

2008-2009 ANNUAL REPORT



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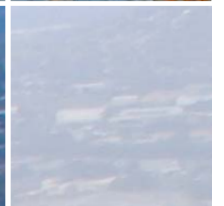
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HIGHLIGHTS FOR 2008/2009

- Master Plan for the future development of the Outer Harbour unveiled
- Relocation of the NSW Vehicle Import Trade (from 17 November 2008)
- Announcement of plans for construction of a Bio diesel facility
- Establishment of a Port Economic Development Committee
- Progression of construction works on the new Maritime Centre
- Record number of vessel visits (862)
- Achievement of a Gold Award in the 2008 Premier's Public Sector Awards

OUR VISION

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

OUR MISSION

We will promote and facilitate trade and logistics through the provision of optimal infrastructure and services, while:

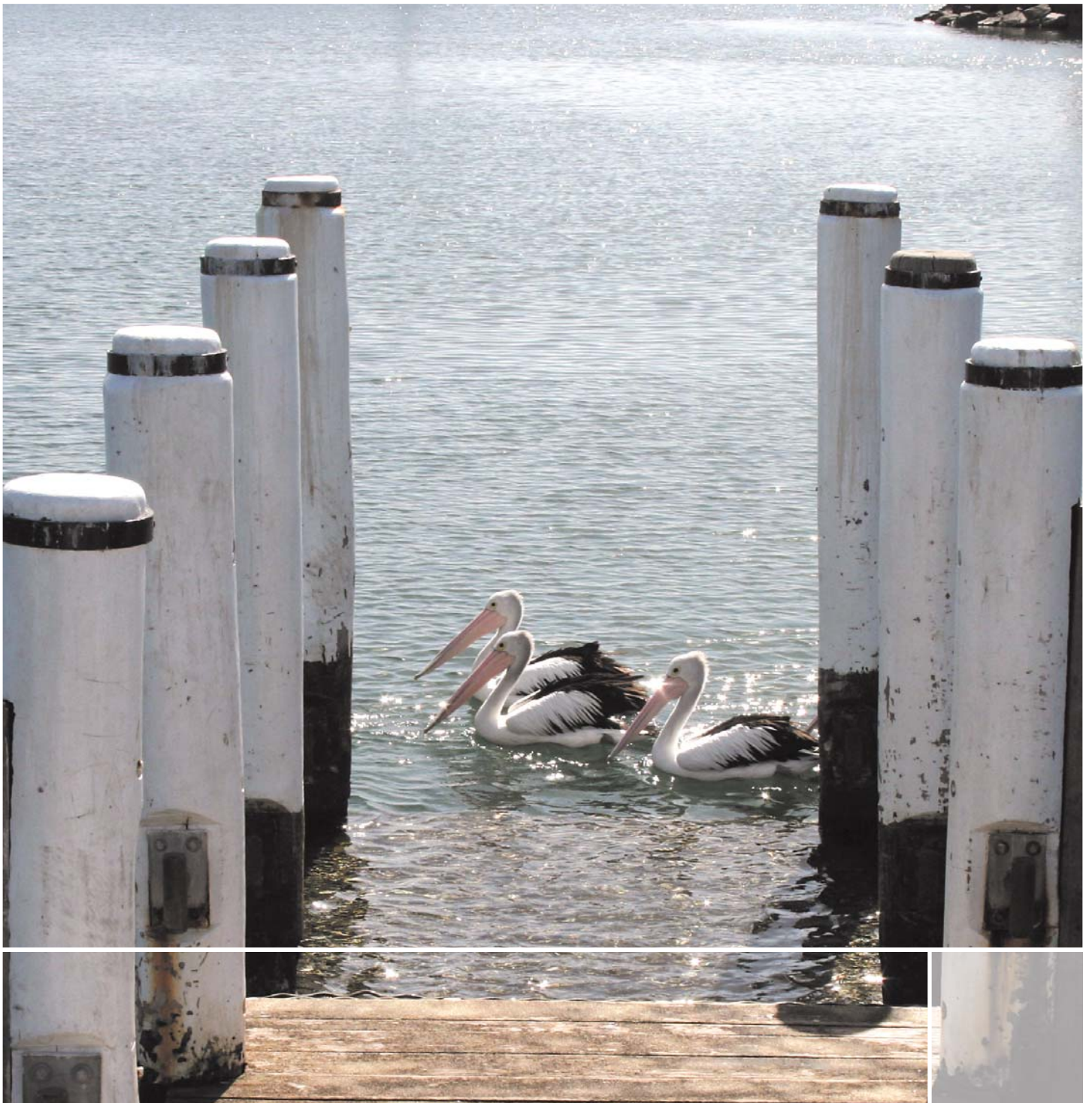
- Achieving commercial returns to shareholders;
- Delivering competitive advantages to our customers;
- Optimising benefits to the community and environment;
- Contributing to regional growth.

