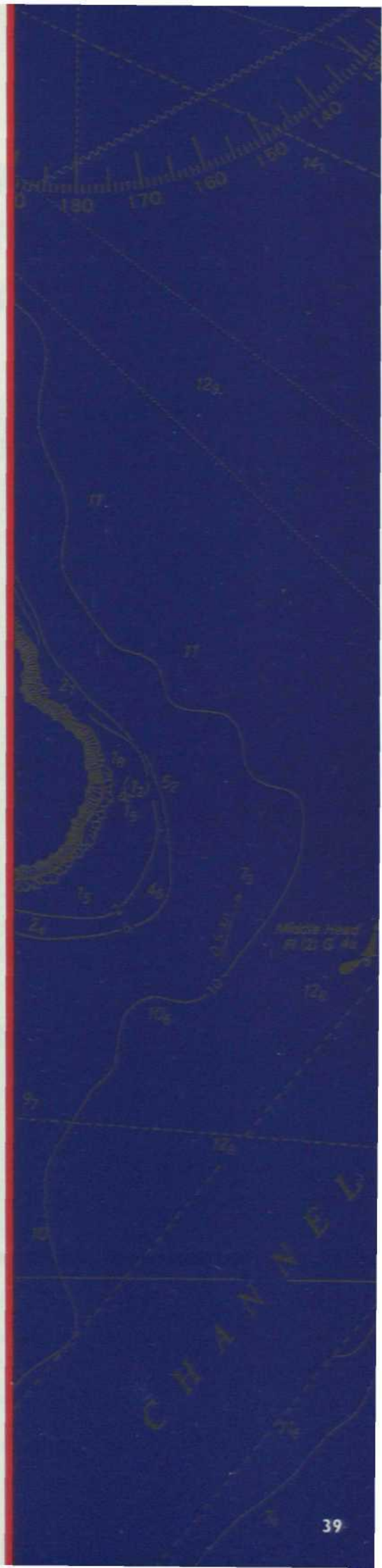
Challenge barriers and impediments to progress; and

Exceed expectation.

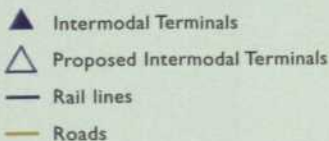
Key roles

- Manage and develop port facilities and services to cater for existing and future trade needs.
- Facilitate trade by providing competitive advantage to importers, exporters and the port related supply chain.
- Manage the navigational and operational safety needs of commercial shipping.*
- Protect the environment and have regard to the interest of the community; and
- Deliver profitable business growth.

* The Corporation holds a Port Safety Operating Licence with responsibilities for channel depths, dangerous goods, emergency response, navigation aids, pilotage (performed by a private contractor) and port communications.



AUSTRALIAN EAST COAST ROAD AND RAIL LINKS SERVING SYDNEY PORTS



METROPOLITAN ROAD AND RAIL LINKS SERVING SYDNEY PORTS



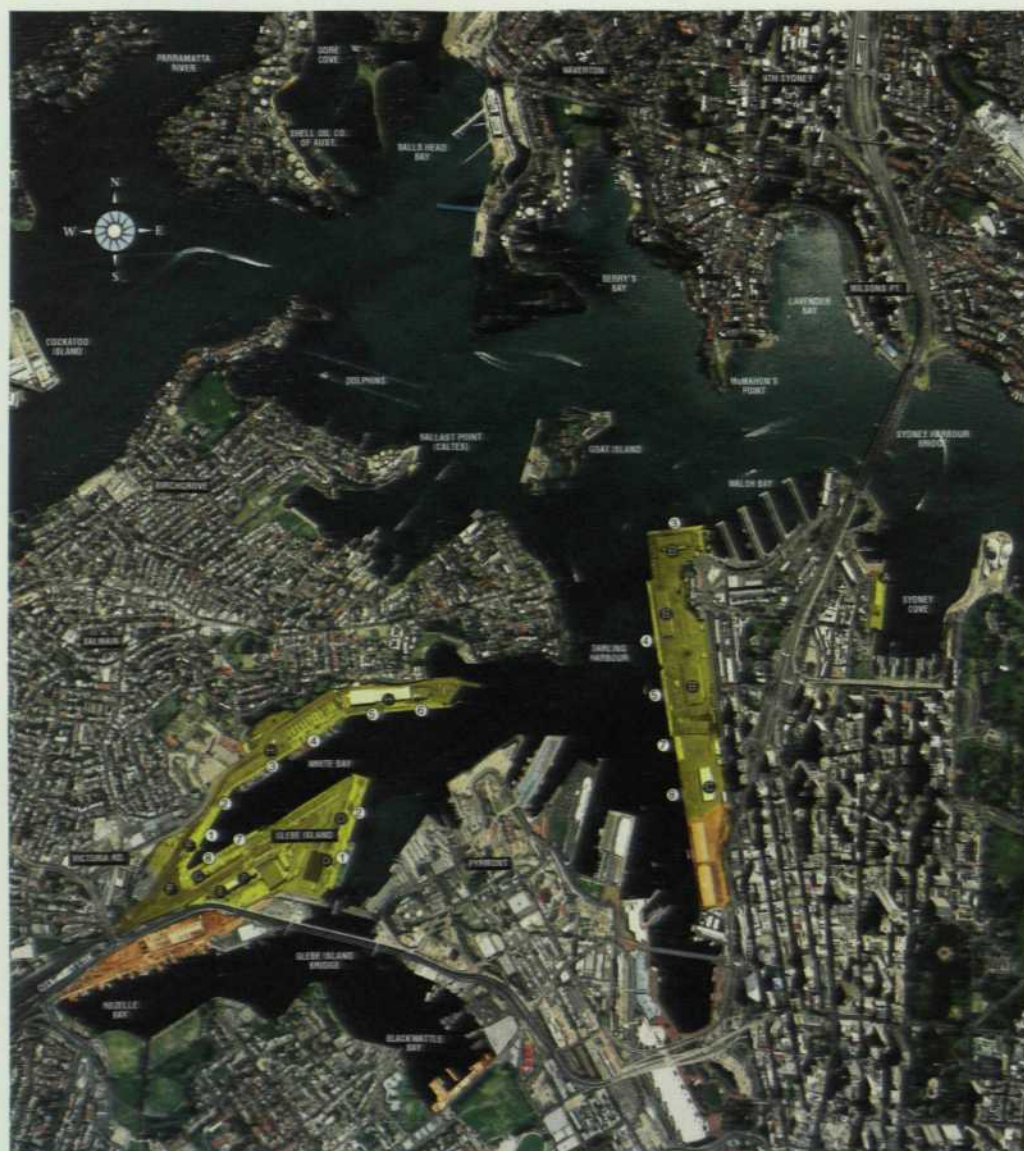
- Roads
- Rail lines
- Dedicated rail freight line
- New Airport Link and stations
- ▲ Intermodal Terminals
- Industrial zones
- Port facilities
- Sydney Ports Corporation proposed Enfield Intermodal Terminal
- Proposed Port Botany development area

Sydney area Intermodal Terminals

Approximate distances from Botany in kilometres

	km
BHP Transport Sydney Logistics Terminal / Lachlan Valley Rail Freight Villawood	25
FCL Interstate Transport Services / Pacific National Clyde	24
Macarthur Intermodal Shipping Terminal Minto	45
Maritime Container Services / FCL Interstate Transport Services Cooks River	8
Marshalling Yard Enfield	17
Pacific National (Sydney Freight Terminal) Chullora	18
Pack-Tainers / CRT Group Yennora	28
Patrick Port Services Camellia	26
P&O Trans Australia Port Botany	0

SYDNEY HARBOUR



- A** Overseas Passenger Terminal, Circular Quay
B Darling Harbour Patrick Stevedores
C Wharf 8 Passenger Terminal, Darling Harbour
D Glebe Island (P&O Ports)
E Australian Cement
F Sugar Australia
G Penrice Soda Products
H White Bay 3/6 (P&O Ports)
1 Berth numbers
Yellow Sydney Ports property
Brown Waterways Authority property
Red Rail lines

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Beginning of audited financial statements

SYDNEY PORTS CORPORATION FINANCIAL STATEMENTS

**FOR THE YEAR
ENDED 30 JUNE 2002**

Statement of financial performance for the year ended 30 June 2002

	Note	2002 \$000	2001 \$000
Revenue from ordinary activities	2	106,354	108,597
Borrowing costs expense	3	12,394	12,606
Other expenses from ordinary activities	3	65,135	62,947
Total expenditure from ordinary activities		77,529	75,553
Profit from ordinary activities before income tax equivalent expense		28,825	33,044
Income tax equivalent expense relating to ordinary activities	4 (a)	12,049	8,478
Net profit attributable to Sydney Ports Corporation		16,776	24,566
Total changes in equity other than those resulting from transactions with owners as owners	14	16,776	24,566

The accompanying notes form an integral part of these financial statements

Statement of financial position

as at 30 June 2002

	Note	2002 \$000	2001 \$000
Current assets			
Cash	20 (a)	1,123	858
Receivables	5	14,130	14,598
Other financial assets	6	15,644	17,276
Other	7	355	1,117
Total current assets		31,252	33,849
Non-current assets			
Receivables	5	549	686
Property, plant and equipment	9	559,414	522,185
Deferred tax equivalent assets	4 (c)	4,618	3,409
Other	8	9,509	16,054
Total non-current assets		574,090	542,334
Total assets		605,342	576,183
Current liabilities			
Payables	10	19,151	13,976
Interest-bearing liabilities	11	26,213	4,882
Current tax equivalent liabilities	4(b)	4,449	2,228
Provisions	13	11,503	14,232
Total current liabilities		61,316	35,318
Non-current liabilities			
Interest-bearing liabilities	11	142,396	147,652
Deferred tax equivalent liabilities	4(d)	3,920	3,768
Provisions	13	4,787	4,758
Total non-current liabilities		151,103	156,178
Total liabilities		212,419	191,496
Net assets		392,923	384,687
Equity			
Contributed equity	14	125,542	125,542
Reserves	14	180,220	180,220
Retained profits	14	87,161	78,925
Total equity	14	392,923	384,687