PERFORMANCE INDICATORS

	TARGET 2008/09	ACTUAL 2008/09
Trade (million revenue tonnes)	28.8	26.4
Vessel Visits	932	862
Return on Assets	19.7%	13.2%
Return on Equity	28.3%	16.7%
Net Operating Profit after Tax	\$29.3 Million	\$31.0 Million
Pilotage Delivery Service	99	99.76
Availability of Navigation Aids	98.6	99.9
Lost Time Injury - Frequency Rate	0	12
Lost time due to industrial disputes (days)	0	0



CHAIRMAN'S REPORT TO SHAREHOLDERS





The Hon Eric Roozendaal MLC
Treasurer

The Hon Carmel Tebbutt MP
Deputy Premier, Minister for Climate Change
and the Environment, Minister for Commerce.

Dear Shareholders,

Once again, the financial year to 30 June 2009 was a success. The comparative trade figures for the last two years are: 27.3 million revenue tonnes during fiscal 2008 with 26.4 million revenue tonnes in fiscal 2009. The value of this trade for fiscal 2008 was \$12 billion, with this reaching \$37.7 billion in fiscal 2009. Costs were kept under control and the result was an increase in profit after tax to \$31 million (\$21.1 million for 2008).

Redevelopment of the Inner Harbour is now complete. Our state-of-the-art car terminal is operating well and, now, with car dealers' inventories run down to normal levels as a result of the Federal Government's stimulus of the economy, throughput is picking up.

A pre-feasibility study into the possibility of completing the Maldon-Dombarton Railway was completed during the year and the report was publicly released in July 2009. Subsequently, the Federal Government announced the allocation of a further \$3 million for a full feasibility study of the project.

The board's 52-hectare Master Plan for the Outer Harbour is currently being finalised and will be submitted for environmental assessment in the latter half of 2009. Assuming its approval, development of the Outer Harbour will largely be driven by demand. The plan can be readily staged. We have received several enquiries from major enterprises about new projects that could exploit aspects of the plan. Some of these would be dependent upon completion of the Maldon-Dombarton line. Meanwhile, we are delighted that the NSW Government has authorised the immediate reclamation of 8-10 hectares, as discussed in the CEO's report.

Prospects for 2009-2010 are good. At this point, we expect a continuation of the satisfactory results for the last few years. Fiscal 2010-2011 will be more challenging; in that year rental from the Coal Terminal will revert to a payment for the ground lease alone (whereas for the first 20 years of the agreement the Corporation has enjoyed rental fees related to coal throughput). Accordingly, we can expect a substantial reduction in rental income for 2010-2011 and succeeding years.

Our new head office, which forms part of the new Maritime Centre, was largely completed during the year. This purpose-built building, overlooking the Port itself, is a major development for the Port. It will co-locate all our staff in one excellent new complex (including the refurbished Vessel Traffic Centre); this will improve staff morale and co-ordination. The Maritime Centre will also house NSW Maritime, Australian Quarantine Inspection Service and the NSW Water Police. Importantly the Centre includes a public viewing platform with panoramic views of the Port and provides convenient public access to the Heritage Park.

It has been a successful year for the Corporation. Good staff, good management, and good attitudes - and a focus on agreed outcomes - have all contributed to bringing this about. I know the Board joins me in congratulating the staff and our CEO on the Corporation's continued progress.

Nicholas Whitlam
Chairman

CEO'S REPORT



OVERVIEW

Transferring Port Kembla Port from mostly a bulk commodity port to one handling a diversity of cargo was completed when the automotive receiving facilities at Glebe Island were closed on 16 November 2008. As from midnight the following day 17 November 2008 all motor vehicle imports for NSW were handled through the Port of Port Kembla.

This transformation was officially recognised on 24 November 2008 when the Minister for Ports and Waterways, The Hon Joe Tripodi MP; Minister for the Illawarra, The Hon David Campbell MP, and the Local Member, Ms Noreen Hay MP, together with other Members of Parliament and invited guests, officially commissioned the new facilities.

The relocation of vehicles from Port Jackson to Port Kembla occurred with no interruption or disruption to the shipping and cargo handling activities of existing and new port customers, and with the utmost efficiency and effectiveness.

Unfortunately, just as the transfer was completed, the global financial crisis hit the motor vehicle and steel industries resulting in a shortfall in our total throughput of around 8.3%. The decrease in motor vehicle sales placed considerable strain on the land storage requirements at the Port and throughout the country. Much of this glut has now been removed and motor vehicle imports are slowly returning to normal levels. Steel exports at this stage remain sluggish, but evidence of some improvement is starting to appear.