The accompanying notes form an integral part of these financial statements

Statement of cash flows

for the year ended 30 June 2002

	Note	2002 \$000 Inflow/ (Outflow)	2001 \$000 Inflow/ (Outflow)
Cash flows from operating activities			
Cash receipts in the course of operations		119,117	115,005
Cash payments in the course of operations		(55,179)	(61,138)
Interest received		958	1,997
Borrowing costs		(11,776)	(11,587)
Income tax equivalent paid		(10,885)	(20,848)
Net cash provided by operating activities	20 (b)	42,235	23,429
Cash flows from investing activities			
Payments for property, plant and equipment		(48,234)	(30,920)
Proceeds from sale of property, plant and equipment		476	535
Net cash used in investing activities		(47,758)	(30,385)
Cash flows from financing activities			
Proceeds from borrowings		15,100	0
Repayment of borrowings		0	0
Dividends paid		(10,944)	(13,030)
Net cash used in financing activities		4,156	(13,030)
Net decrease in cash held		(1,367)	(19,986)
Cash at the beginning of the financial year		18,134	38,120
Cash at the end of the financial year	20 (a)	16,767	18,134

The accompanying notes form an integral part of these financial statements

Notes to and forming part of the financial statements

1. Summary of accounting policies

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

Basis of Accounting

The financial statements are a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus views and the Public Finance and Audit Act and Regulation.

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

The Treasurer has exempted the Corporation from certain reporting requirements under the Public Finance and Audit Act 1983 and the Public Finance and Audit Regulation 2000. The exemptions are from disclosing amounts set aside to any provision for known commitments, the amount appropriated for repayment for loans/advances/debentures/deposits, material items of income and expenditure on a program or activity basis (summary required), and where non-current asset values exceed replacement cost.

The Corporation had no controlled entities during the year ended 30 June 2002.

Statement of Accounting Policies

(a) Cash in the Statement of Cash Flows

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks (net of any outstanding bank overdraft) and short-term investments in securities with the NSW Treasury Corporation, which are classified under current assets.

Cash at the end of the period as shown in the Statement of Cash Flows is reconciled to the relevant items in the Statement of Financial Position (refer note 20 (a)).

(b) Bad and doubtful debts

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

(c) Operating leases

Operating lease assets are not capitalised and rental payments are recognised as an expense in the period in which they are consumed.

(d) Valuation of property, plant and equipment

Property, plant and equipment and infrastructure systems (excluding land) are valued based on the estimated written down replacement cost of the most appropriate modern equivalent replacement facility having a similar service potential to the existing asset. Land is valued on an existing use basis, subject to any restrictions or enhancements since acquisition.

Each class of physical non-current assets is revalued every 5 years. The last such revaluation was completed on 30 June 1998 and was based on an independent assessment.

In accordance with NSW Treasury policy, the Corporation has applied the AASB1041 "Revaluation of Non-Current Assets" transitional provisions for the public sector. It has elected to apply the same revaluation basis as the preceding reporting period, while the relationship between fair value and the existing valuation basis in the NSW public sector is further examined. It is expected, however, that in most instances the current valuation methodology will approximate fair value.

Non-current assets are not carried at an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down. In determining recoverable amount, the expected net cash flows have been discounted to their present value using an appropriate risk adjusted discount rate.

In accordance with AAS10 a recoverable amount test was performed to ensure asset carrying values did not exceed recoverable amounts at 30 June 2002.

1. Summary of accounting policies (continued)*(e) Capitalisation of property, plant and equipment*

From 1 July 2001 the Corporation changed its asset capitalisation policy. From this date Property, Plant and Equipment in excess of \$1,000 is capitalised (previously \$300) where it is expected to provide future economic benefits to the Corporation for more than one reporting period (computer software remained at \$300). These changes are within the established guidelines issued by NSW Treasury.

This change in accounting policy has had two effects:

- Operating expense has increased by \$28,180 for 2001/2002.
- Depreciation expense has decreased by \$3,663 for 2001/2002.

Only those assets completed and ready for service are taken to the property, plant and equipment accounts. The remaining capital expenditures are carried forward as construction in progress and are included in property, plant and equipment in the Statement of Financial Position.

(f) Depreciation of property, plant and equipment

Depreciation has been calculated on depreciable assets, using rates estimated to write off the assets over their remaining useful lives to the Corporation on a straight line basis in accordance with Australian Accounting Standard AA54, Depreciation of Non-Current Assets. Land assets have been treated as non-depreciable. The remaining useful lives of assets were reassessed during the year and no changes were made.

The expected design life of new depreciable assets of the Corporation as at 30 June 2002 are:

- | | |
|------------------------------------|-----------------|
| • Buildings | 10 to 50 years |
| • Roadways | 5 to 20 years |
| • Wharves, jetties and breakwaters | 10 to 100 years |
| • Plant | 2 to 40 years |

(g) Retirement benefits (superannuation)

The Corporation contributes to employee superannuation funds in addition to contributions made by employees. Such contributions are paid to Pillar Administration and employee nominated funds. These payments are applied towards the accruing liability for superannuation in respect of employees and are charged against revenue.

(h) Employee entitlements

Benefits for long service leave and annual leave have been provided on the basis of emerged entitlements for recognised service for long service leave (five years and over) and quantum due at balance date for annual leave. During the year ended 30 June 2002, the Corporation continued to provide fully for all employee entitlements in accordance with Australian Accounting Standard AAS30, Accounting for Employee Entitlements. The long service leave nominal undiscounted provisions method presently used provides a result which is considered to be not materially different from the present value basis of measurement required by AAS30. The average sick leave taken by employees based on past experience is less than the entitlement accruing each period. It is considered improbable that existing accumulated sick leave entitlements will be used and therefore no liability has been recognised.

(i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.
- Interest revenue is recognised when receivable.
- The Corporation's superannuation liabilities are currently in an overfunded position (refer note 8). Any increase in overfunding during a year is recognised as revenue in the Statement of Financial Performance.
- Proceeds from the sale of assets are recognised upon the delivery of the assets to the purchaser.
- Government capital grant revenue is recognised when received.
- Assets received at no cost are recorded at their fair value to the Corporation when received, and this amount is included in revenue.
- Goods or services exchanged that are of a different nature and value, are recognised at fair value to the Corporation when the following criteria has been met:
 - the entity has passed control of the goods or other assets to the Corporation,
 - it is probable that the economic benefits comprising the consideration will flow to the Corporation, and
 - the amount of revenue can be measured reliably.

1. Summary of accounting policies (continued)*(j) Taxation equivalent regime*

The Corporation is required to pay income tax equivalents to the NSW Government in accordance with section 20T of the State Owned Corporations Act 1989. The payments are equivalent to the amounts that would be payable by the Corporation if it were liable to pay income tax under the law of the Commonwealth. The Corporation entered the National Tax Equivalent Regime on 1 July 2001 with the Australian Taxation Office now administering the tax equivalent scheme across Australia.

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

(k) Dividend

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

(l) Investments

Investments are carried at net fair value. Interest revenue is recognised when receivable.

(m) Interest-bearing liabilities

Interest-bearing liabilities are carried at their face value after deducting any unamortised discount or adding any unamortised premium. Any discount or premium is deferred and amortised over the term of the loan.

(n) Financial instruments

Financial instruments give rise to positions that are a financial asset of either Sydney Ports Corporation or its counterparty and a financial liability (or equity instrument) of the other party. For Sydney Ports Corporation these include cash, receivables, investments, creditors, interest-bearing liabilities and derivative financial instruments (futures contracts).

In accordance with AAS 33 "Presentation and Disclosure of Financial Instruments" information is disclosed in note 15 in respect of credit risk and interest rate risk of financial instruments. All such amounts are carried in the accounts at net fair value unless otherwise stated. The specific accounting policy in respect of each class of such financial instrument is stated hereunder.

Classes of instruments recorded at cost comprise:

- cash
- receivables
- payables, and
- interest-bearing liabilities.

Classes of instruments recorded at market or net fair value comprise:

- investments, and
- derivative financial instruments.

All financial instruments, including revenue, expenses or other cash flows arising from instruments, are recognised on an accrual basis.

(o) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an expense item.

Receivables and payables are stated with the amount of GST included. Accrual items are also shown in the Statement of Financial Position inclusive of GST where applicable.

The net amount of GST owing to the ATO or refundable from the ATO is shown as a Payable or Receivable in the Statement of Financial Position.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to the ATO is classified as operating cash flows.

(p) Rounding amounts to nearest \$000

In the financial statements, all amounts are recorded in Australian Dollars and have been rounded to the nearest thousand dollars (shown as \$000).

	2002 \$000	2001 \$000
2. Revenue from ordinary activities		
Revenue from operating activities		
Port revenue	73,033	72,641
Rental revenue	25,194	22,469
	98,227	95,110
Other Revenue		
Interest received	954	1,997
Net gain on sale of property, plant and equipment	0	34
Asset contributions	146	356
Land tax recovered	3,742	3,229
Miscellaneous sources	3,285	7,871
	8,127	13,487
Total revenue from ordinary activities	106,354	108,597
Port revenue comprises income from navigation services, wharfage and site occupation charges, mooring fees and pilotage revenue.		

	Note	2002 \$000	2001 \$000
3. Expenditure from ordinary activities			
Salaries and wages		14,058	14,071
Employee benefits expense:			
Annual leave	13	1,312	1,288
Long service leave	13	685	709
Retirement benefits (superannuation) – defined benefit		6,545	3,900
Retirement benefits (superannuation) – accumulation		293	230
Other expenses from ordinary activities:			
Service contractors		11,526	13,784
Utilities & communications		2,111	1,529
Indirect taxes		6,074	5,467
Depreciation	9	11,403	10,435
Doubtful debts	5 (b,c)	115	9
Auditors' remuneration – from review of the financial reports		102	94
Directors' remuneration	21	254	216
Consultants' fees		45	60
Rental on operating leases		1,697	1,649
Net loss on sale of property, plant and equipment		4	0
Insurance		1,134	1,026
Other operations and services		7,777	8,480
Other expenses from ordinary activities		65,135	62,947
Borrowing costs expense		12,394	12,606
Total expenditure from ordinary activities		77,529	75,553

	Note	2002 \$000	2001 \$000
4. Taxation			
(a) Income tax equivalent expense			
The difference between income tax equivalent expense provided in the financial statements and the prima facie income tax equivalent expense is reconciled as follows:			
Profit on ordinary activities before income tax equivalent		28,825	33,044
Prima facie tax thereon at 30% (34% in 2001)		8,648	11,235
Add/(less) tax effect of permanent and other differences:			
Entertainment expenses		25	36
Depreciation not deductible		1,530	1,727
Capital grants not assessable		0	(121)
Superannuation from timing to permanent difference		0	(5,994)
Superannuation not deductible		1,964	1,326
Change in future tax rates to 30% (34% in 2001)		0	73
Other		(118)	196
Total income tax equivalent attributable to operating profit		12,049	8,478
Total income tax equivalent comprises movements in:			
Current tax equivalent liabilities		13,106	13,861
Deferred tax equivalent liabilities		152	(5,510)
Deferred tax equivalent assets		(1,209)	127
		12,049	8,478
(b) Current tax equivalent liabilities			
	12		
Opening balance		2,228	9,215
Income tax equivalent paid		(10,885)	(20,848)
Over provision for income tax equivalent in prior years		(1,080)	(71)
Income tax equivalent payable on operating profit		14,186	13,932
Closing balance		4,449	2,228
(c) Deferred tax equivalent assets			
Attributable to timing differences:			
Provisions for employee entitlements		2,326	2,320
Accrued expenditure		1,245	1,089
Other		1,047	0
		4,618	3,409
(d) Deferred tax equivalent liabilities			
Attributable to timing differences:			
Depreciation		3,406	2,997
Income receivable		472	627
Prepaid expenditure		42	144
	12	3,920	3,768

The deferred tax equivalent assets and liabilities have been adjusted in line with changes to company tax rates on 1 July 2001 (from 34% to 30%).

	2002 \$000	2001 \$000
5. Receivables		
Current		
Trade debtors	4,786	4,979
Other debtors	7,885	4,182
Accrued income (a)	1,700	5,577
	14,371	14,738
Less: Provision for doubtful debts (b)	(241)	(140)
	14,130	14,598
Non-current		
Trade debtors	560	700
Less: Provision for doubtful debts (c)	(11)	(14)
	549	686

Based on a review of debtors the Corporation carries an appropriate provision for its doubtful debts.

	2002 \$000	2001 \$000
(a) Accrued income comprises:		
Operating income	1,700	5,573
Bank interest	0	4
Total accrued income	1,700	5,577
(b) Provision for doubtful debts – Current		
Opening balance	140	145
Add: Current year's charge	118	(5)
	258	140
Less: Bad debts written off	(17)	0
Closing balance	241	140
(c) Provision for doubtful debts – Non-current		
Opening balance	14	0
Add: Current year's charge	(3)	14
	11	14
Less: Bad debts written off	0	0
Closing balance	11	14

	2002 \$000 Net fair value	2001 \$000 Net fair value
--	------------------------------------	------------------------------------

6. Other financial assets

The Corporation has investments in NSW Treasury Corporation's (TCorp) Hour-Glass Investment facilities. The Corporation's investments are represented by a number of units in managed investments within the facilities. Each facility has different investment horizons and comprises a mix of asset classes appropriate to that investment horizon. TCorp appoints and monitors fund managers and establishes and monitors the application of appropriate investment guidelines.

The Corporation's investments are:

Cash Facility Trust	4,109	13,717
Cash Plus Facility Trust	11,535	3,559
	15,644	17,276

These investments are generally able to be redeemed with up to 24 hours prior notice. The value of the investments held can decrease as well as increase depending upon market conditions. The value that best represents the maximum credit risk exposure is the net fair value. The value of the above investments represents the Corporation's share of the value of the underlying assets of the facility and is stated at net fair value.

	2002 \$000	2001 \$000
--	---------------	---------------

7. Other current assets

Prepayments

Operating expenditure prepayments	355	1,117
	355	1,117

	2002 \$000	2001 \$000
8. Other non-current assets		
Retirement benefits (superannuation)	9,509	16,054
	9,509	16,054

Retirement Benefits (superannuation)

As at 30 June 2002, Sydney Ports Corporation's superannuation position is:

	2002 Total liability \$000	2002 Total funding \$000	2002 Net asset \$000	2001 Total liability \$000	2001 Total funding \$000	2001 Net asset \$000
State Superannuation Scheme	23,833	30,745	6,912	20,553	35,298	14,745
State Authorities Superannuation Scheme	6,608	8,525	1,917	6,151	6,760	609
State Authorities Non-Contributory Superannuation Scheme	2,344	3,024	680	2,230	2,930	700
	32,785	42,294	9,509	28,934	44,988	16,054

The 30 June 2002 superannuation liability assessment was undertaken by the SAS Trustee Corporation's (STC) actuary (Mercer) and is based on membership databases as at 31 January 2002 for all funds. The Actuary has met the requirements of Australian Accounting Standard AAS25 Financial Reporting by Superannuation Plans by applying a "market determined risk adjusted discount rate" as the valuation interest rate in the calculation of the value of accrued benefits.

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

	2002/2003 %	2003/2004 %	2004/2005 and thereafter %
Rate of investment return	7.0	7.0	7.0
Rate of salary increase	6.5	4.0	4.0
Rate of increase in CPI	2.5	2.5	2.5

The STC approved a contribution holiday to the Corporation in respect of employer contributions for the State Superannuation Scheme, the State Authorities Superannuation Scheme and the State Authorities Non-Contributory Superannuation Scheme due to the over funded position. The contribution holiday is effective until 30 June 2002. The Corporation has applied for a continuance of the funding holiday to 30 June 2003. The funding holiday does not apply to certain employees.

9. Property, plant and equipment

Property, plant, equipment and construction in progress (at cost or valuation):

	Asset value \$000	Accumulated depreciation \$000	2002 Net asset value \$000	Asset value \$000	Accumulated depreciation \$000	2001 Net asset value \$000
Land and buildings						
At cost	107,734	(755)	106,979	19,943	(329)	19,614
At valuation	59,686	(2,563)	57,123	59,673	(1,921)	57,752
	167,420	(3,318)	164,102	79,616	(2,250)	77,366
Leased land and buildings						
At cost	11,545	–	11,545	11,604	–	11,604
At valuation	186,677	(4,198)	182,479	186,638	(3,133)	183,505
	198,222	(4,198)	194,024	198,242	(3,133)	195,109
Total land and buildings	365,642	(7,516)	358,126	277,858	(5,383)	272,475
Roadways						
At cost	2,625	(156)	2,469	977	(97)	880
At valuation	5,870	(2,199)	3,671	5,870	(1,661)	4,209
Total roadways	8,495	(2,355)	6,140	6,847	(1,758)	5,089
Wharves, jetties and breakwaters						
At cost	4,013	(597)	3,416	3,901	(335)	3,566
At valuation	116,257	(8,647)	107,610	116,217	(6,481)	109,736
	120,270	(9,244)	111,026	120,118	(6,816)	113,302
Leased wharves, jetties and breakwaters						
At valuation	72,315	(14,152)	58,163	72,315	(10,606)	61,709
	72,315	(14,152)	58,163	72,315	(10,606)	61,709
Total wharves, jetties and breakwaters	192,585	(23,396)	169,189	192,433	(17,422)	175,011

9. Property, plant and equipment (continued)

	Asset value \$000	Accumulated depreciation \$000	2002 Net asset value \$000	Asset value \$000	Accumulated depreciation \$000	2001 Net asset value \$000
Plant and equipment						
At cost	22,405	(7,176)	15,229	15,974	(5,231)	10,743
At valuation	3,728	(2,025)	1,703	3,812	(1,875)	1,937
	26,133	(9,201)	16,932	19,786	(7,106)	12,680
Leased plant and equipment						
At cost	438	(212)	226	387	(179)	208
At valuation	334	(85)	249	334	(69)	265
	772	(297)	475	721	(248)	473
Total plant and equipment	26,905	(9,498)	17,407	20,507	(7,354)	13,153
Total property, plant and equipment	593,627	(42,765)	550,862	497,645	(31,917)	465,728
Construction in progress						
Land and building	4,627	–	4,627	51,614	–	51,614
Roadways	622	–	622	512	–	512
Wharves, jetties and Breakwaters	1,982	–	1,982	1,529	–	1,529
Plant	1,321	–	1,321	2,802	–	2,802
Total construction in progress	8,552	–	8,552	56,457	–	56,457
Total	602,179	(42,765)	559,414	554,102	(31,917)	522,185

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

Leased assets are leased to external parties pursuant to operating leases.