Importantly, the Inner Harbour trade relocation project was completed on time and within budget. This is pleasing, particularly given that the construction took place during the height of the economic boom. With our partners, Australian Amalgamated Terminals, the development is now operating according to expectations albeit at less than optimum levels mostly due to the global financial crisis.

Looking beyond the global financial crisis and the impact that it has had on the business environment, the Port Kembla Port Corporation, while not immune from the economic conditions, notes that the fundamentals of our core business continue to be strong. Coal exports during the economic crisis remained buoyant and grain exports after a number of years of drought have recommenced. Imports of iron ore and exports of steel have been below expectations due to the world economic conditions and the number 5 blast furnace reline by BlueScope Steel which occurred from January to June 2009. We expect steel operations to normalise in coming months.

Complementing port developments to accommodate motor vehicle imports is work undertaken by Australand on behalf of CEVA Logistics and AutoNexus by the addition of a further 10 hectares of land by the Port Corporation for the pre-delivery and inspection (PDI) of motor vehicles. This project will complement the facility already established in the port by Patrick Autocare.



NEXT STAGE

Since the successful transfer of the trade from Port Jackson to Port Kembla, additional opportunities have presented themselves. In May 2009 the NSW Government approved the establishment of an AUD140 million biodiesel plant in the port. This project will involve the annual import of approximately 1 million tonnes of soy bean and the export of soy bean meal for poultry and animal feedstock. The biodiesel will be consumed locally. It is expected that construction of this project will commence in the 2009/2010 financial year and be operational by 2011/2012.

Looking forward, these developments have effectively utilised the last remaining land in the Inner Harbour and in July 2008 the NSW Government gave approval for the establishment of an Outer Harbour Master Plan. The Plan involves the reclamation of approximately 52 hectares of land and construction of seven berths in the Outer Harbour. Planning on how the reclamation and development will be progressed has been completed, with work currently underway to finalise the Environmental Assessment. Planning approval for the development is expected in the fourth quarter of 2009.

Recognising the strategic importance of this development the NSW Government has already given approval for approximately 8-10 hectares of land reclamation to proceed to ensure that the port is ready to service the needs of port customers. This reclamation will be constructed by placing approximately

1 million tonnes of blast furnace slag on the seabed and coal wash above the high watermark. This project will make beneficial use of what otherwise would be waste products and will focus on the use of waste material for the reclamation wherever possible.

To ensure that the port is able to respond to the future needs of customers and the region, the strategic plan underpinning the Outer Harbour Master Plan provides for a staged development in tandem with customer needs. This approach provides the most efficient and cost competitive outcome of synchronising port development with customer requirements.

The relationship with our customers was clearly enunciated in the recent survey which showed a significant improvement on how our customers perceive and interact with the Corporation. In March 2009, the Port Corporation hosted a Port Users & Investment Forum to build on the feedback from the Customer Survey and to consider new initiatives and opportunities that our customers see as necessary to ensure that the port remains at the forefront of their business needs. The importance of the Port Users & Investment Forum was highlighted by the Minister for Ports and Waterways, The Hon Joe Tripodi MP, and other local members of Parliament who were in attendance to discuss issues of importance with participants.

A significant feature of the Forum was the formal signing of a heads of agreement to further trade and business opportunities between Shenzhen Port, Cosco Shipping and the Port Corporation. A Port Economic

Development Committee has been established to further these ideals with the co-chairmen of the committee being Capt Lui Chang Long, President Cosco Oceania Pty Ltd and chairman of the Port Corporation, Mr Nicholas Whitlam.

In the immediate future we see environmental management, including greenhouse gas emission targets, ageing facilities in the Outer Harbour and the outer harbour development, as emerging issues for the port. We support the environmental initiatives and have established an Environmental Cluster with major port users to identify opportunities to reduce our carbon footprint from port operations. This cluster is strongly supported by the NSW Department of Environment and Climate Change.



FINANCIAL PERFORMANCE

As noted Port operations are not immune from the global financial crisis, and the event provided a challenge to ensure the continuing financial health and wellbeing of the Corporation during the period. The largest impact on the reduction in trade performance and vessels using the port was due to the reduction in motor vehicle imports, coke exports and from BlueScope Steel operations. Coal exports, whilst below budget, were above the previous year's throughput and grain exports were well above the budget estimate. All other trades were generally in accord with budget estimates.

The port throughput of 26.4 million revenue tonnes is 8.3% below the budget estimate, but with the global financial crisis bottoming, improvements are expected in the coming years.