9. Property, plant and equipment (continued)**Movement in property, plant and equipment**

	Land and buildings \$000	Roadways \$000	Wharves, jetties and breakwaters \$000	Plant \$000	2002 Total \$000
Opening balance	272,475	5,089	175,011	13,153	465,728
Add: Revaluation	–	–	–	–	–
Acquisitions	–	–	–	–	–
From construction in progress	87,846	1,648	152	7,401	97,047
	360,321	6,737	175,163	20,554	562,775
Less: Depreciation charge:					
Leased	(1,065)	–	(3,546)	(50)	(4,661)
Non-leased	(1,068)	(597)	(2,428)	(2,649)	(6,742)
Disposals	(62)	–	–	(418)	(480)
Write offs	–	–	–	(30)	(30)
Closing balance	358,126	6,140	169,189	17,407	550,862
Movement in construction in progress					
Opening balance					56,457
Add: Acquisitions					49,142
					105,599
Less: To property, plant and equipment					(97,047)
Closing balance					8,552

The most recent revaluation of the Corporation's property, plant and equipment was carried out as at 30 June 1998.

The revaluation included the following guidelines:

- Ninety five per cent of non-current assets in total were revalued. The other five per cent was considered to be immaterial. Those assets not revalued are recorded at their historical cost.
- Property, plant and equipment purchased within 12 months of the date of the revaluation were considered to have current values and therefore are recorded at their historical cost. These values are considered to be not materially different from their fair value.

The State Valuation Office (A. Stibbard AAPI) valued land and most buildings. A quantity and construction cost consultant, MDA Australia Pty Ltd (K. Thomson AAIQS, B.Build), valued roadways, the remaining buildings, and wharves, jetties and breakwaters.

9. Property, plant and equipment (continued)

	2002 \$000	2001 \$000
Sale of property, plant and equipment:		
Property, plant and equipment	662	893
Less: Accumulated depreciation	(182)	(392)
	480	501
Less: Proceeds from sale	(476)	(535)
Net loss/(profit) on sale	4	(34)

10. Payables**Current**

Trade creditors	488	588
Other creditors	15,921	10,911
Income received in advance	2,742	2,477
	19,151	13,976

11. Interest-bearing liabilities**Current**

Unsecured loans from NSW Treasury Corporation	26,213	4,882
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Non-current

Unsecured loans from NSW Treasury Corporation	142,396	147,652
Total interest-bearing liabilities	168,609	152,534

Repayment of these loans is guaranteed by the Crown.

Amount payable in respect of interest-bearing liabilities:

Payable no later than one year	26,213	4,882
Payable later than one, not later than five years	59,120	81,391
Payable later than five years	83,276	66,261
Total interest-bearing liabilities	168,609	152,534

The Corporation received Executive Council approval on 12 December 2001 to raise additional borrowings of \$40m under the Public Authorities (Financial Arrangements) Act 1987 for the purpose of acquiring capital acquisitions. As at 30 June 2002 \$15m of the \$40m had been drawn down.

	Note	2002 \$000	2001 \$000
12. Tax equivalent liabilities			
Current			
Current tax equivalent liabilities	4 (b)	4,449	2,228
Non-current			
Deferred tax equivalent liabilities	4 (d)	3,920	3,768

Movement in tax liabilities	Balance 30 June 2001 \$000	Current charge to revenue \$000	Payments \$000	Balance 30 June 2002 \$000
Current				
Current tax equivalent liabilities	2,228	13,106	(10,885)	4,449
Non-current				
Deferred tax equivalent liabilities	3,768	152	—	3,920

	Note	2002 \$000	2001 \$000
13. Provisions			
Dividend	14	8,540	10,944
Employee entitlements, including on costs		2,963	3,288
		11,503	14,232
Non-current			
Employee entitlements, including on costs		4,787	4,758
		4,787	4,758

Movement in provisions	Balance 30 June 2001 \$000	Current charge to revenue \$000	Payments \$000	Balance 30 June 2002 \$000
Current				
Dividend	10,944	8,540	(10,944)	8,540
Employee entitlements, including oncosts:				
Annual leave (a)	2,333	1,312	(1,302)	2,343
Long service leave (b)	641	656	(677)	620
Voluntary separations	314	7	(321)	-
	14,232	10,515	(13,244)	11,503
Non-current				
Employee entitlements including oncosts:				
Long service leave (b)	4,758	29	-	4,787
	4,758	29	-	4,787

(a) Employee entitlements

Annual leave: The liability for annual leave is calculated at 30 June 2002 wage rates and entitlements of personnel, and is fully provided.

(b) Employee entitlements

Long service leave: The liability for long service leave is calculated at 30 June 2002 wage rates and entitlements of personnel, and is fully provided. This figure excludes allowance for personnel still subject to completion of service conditions.

14. Equity

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

Shares are held by each of the Corporation's voting shareholders, the Hon. M R Egan, MLC and the Hon. J Della Bosca, MLC.

	Note	2002 \$000	2001 \$000
Equity			
Contributed equity		125,542	125,542
Reserves		180,220	180,220
Retained profits		87,161	78,925
Total equity at the end of the financial year		392,923	384,687
Movement in contributed equity			
Opening balance		125,542	125,542
Add / less movement		0	0
Closing balance		125,542	125,542
Movement in asset revaluation reserve			
Opening balance		180,220	180,220
Add revaluation		0	0
Closing balance		180,220	180,220
Movement in retained profits			
Opening balance		78,925	65,303
Add net profit		16,776	24,566
		95,701	89,869
Less Dividends provided for or paid	13	(8,540)	(10,944)
Closing balance		87,161	78,925

15. Financial instruments**a) Interest rate risk**

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates. Sydney Ports Corporation's exposure to interest rate risk and the effective interest rates of financial assets and liabilities, both recognised and unrecognised at the reporting date, are as follows:

2002

Financial instruments	Floating interest rate	Fixed interest rate maturing in:				Total carrying amount as per the statement of financial position \$000	Weighted average effective interest rate* %
		1 year or less	Over 1 to 5 years	More than 5 years	Non- interest bearing		
	\$000	\$000	\$000	\$000	\$000	\$000	
Financial assets							
Cash	1,121				2	1,123	4.13%
Receivables	1,155				12,653	13,808	0.55%
Investments	15,644					15,644	4.65%
Total financial assets	17,920				12,655	30,575	
Financial liabilities							
Payables					13,409	13,409	N/A
Interest-bearing liabilities	17,518	8,695	59,120	83,276		168,609	7.62%
Total financial liabilities	17,518	8,695	59,120	83,276	13,409	182,018	
Off balance sheet financial instruments							
Derivative financial instruments – receivable**			(8,300)	(6,100)			
Interest rate swaps Nominal value		10,800					

15. Financial instruments (continued)

2001

Financial instruments	Floating interest rate	Fixed interest rate maturing in:				Total carrying amount as per the statement of financial position \$000	Weighted average effective interest rate* %
		1 year or less	Over 1 to 5 years	More than 5 years	Non- interest bearing		
	\$000	\$000	\$000	\$000	\$000	\$000	
Financial assets							
Cash	856				2	858	5.87
Receivables	1,063				14,221	15,284	2.57
Investments	17,276					17,276	5.78
Total financial assets	19,195				14,223	33,418	
Financial liabilities							
Payables					10,809	10,809	
Interest-bearing liabilities		4,882	81,391	66,261		152,534	7.86
Total financial liabilities		4,882	81,391	66,261	10,809	163,343	
Off balance sheet financial instruments							
Derivative financial instruments – receivable**		9,000	(1,000)	100			
Interest rate swaps							
Nominal value							

* Weighted average effective interest rate was computed on a monthly basis.

** Notional principal amounts for futures contracts.

b) Credit risk

Credit risk is the risk of financial loss arising from another party to a contract or financial position failing to discharge a financial obligation thereunder. Sydney Ports Corporation's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the Statement of Financial Position.

Trade debtors are due within 28 days of service date. Other debtors are due within 7 days of invoice date except lease rental payments which are payable on or before the due date as stated in each lease agreement. Trade and other creditors are settled within 28 days of invoice date.

15. Financial instruments (continued)

Credit risk by classification of counterparty:

	Governments		Banks		Other		Total	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000
Financial assets								
Cash	230	91	893	767	–	–	1,123	858
Receivables	257	2,500	–	4	13,551	12,780	13,808	15,284
Investments	15,644	17,276	–	–	–	–	15,644	17,276
Total financial assets	16,131	19,867	893	771	13,551	12,780	30,575	33,418

The only significant concentration of credit risk arises in respect of investments with NSW TCorp being 51% of total financial assets (52% at 30 June 2001). The largest single debtor included in receivables totals \$1.846m and is 6% of total financial assets (1% at 30 June 2001).

c) Net fair value

As stated in Note 1(n), all financial instruments are carried at net fair value, unless stated otherwise. The aggregate net fair values of financial assets and financial liabilities (both recognised and unrecognised), which are carried at balance date on a basis other than net fair value, are as follows:

	Total carrying amount as per the statement of financial position		Aggregate net fair value	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
Financial assets				
Cash	1,123	858	1,123	858
Receivables	13,808	15,284	13,808	15,284
Investments	15,644	17,276	15,644	17,276
Total financial assets	30,575	33,418	30,575	33,418
Financial liabilities				
Creditors	13,409	10,809	13,409	10,809
Interest-bearing liabilities	168,609	152,534	178,708	163,965
Total financial liabilities	182,018	163,343	192,117	174,774

15. Financial instruments (continued)**d) Derivative financial instruments**

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

The Corporation has identified the risks that arise from such gaps and exposures and has established policies to prudentially monitor and limit those risks. In managing such risks, the Corporation is involved in derivative financial instruments. These instruments are managed by NSW Treasury Corporation, the Corporation's debt managers.

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 (futures contracts) are used to alter and modify the natural risks inherent in the statement of financial position.

The Corporation uses futures contracts, managed and executed by NSW Treasury Corporation, to hedge financial exposures arising from its interest-bearing liabilities, thereby limiting the risk that changes in interest rates will adversely affect profit.

Net exposure

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

	2002 \$000	2001 \$000
Derivative financial instruments (payable)/receivable		
Exchange traded futures (mark to market)	78	2

16. Capital expenditure commitments

Forward obligations of the Corporation under major contracts committed as at 30 June 2002, but not otherwise brought to account, have been assessed at \$0.703m including GST (\$4.872m including GST as at 30 June 2001). The \$0.703m includes input tax credits of \$0.064m that are expected to be recoverable from the Australian Taxation Office. They are payable as follows:

	No later than one year \$000	Later than one and not later than five years \$000	Later than five years \$000
Land and buildings	383	-	-
Roadways	-	-	-
Wharves, jetties and breakwaters	220	-	-
Plant	100	-	-
Total including GST	703	-	-

	2002 \$000	2001 \$000
17. Operating lease commitments		
Payable		
Operating lease expenditure commitments contracted for at balance date, but not recognised in the financial statements are payable as follows:		
Not later than one year	1,735	1,654
Later than one and not later than five years	660	2,165
Later than five years	0	0
Total including GST	2,395	3,819

The above total includes input tax credits of \$0.142m that are expected to be recoverable from the Australian Taxation Office. The expenditure commitments relate to rent, computers and office equipment.

Receivable

Operating lease minimum income commitments in relation to non-cancellable leases, not recognised in the financial statements are receivable as follows:

Not later than one year	25,669	22,159
Later than one and not later than five years	55,192	40,996
Later than five years	101,427	87,896
Total including GST	182,288	151,051

The above includes GST output tax of \$16.213m that is expected to be paid to the Australian Taxation Office. The income commitments relate to rent leases.

Leasing arrangements

All receivable leases are entered into at commercial rates and terms. Regular market valuations and tendering processes are carried out to ensure commercial arrangements are maintained.

18. Contingent liabilities

The estimated value of liability claims against the Corporation, as at 30 June 2002, is \$0.105m (\$0.055m as at 30 June 2001). The Corporation believes that negotiated solutions will be possible in respect of these claims.

19. Consultancy fees

Total fees paid and payable to consultants engaged in capital and operating projects by the Sydney Ports Corporation during 2001/2002 amounted to \$0.045m (\$0.060m in 2000/2001).

20. Notes to the statement of cash flows

(a) Reconciliation of cash

For the purpose of the Statement of Cash Flows, cash includes cash on hand and in banks (net of any outstanding bank overdraft) and short-term investments in money market instruments which are classified as current assets. Cash as at 30 June 2002 as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2002 \$000	2001 \$000
Cash	1,123	858
Current investments	15,644	17,276
Cash at the end of the financial year	16,767	18,134
(b) Reconciliation of profit on ordinary activities after income tax equivalent to net cash provided by operating activities		
Profit on ordinary activities after income tax equivalent	16,776	24,566
Depreciation	11,403	10,435
Amortisation of discount on interest-bearing liabilities	975	890
Net loss/(profit) on sale of interest-bearing liabilities	0	(1)
Net loss/(profit) on sale of non-current assets	4	(34)
Assets written off	30	7
	29,188	35,863
Net movement in assets and liabilities applicable to operating activities		
(Increase)/decrease in receivables	605	(2,699)
(Increase)/decrease in other assets	6,098	3,734
(Decrease)/increase in payables	4,267	(1,232)
(Decrease)/increase in provisions	2,077	(12,237)
Net cash provided by operating activities	42,235	23,429

The Corporation has the following credit facilities in place at 30 June 2002:

- A guarantee facility for \$100,000 with the Commonwealth Bank.
- A credit card facility for \$50,000 with the Commonwealth Bank.

21. Directors' remuneration and loans

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

Directors' remuneration for 2001/2002 was \$0.254m (\$0.216m in 2000/2001).

During the year the Corporation made no loans to Directors.

22. Events occurring after reporting date

In accordance with Australian Accounting Standard AAS8, Events Occurring After Reporting Date, the following information is provided:

On 12 July 2002 the Treasurer of New South Wales, on behalf of the voting shareholders, gave approval for the Corporation to establish a wholly owned subsidiary in order to carry out pilotage services in Sydney Harbour and Botany Bay.

There has been no financial effect on these financial statements.

23. Segment reporting

In accordance with AASB1005 Segment Reporting, the following information is provided:

Business segments: The Corporation operates a single business segment being the management of port facilities for the shipping community including the provision of navigational and operational safety needs of commercial shipping.

Geographical segments: The Corporation operates in the single geographical location of NSW.

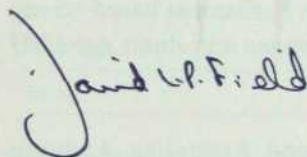
End of audited financial statements

Directors' statement

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

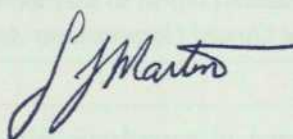
1. The accompanying financial statements exhibit a true and fair view of the financial position of the Corporation as at 30 June 2002 and transactions for the year then ended.
2. The statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2000 and the Treasurer's directions.

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



D L P Field
Chairman

Date: 15 October 2002



G J Martin
Chief Executive Officer

Date: 15 October 2002



GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

SYDNEY PORTS CORPORATION

To Members of the New South Wales Parliament

Scope

I have audited the accounts of the Sydney Ports Corporation for the year ended 30 June 2002. The members of the board of the corporation are responsible for the financial report consisting of the accompanying statement of financial position, statement of financial performance and statement of cash flows, together with the notes thereto, and the information contained therein. My responsibility is to express an opinion on the financial report to Members of the New South Wales Parliament based on my audit as required by the *State Owned Corporations Act 1989* and the *Public Finance and Audit Act 1983* (the PF&A Act).

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

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

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

Audit Opinion

In my opinion, the financial report of the Sydney Ports Corporation complies with section 41B of the PF&A Act, other statutory reporting requirements and presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the corporation as at 30 June 2002 and the results of its operations and its cash flows for the year then ended.

S McLEOD, FCPA
DIRECTOR OF AUDIT

SYDNEY
16 October 2002

Statement of land holdings as at 30 June 2002

Land is disclosed in the financial statements under the asset grouping "Land and buildings" within property, plant and equipment. In the following summary, land has been separated from buildings and other non-current assets to show land value and usage in terms of the statement of financial position valuations.

	Note	2002 \$000
Land and buildings		
Land	#	293,178
Buildings		69,575
Total		362,753
Other property, plant and equipment		
Roadways		6,762
Wharves, jetties and breakwaters		171,171
Plant		18,728
Total property, plant and equipment (as per statement of financial position)		559,414

Note #: All Corporation owned land is used for port purposes.

APPENDICES

Corporate Governance

Good corporate governance creates and sustains an ethical and legal environment which recognises the interests of all the stakeholders in a corporation.

The role of the Board

The Board oversees the business and commercial affairs of the Corporation, approves the business and financial objectives and strategies proposed by and subsequently implemented by management and monitors performance and policy.

Apart from participating in regular Board and committee meetings, the Directors from time to time visit the Corporation's operations and informally meet port users and staff.

The composition and procedures of the Board

The Board generally consists of seven Directors – five non-executive Directors (one of whom is the Chairman), the Chief Executive Officer and the Staff Director who is selected in accordance with the procedures set out in the Ports Corporatisation and Waterways Management Act 1995. The Directors are appointed by the Governor on the recommendation of the voting shareholders. The proceedings and certain procedures of the Board are governed by the State Owned Corporations Act 1989 and the Articles of Association of the Corporation.

Board remuneration

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

Board Committees

Several committees support the Board –

- The *Audit and Risk Management Committee* considers internal accounting controls and procedures, the activities of the internal and external auditors, the relationship between management and the external auditors, the financial statements of the Corporation and risk management.
- The *Remuneration Committee* considers remuneration policies and practices, the remuneration of the executive management group and merit recognition arrangements.

The majority of the Corporation's staff are remunerated on the basis of an Enterprise Agreement, which was registered on 26 November 2001. This agreement is in force until 30 June 2004.

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

Attendance at Board meetings

	Regular Board meetings		Term of appointment
	A	B	
D.L.P. Field	11	11	4 December 2001 – 3 December 2003
C.S. Bart	5	5	4 December 1998 – 3 December 2001
J.W. Douglas	11	11	1 July 1999 – 30 June 2002
G.J. Martin	11	11	15 April 2001* – 15 April 2004
P.J. Medlock	10	10	1 July 1999 – 3 June 2002
K.A.J. Murray	11	10	9 September 2001* – 8 March 2002 and 9 March 2002 – 8 March 2004
V.J. Smith	11	9	4 December 2001 – 3 December 2003

A Number of meetings eligible to attend.

B Number of meetings attended.

* Appointed with retrospective effect.

To support the achievement of the business goals, prominence is given to creating an outcome based culture focussed on fulfilling the organisation's Key Roles. The outcome of the Corporation's major strategies is provided under the Key Roles.

1. Key role: Manage and develop port facilities and services to cater for existing and future trade needs

Strategy	Key result area	Outcome (as at 30 June 2002)
Undertake EIS for Port Botany expansion.	Successful completion and determination of EIS.	Preparation of EIS progressing.
Undertake EIS for Enfield Intermodal Terminal.	Successful completion and determination of EIS.	Independent review of the proposed intermodal terminal at Enfield progressing.
Complete Tender process for Glebe Island/White Bay sites.	Allocation of land in accordance with port strategy.	Tender process completed and land parcels allocated and subject to lease negotiations.
Restructure road and freight rail servicing Glebe Island/White Bay.	Completion of project.	Requirements of new tenants being sought prior to finalising plans for staged construction of road and rail works.
Continue to work with government on upgrade of Botany freight rail line.	Delivery of upgraded rail-track by Rail Infrastructure Corporation - Stages 2 & 3 by early 2002 - Stage 4 meeting demand requirements.	Stages 2 and 3 of Botany rail corridor upgrade completed. Preliminary planning for Stage 4 of the upgrade is being undertaken by RIC and government agencies.
Work with government to improve freight rail network planning.	Delivery of upgraded rail network planning.	Work ongoing.
Review long-term demand for bulk liquid facilities.	Produce plan that outlines future demand and means to deliver this demand.	Plan prepared which indicates time frame for provision of additional facilities.
Undertake e-commerce developments to meet organisational/industry requirements.	Successful delivery of enhancements to the integrated port management system software (ShIPS).	ShIPS enhancements introduced.

2. Key role: Facilitate trade by providing competitive advantage to importers, exporters and the port related supply chain

Strategy	Key result area	Outcome
Prioritise customer visitation program.	Continue to develop understanding of business requirements of major port users and capture and evaluate information to be ahead of competitors.	Ongoing process.
Work with government (State and Federal) to improve landside transport links to ports and to remove unnecessary barriers, which impede the flow of cargo.	Establishment of an efficient intermodal system servicing Sydney's ports.	Ongoing process.
Work with State Government to produce long-term strategic transport plan for State.	Secure commitment from government for appropriate infrastructure.	State Government finalising draft strategic plan.
Work closely with rail operators, road transport providers, stevedores, depot operators and shipping lines to overcome inefficiencies in the transport chain.	Operation of an efficient intermodal system servicing Sydney's ports.	Ongoing process.

3. Key role: Manage the navigational and operational safety needs of commercial shipping

Strategy	Key result area	Outcome
Continually review and update port emergency procedures.	Current port emergency procedures successfully tested each six months.	Emergency procedures tested and procedures updated.
Review vessel movement priorities.	Ensure new procedures in place that meet commercial requirements.	Procedures introduced to prioritise movement of vessels, recognising tidal constraints.
Determine ShIPS enhancements that meet shipping requirements.	Provide analysis to IT Steering Committee.	ShIPS system enhanced to improve efficiency and user friendliness.
Review options for replacement of RODIS.	Replacement system presented to IT Steering Committee for consideration.	User requirements documented ready for tendering for development of replacement system.

4. Key role: Protect the environment and have regard to the interests of the community

Strategy	Key result area	Outcome
Finalise Environmental Management Plan.	Finalisation of plan. Practices reviewed and communicated.	Plan completed and regularly reviewed.
Continue to review and regularly test Crisis Management Plan.	Crisis Management Plan successfully tested on regular basis.	Crisis management exercise undertaken successfully. Plan appropriately tested.
Develop Community Awareness Plan including means to communicate strategies.	Community Awareness Plan implemented and continually evaluated.	Community Awareness Plan, covering advertising, sponsorship, community and media liaison, introduced and regularly re-evaluated. This initiative has enhanced the understanding of Sydney Ports' roles and activities and has facilitated Sydney Ports' increased knowledge of community issues.
Implement "Look of the Port" signage and landscaping program.	Completion of program in Sydney and Botany.	Signage and landscaping program completed with exception of one major sign at Port Botany (due for completion October 2002).
Finalise and implement Waste Reduction and Management Plan.	Completion of program.	Waste Reduction and Management Plan approved by Environmental Protection Authority. Implementation of plan progressing.

5. Key role: Deliver profitable business growth

Strategy	Key result area	Outcome
Achieve a positive Shareholder Value Added (SVA) for all projects.	Achievement of target SVA.	SVA target exceeded.
Facilitate the achievement of financial and operational targets.	Key measures defined and appropriate tools identified to measure performance.	All financial and operational targets achieved.

6. Support role: Deliver corporate infrastructure

Strategy	Key result area	Outcome
Implement innovative Enterprise Agreement for staff.	Maintain motivated work group that drives a successful business.	Enterprise Agreement implemented, which introduced a more flexible salary band arrangement for professional, technical and marine professional staff.
Continue to upgrade skills of organisation through Staff Development program and targeted recruitment.	Maintain highly skilled work force.	Ongoing process.
Promote the increased usage of information technology and e-commerce for internal purposes and on a total port community basis.	Internal systems continually updated. Continued strong involvement in developing port community system(s).	Ongoing process.

Key performance indicators

Sydney Ports Corporation's Board of Directors and Voting Shareholders negotiate an annual agreement, titled the Statement of Corporate Intent, which lists key financial performance targets for the coming financial year. Comparison of performance in 2001/2002 against the targets for the year and the results for 2000/2001 reveal:

	2001/2002 Actual \$m	2001/2002 Target \$m	2000/2001 Actual \$m
Financial indicators			
Shareholder Value Added (SVA)	+4.2	+1.3	+5.7
Debt level	168.6	191.6	152.5
Operating profit before income tax equivalent	28.8	28.0	33.0
Tax equivalent expense	12.0	9.4	8.4
Operating profit after income tax equivalent	16.8	18.6	24.6
Income tax equivalent payable	13.1	8.7	13.9
Target dividend payable	8.5	9.3	10.9
Key operational indicators			
Throughput (million mass tonnes)	24.3	24.3	24.7
Per cent of trade growth	-1.6%	-1.6%	1.2%
TEUs ('000)	1,009	1,025	990
Per cent of TEU growth	1.9%	3.5%	-2.5%
Ship visits	2,259	2,198	2,295
Total gross tonnage (millions)	55.6	54.0	56.5
Customer perception ranking	7.6	> 7.5	7.9
Staff numbers	199	199	192
Average sick leave per employee (excluding long-term illness)*	2.29*	2.5*	3.75
Staff training (\$'000)	316	440	217
Number of lost time work accidents	3	3	2
Lost time injury frequency rate	8.6	10.75	5.9

* As a result of a review of Organisation Performance Payment criteria for 2001/2002, average sick leave per employee was replaced by average sick leave per employee (excluding long-term illness).

Staff who are members of external committees

Greg Martin

AAPMA Executive Committee (President from October 2001)
 Sydney Ports Users Consultative Group
 The Missions to Seafarers (Director)
 Chairman of Organising Committee of PIANC Congress,
 Sydney 2002
 Transport Co-ordination Committee (TCC)

Simon Barney

Sea Freight Council
 Sydney Ports Users Consultative Group
 AAPMA E-Commerce Working Group
 Botany Rail Steering Group (Chair)
 Regional & Rural Transport (TCC)

Polly Bennett

Port Botany Neighbourhood Consultative Group
 White Bay/Glebe Island Noise Reference Committee
 Premier's Department – Media and Events Co-ordination
 Committee
 Communication (TCC)

Murray Fox

Port Botany Neighbourhood Consultative Group
 Bulk Liquids Industry Association
 Shell Gore Bay Community Consultative Committee
 Environment Management Steering Committee (TCC)
 Safety Steering Committee (TCC)

John Hayes

IAPH Executive Committee (Vice President)
 IAPH/IMO Interface Working Group
 IAPH Port Planning and Construction Committee (Chair)
 Sydney Ports Users Consultative Group
 AAPMA Executive Committee
 Sea Freight Council
 Sydney Harbour Executives
 Central Sydney New Years Eve Committee
 PIANC Congress Committee
 Urban Domain at Circular Quay
 Port Security Committee (Chair)
 Bizwatch
 Regional and Rural Planning Committee (Jan – Apr 02) (TCC)
 Urban Planning and Infrastructure Steering Committee (TCC)

Shane Hobday

Botany and Eastern Regional Environment Protection
 Association
 Botany Bay Business Enterprise Centre (Director)
 Port Botany Emergency Plan Committee (Chair)
 The Missions to Seafarers (Director)

John Huckson

Botany Bay Business Enterprise Centre (Director)

Denis Dillon

Sydney Ports Users Consultative Group
 Sea Freight Council – Logistics Working Group

Phil Rosser

NSW Chamber of Commerce, International Trade
 Committee (Chair)
 Sydney Ports Users Consultative Group
 Sydney Cruise Industry Forum (Chair)
 Cruise Down Under (Deputy Chair)

Kevin Davis

Port Botany Neighbourhood Consultative Group
 White Bay/Glebe Island Noise Reference Committee (Chair)
 Caltex Australia Limited/Sydney Ports Coordination Committee
 Orica Groundwater Community Liaison Committee
 Bizwatch
 Major Hazard Inter-agency Committee

Roy Garth

Caltex Australia Limited/Sydney Ports Coordination
 Committee

Christa Sams

Glebe Island/White Bay Noise Reference Committee

Gerry McCormack

The Export Centre Management Committee

Tony Navaratne

Maritime Panel – Institution of Engineers, Australia
 International Association of Ports and Harbors – Port
 Planning and Construction Committee
 Standards Australia Committee on Maritime Structures

Morgan Noon

Sydney Ports Cargo Facilitation Committee
 Botany Rail Steering Committee
 Regional and Rural Planning Committee – Freight
 Working Group (TCC)

Bart Pacheco

Caltex Australia Limited/Sydney Ports Coordination
 Committee
 State Marine Committee
 Navigation (Pilotage) Committee
 Navigators Committee
 Sydney to Hobart Yacht Race Committee
 State Committee of the National Plan to Combat Pollution
 of the Sea by Oil
 New Year's Eve Committee
 Australia Day Council
 Commercial Vessels' Users Group

Alistair Palmer

Bizwatch

Barrie Turner

Glebe Island/White Bay Noise Reference Committee
 Bays Precinct Advisory Committee

Max Willoughby

Botany Bay Coastal Management Committee (Chair)

Jenny de-Wit

Sydney Ports Cargo Facilitation Committee
 Port Security Committee

Internal committees

Executive Committee
 Occupational Health and Safety Committee
 Sydney Ports Corporation Consultative Committee

Executive salary reporting

In reporting executive salaries, the following information is provided for the year ended 30 June 2002.

Band	Total positions at 30 June 2002	Salary range	At risk salary incentive range subject to performance against set objectives
1	1	\$281,000 – \$330,000	\$75,000 – \$85,000
2	–	\$206,000 – \$280,000	\$55,000 – \$65,000
3	5	\$150,000 – \$205,000	\$25,000 – \$45,000
4	3	\$125,000 – \$149,000	\$20,000 – \$25,000
5	9	\$112,500 – \$125,000	\$8,000 – \$15,000

Overseas travel

July 2001 - June 2002

Name	Departure date	Destination	Purpose
Terry Walsh	2.10.01	Yokkaichi	Sister port technical exchange program
Tony Navaratne	7.10.01	Vancouver, New York, Jacksonville, Los Angeles	Study tour of intermodal facilities in North America
Greg Martin, Ken Murray, Simon Barney	5.11.01	Antwerp, Rotterdam, Manchester, Birmingham, Milan, Hamburg	Intermodal operational visit
Bart Pacheco	11.5.02	Cape Town, Johannesburg	3rd Congress of the International Harbour Masters Association
Greg Martin, Phil Rosser	30.6.02	Singapore, Hong Kong, Shanghai, Tokyo	Client visits

STATUTORY DISCLOSURES

Funds granted to non-government community organisations

The following payments were made to non-government community organisations in 2001/2002:

United Way Sydney	25,000.00
Just Enough Faith	5,000.00
Australia Day Regatta	1,500.00
Malcolm Sargent Cancer Fund	1,000.00
Sydney Maritime Museum	1,000.00
Mission to the Seafarers	1,000.00
Salvation Army	1,000.00
The Variety Club of NSW	838.05
La Perouse Precinct Committee	500.00
NSW Sports Council for the Disabled	360.00
Cancer Council of NSW	247.75

2001/2002 Annual report

Number of copies printed	2,000
Average cost per copy	\$26.00

Exemptions from the reporting provisions

Section 41B(1)(c)(va) of the Public Finance and Audit Act 1983 and clause 19 of the Annual Reports (Statutory Bodies) Regulation 2000 require a statutory body to include in its annual report statements of all exemptions, omissions, modifications and variations from reporting provisions which have been granted by the Treasurer under section 41BA of that Act and Regulation and which apply to the statutory body and a summary of the reasons for them.

As a statutory body in competition, the following exemptions, omissions, modifications and variations apply to Sydney Ports Corporation.

Requirements	Legislative source of requirements	Exemption and conditions
Financial reporting		
Format of financial statements	Public Finance and Audit Act 1983 (PF&AA)	
Financial statements	Section 41B(c) PF&AA	Exempt from preparing manufacturing, trading and profit and loss statements. Required to prepare a summarised Operating Statement (ie. summarising major categories of revenues and expenses).

Requirements	Legislative source of requirements	Exemption and conditions
Notes: Income and Expenditure	Public Finance & Audit Regulation 2000 (PF&AR): Schedule 1, Part 1	
Amounts charged or set aside for renewal or replacement of fixed assets	Clause 2	
Amounts set aside to any provision for known commitments	Clause 4	
Amount appropriated for repayment of loans/advances/debentures/deposits	Clause 6	
Material items of income and expenditure on a program or activity basis	Clause 13	Required to summarise the material items of revenues and expenses on a program or activity basis.
Notes: Additional information	PF&AR: Schedule 1, Part 3	
Excess of non-current asset value over replacement cost	Clause 13	

Annual reporting exemptions

Budgets	Annual Reports (Statutory Bodies) Act 1984 (ARSBA) and Annual Reports (Statutory Bodies) Regulation 2000 (ARSBR)	
– detailed budget for the year reported on	Section 7(1)(a)(iii) ARSBA	
– outline budget for next year	Section 7(1)(a)(iii) ARSBA	

Requirements from which we are exempt	Legislative source of requirements	Conditions (if any) attaching to exemption
– particulars of material adjustments to detailed budget for the year reported on	Clause 6 ARSBR	

Report of operations

Summary review of the operations	Section 7(1)(a)(iv) ARSBA and Schedule 1 ARSBR	Exempt subject to the condition that comments and information relating to the "summary review of operations" are to be disclosed in a summarised form.
– narrative summary of significant operations		
– selected financial and other quantitative information associated with the administration of programs or operations		

Requirements from which we are exempt	Legislative source of requirements	Conditions (if any) attaching to exemption
Management and activities – nature and range of activities – measures and indicators of performance – internal and external performance reviews – benefits from management and strategy reviews – management improvement plans and achievements – major problems and issues – major works in progress, cost to date, estimated dates of completion and cost overruns – reasons for significant delays etc. to major works or programs	Schedule 1 ARSBR	Exempt subject to the condition that comments and information relating to "management and activities" are to be disclosed in a summarised form.
Research and development – completed research including resources allocated – continuing research including resources allocated – developmental activities including resources allocated	Schedule 1 ARSBR	
Human resources – number of employees by category and comparison to prior three years – exceptional movements in employee wages, salaries or allowances – personnel policies and practices – industrial relations policies and practices	Schedule 1 ARSBR	Exempt subject to the condition that overseas visits with the main purposes highlighted are required to be disclosed.
Consultants – for each engagement costing greater than \$30,000 – name of consultant – title of project – actual cost – for each engagement costing less than \$30,000 – total number of engagements – total cost – if applicable, a statement that no consultants were engaged	Schedule 1 ARSBR	Exempt subject to the condition that the total amount spent on consultants is to be disclosed along with a summary of the main purposes of the engagements.

Requirements from which we are exempt	Legislative source of requirements	Conditions (if any) attaching to exemption
Land disposal – properties disposed of during the year – total number – total value – if value greater than \$5,000,000 and not by public auction or tender – list of properties – for each case, name of person who acquired the property and proceeds from disposal – details of family or business connections between the purchaser and the person responsible for approving the disposal – purposes for which proceeds were used – statement indicating that access to the documents relating to the disposal can be obtained under the Freedom of Information Act 1989	Schedule 1 ARSBR	
Consumer response – extent and main features of complaints – services improved/changed in response to complaints/suggestions	Schedule 1 ARSBR	Exempt subject to the condition that comments and information relating to “consumer response” are to be disclosed in a summarised form.
Payment of accounts – performance in paying accounts, including action to improve payment performance	Schedule 1 ARSBR	
Time for payment of accounts – reasons for late payments – interest paid due to late payments	Schedule 1 ARSBR	
Report on risk management and insurance activities	Schedule 1 ARSBR	Exempt subject to the condition that the comments and information are to be disclosed in a summarised form.
Disclosure of controlled entities – details of objectives, operations, activities of controlled entities and measures of performance	Schedule 1 ARSBR	Exempt subject to the condition that the names of the controlled entities are to be disclosed along with a summarised disclosure of the controlled entities’ objectives, operations and activities and measures of performance. Sydney Ports Corporation currently has no controlled entities.

Requirements from which we are exempt	Legislative source of requirements	Conditions (if any) attaching to exemption
Investment performance	Clause 12 ARSBR	
Liability management performance	Clause 13 ARSBR	
Financial statements of controlled entities	Section 7(1)(a)(ia) ARSBA	Exempt from preparing manufacturing and trading statements. Required to prepare a summarised Operating Statement (ie. summarising major categories of revenues and expenses). Sydney Ports Corporation currently has no controlled entities.

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

Response to significant issues raised by the Auditor General

There were no significant issues raised by the Auditor General in his 2001/2002 report.

2001/2002 performance relative to statement of corporate intent

The material deviations from targets in the 2001/2002 Statement of Corporate Intent are:

- Increased Shareholder Value Added (SVA) as a result of Net Operating Profit after Tax (NOPAT) increasing due to a reduction in costs (excluding the superannuation adjustment).

Freedom of information

Sydney Ports 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 2000/2001 and 2001/2002.

During the reporting period, no requests were transferred to another organisation or agency. No requests were carried forward to the reporting period 2001/2002.

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	
	2001	2002	2001	2002	2001	2002
New	0	0	0	2	0	2
Completed	0	0	0	2	0	2
Granted in full	0	0	0	1	0	1
Refused (Exempt)	0	0	0	0	0	0
Information sought was covered application granted in full (application fees refunded)	0	0	0	1	0	1
Total processed	0	0	0	2	0	2

Days to process FOI applications

Elapsed time	Personal		Other	
	2001	2002	2001	2002
0–21 days	0	0	2	0
22–35 days	0	0	0	2
Over 35 days	0	0	0	0

Processing time

Processing hours	Personal		Other	
	2001	2002	2001	2002
0–10 hours	0	0	0	1
11–20 hours	0	0	0	0
Greater than 20 hours	0	0	0	1

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 Sydney Ports Corporation's activities.

Code of Conduct

The Corporation has a Code of Conduct which is observed by all staff. During the year no amendments were made to the Code.

Legal changes and subordinate legislation

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

Factors affecting achievement of operational objectives

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

EEO Report

Sydney Ports Corporation is an equal opportunity employer. All vacant positions are advertised internally and externally where possible, and selection is based on merit.

Overall staff numbers, the total number of female staff, the number of vacancies for employment in the organisation, the number of female staff appointed to the vacancies, and the number of staff from a Non-English Speaking Background (NESB) appointed in these vacancies are shown in the table below.

Overall staff numbers	Total number of female staff	Number of vacancies	Number of females appointed	Number of NESB appointed
199 (100%)	40 (20.1%)	19	7 (36.8%)	7 (36.8%)

Women are employed in all areas of the Corporation except Port Services Emergency Response. Marine qualifications are a pre-requisite for employment in this work area. This restricts the pool of applicants to experienced mariners, and the Corporation does not currently have any female employees with these qualifications.

Of the 40 women currently employed within the Corporation, three women hold senior executive positions. The remaining 37 women are employed in Managerial, Professional/Technical, Supervisory or Administrative positions.

A number of practices support the employment relationship of all employees, including women and NESB. These include:

- Mutually agreed daily starting times between 7am – 7pm.
- Approved additional hours that can be taken as Time Off in Lieu by staff up to and including Maritime Officer Level 7. This time can also be paid out as overtime.
- Aged and Dependent Care Leave on full pay to provide short-term care for sick, injured or aged dependents or family members including the capacity to utilise Time Off in Lieu for this purpose.
- Generous Sick Leave supported by Income Protection Insurance in the event of extended incapacity due to illness or accident.
- A wide range of personal leave types to accommodate the needs of all employees.
- Provision to work part-time when returning to work following maternity leave.
- Study assistance including the payment of study fees, time off to attend lectures or exams, and full sponsorship towards courses that directly benefit the Corporation.
- Attendance at short courses designed to improve the skills of women and NESB.

Female staff attended a total of 448 hours of training during this period. Staff from NESB attended a total of 684 hours of training during the period. This is an average of 11.2 hours of training per female staff member and an average of 15.2 hours of training per NESB staff member.

The total training costs for the Corporation was \$316,000. Training costs for female staff was \$27,289 and \$38,023 for NESB staff. This is a total of \$65,312 for female and NESB staff for the year. The total training costs for female and NESB staff account for 23 per cent of the total training costs.

Individual training plans are prepared for all employees as part of the Corporation's Performance Management System and managers assessment of training needs and skill gaps.

A number of women and NESB staff are undertaking further studies towards tertiary qualifications. The Corporation's Study Assistance Policy supports these studies.

One employee went to our sister Port of Yokkaichi in Japan in October 2001 as a part of the Technical Exchange Program.

All Human Resource Policies are available to employees through the Employee Information Link. The Link can be accessed through Lotus Notes.

Waste Reduction and Purchasing Policy (WRAPP)

1. In line with reporting requirements within the Waste Avoidance and Resource Recovery Act 2001 (WARR Act) the following information sets out Sydney Ports Corporation's progress, implementing the NSW Government's Waste Reduction and Purchasing Policy (WRAPP).
2. Included is a summary of progress made implementing the following:
 - a) Reducing the generation of waste (waste avoidance and minimisation);
 - b) Resource recovery (waste reuse and recycling); and
 - c) The use of recycled material (purchase of recycled content material).
1. **Sydney Ports Corporation is a state-owned Corporation and as such is required to comply with the Government's Waste Reduction and Purchasing Policy (WRAPP) where it is cost effective and in line with sound business practices.**

The Corporation has developed a WRAPP plan in accordance with Premier's Memoranda 99-19 and 97-30.

The plan details strategies for reducing the generation of waste and the use of recycled materials and materials with recycled content.

Sydney Ports is actively involved in recycling strategies undertaken by the Building Managers whereby waste produced on a daily basis is separated into paper and other (food etc) at each employee's work area and recycled by Building Management. In addition, the Corporation purchases low-waste products and products with recycled content where it is consistent with social commercial practice and such products meet technical and operating standards.

In the area of construction and related activities, contractors engaged by the Corporation are required to ensure that all activities on site minimise the generation of waste by encouraging the re-use and recycling of all potential waste material.

2. (a) Reducing the generation of waste (waste avoidance and minimisation)

In order to reduce the generation of paper waste the Corporation has a number of policies and procedures available as soft copies to all staff through Lotus Notes Database. In addition an Employee Information Link is available on line which includes leave forms and other standard forms. Double sided printing and copying also reduces the generation of paper waste.

Configuration of the Corporation's computer system has reduced requirements for pre-printed forms such as purchase orders and some invoices, further reducing paper waste generation.

Reducing individual desk printers and installing document centres has reduced the number of toner cartridges.

Analysis of the Corporation's purchasing indicates that there was a reduction of approximately seven per cent (7%) in the purchase of paper during 2001/2002 compared to quantities purchased during 2000/2001. The analysis also indicates that there was a reduction in the number of toner cartridges purchased for the same period (approximately 40 less).

(b) Resource recovery (waste re-use and recycling)

Paper is separated from other waste such as food waste at each employee's work area and recycled through the building management recycling strategy.

Eighty per cent (80%) of toner cartridges are also recycled.

(c) The use of recycled material (Purchase of recycled – content materials)

The Corporation endeavours to purchase recycled content materials where it is a commercially sound practice to do so. The cost of recycled content paper is fifteen per cent (15%) higher than that of virgin plantation paper and as such the Corporation is not considering its purchase at this point.

Office equipment such as document centres leased by the Corporation contain some recycled materials and can operate using recycled content materials such as paper and toner.

Publications

During the year, in addition to the Annual Report 2002, Sydney Ports Corporation printed and distributed the following publications:

- *Port Focus* (a quarterly newsletter of Corporation and customer activities);
- *First Port Future Port* brochure (this document outlines the plans of Sydney Ports Corporation for the proposed expansion of port facilities); and
- *Corporate Plan 2001/2005* (the plan is prepared annually and is structured around our vision and corporate values).

The Sydney Ports Corporation website www.sydneyports.com.au was upgraded to include more information for customers and the general public.

Consultancy fees

Total fees paid and payable to consultants engaged in capital and operating projects by the Sydney Ports Corporation during 2001/2002 amounted to \$0.045m (\$0.060m in 2000/2001).

The main purpose of the engagements were:

- Risk Analysis of Passenger Terminals;
- Enterprise Agreement Negotiations; and
- Car Park Planning for Wharf 8.

Relevant legislation

Sydney Ports Corporation is a statutory state-owned corporation established under the State Owned Corporations Act 1989 and Ports Corporatisation and Waterways Management Act 1995, and operates in accordance with these pieces of legislation.

Other significant legislation affecting the Corporation includes:

- Dangerous Goods (General) Regulation 1999;
- Marine Pollution Act 1987 and associated regulation;
- Management of Waters and Waterside Lands Regulations – NSW;
- Marine Pilotage Licensing Regulations;
- Maritime Services Act 1935; and
- Navigation Act 1901.

GLOSSARY

AAPMA	Association of Australian Port and Marine Authorities
AMOU	Australian Maritime Officers Union
APESMA	Association of Professional Engineers, Scientists and Managers Australia
AQIS	Australian Quarantine Inspection Service
ASU	Australian Services Union
CEO	Chief Executive Officer
CPI	Consumer Price Index
EDI	Electronic Data Interchange
EIS	Environmental Impact Statement
GT	Gross Tonne
ha	hectares
IAPH	International Association of Ports and Harbors
IT	Information Technology
m	million/millions
MMHC	Maritime Marine Holding Corporation
MUA	Maritime Union of Australia
NSW	New South Wales (Eastern State of Australia)
OH&S	Occupational Health and Safety
PIANC	Permanent International Association of Navigation Congresses (International Navigation Association)
PlanningNSW	Formerly known as Department of Urban Affairs and Planning (DUAP)
PSOL	Port Safety Operating Licence
Reefer	Refrigerated ship
RTA	Roads and Traffic Authority
RIC	Rail Infrastructure Corporation
SCI	Statement of Corporate Intent
ShIPS	Sydney's Integrated Port System
SPUCG	Sydney Ports Users Consultative Committee
Sydney Harbour	The commercial port areas of Glebe Island and White Bay, Darling Harbour, and the Overseas Passenger Terminal at Circular Quay (formally know as Port Jackson)
TCC	Transport Co-ordination Committee
TEU/TEUs	Twenty-foot equivalent unit



SYDNEY PORTS CORPORATION

ABN 95 784 452 433

Principal office and address

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Sydney NSW 2000 Australia

Postal address

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NSW 2000 Australia

Telephone	+ 61 2 9296 4999
Facsimile	+ 61 2 9296 4742
Email	enquiries@sydneyports.com.au
Website	www.sydneyports.com.au

Office hours

8:30am to 5:30pm Monday to Friday

Emergency and after hours telephone 9296 4000

Port Services and Emergency Response Operations

Moore's Wharf Store, 4 Towns Place, The Rocks

Port Services Building

Inter-terminal Access Road, Port Botany

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