To identify the value of the port to the NSW economy an Economic Impact Study was undertaken by the Port Corporation. The study shows that for the Illawarra region the direct and indirect benefits of the Port are in the order of \$839.0 million per annum, increasing to \$1.01 billion of output for the State of NSW.

Jobs created as a result of port activity were estimated at 3,863 for the Illawarra region, increasing to 4,524 for NSW.

In summary, this translates to 3.7 jobs for every ship call for the Illawarra region, increasing to 4.3 jobs for NSW.

Each ship generates economic output of \$806,000 for the Illawarra region, and \$971,000 for NSW.

Importantly, every dollar spent by the port has a multiplier effect of \$1.68.

To meet the global financial crisis head-on, the Corporation reviewed its financial outlays for the year and any discretionary spending was curtailed as long as it did not compromise the operational and maintenance needs of the port. Further capital expenditure was deferred where possible. These measures allowed the Corporation to achieve a net profit (before tax) of \$50.0 million, which is 19% above the budget estimate.

Revenue during this period was 7.4% below the budget estimate, and is attributed to the reasons previously identified. Measures implemented to maintain operating expenditure during this sensitive time contributed to costs being maintained at 95.4% of the budget estimate.

The capital structure review currently underway will confirm the Corporation's BBB+ investment grade rating.

SUSTAINABLE DEVELOPMENT

2008/2009 was spent consolidating the new business activities that would use the port. On bedding-down this activity, focus was then placed on the sustainable management of the facilities and infrastructure owned and operated by the Port Corporation.

Following the trade relocation, work that was undertaken included erosion protection on the sensitive Garungaty Waterway which will be re-vegetated using native vegetation. Revegetation will extend to other areas of the port where greening will take place where the areas are not required for port operations and do not compromise traffic safety.

Work is well progressed on a Maritime Centre which will house not only the Port Corporation, but also NSW Maritime, Australian Quarantine Inspection Services and NSW Water Police. This building is scheduled for commissioning mid August 2009 and has been designed and constructed with the aim of achieving an environmental rating of 4.5 stars, compared to the maximum achievable of 5 stars.

The Outer Harbour development will also be constructed in such a way to minimise the environmental footprint, improve the health of the Outer Harbour while recognising that without this development the growth opportunities for the region and the port will be limited.

Movement of freight to and from the port by rail is a key long-term strategy and work is underway to identify future rail needs and capacity of the rail lines that service the Port. Key to this are the rail connections from the port to key cargo handling areas such as Moss Vale, and intermodal facilities such as those at Minto, Ingleburn, and Moorebank.

OUR PEOPLE

It was extremely pleasing during the year to receive a Gold Award in the 2008 NSW Premier's Public Sector Awards for growing prosperity across NSW and the recognition by our peers in the Port industry in being named as the Lloyd's List Daily Commercial News 2008 Australian Port of the Year. None of this would have been possible without the hard work and dedication of the Corporation's employees and, importantly, the many contractors and people, stevedores, transport workers, etc that helped to make the Inner Harbour development a success.

The awards, whilst in recognition for what has been achieved, are also a demonstration of the opportunities going forward. Many of these are starting to crystallise and are reflected through the interest shown in the Port by prospective customers and investors. Currently there are three major projects under consideration.

During the year an employee satisfaction survey was undertaken which showed a significant increase in employee satisfaction with the Corporation. Given that the survey was undertaken in a period of extensive Enterprise negotiations, the outcome demonstrates the strong employee values and commitment towards the organisation and the importance placed on the processes that are being, or have been, implemented.

COMMUNITY

The continuing support of the community is integral to the future development and welfare of the port. Working with the community to address where possible community concerns, ongoing communication and consultation by being open and transparent will contribute to the acceptance of the port's future growth and prosperity.

Community representatives were invited and participated in the Port Users & Investment Forum. Valuable contributions on matters of community importance, of an environmental and logistic nature, were raised and will be addressed by the Port Corporation where they are under our control or able to be influenced.

The Port Corporation also supports various community committees and makes itself available to participate wherever necessary.

Communication to inform the community on our activities takes place not only through our website, but also through our newsletter that is distributed through the local newspaper and through various committees that are hosted by the Corporation.

The Corporation recognises the difficulty in such economic times for voluntary organisations to generate funds to provide the many important community projects. Sponsorships and donations are made available for worthy community causes.



Sponsorships and donations are not limited to the immediate Port Kembla and Wollongong area, but extend to our hinterland in acceptance that impacts from the port are well beyond the immediate port environment.

In operational and infrastructure terms, the Corporation has had a successful year. The global economic climate has had an impact on total trade throughput and revenue, but the dedication, commitment and loyalty from our staff, port users and the community, have been invaluable in minimising the impact.

The leadership, support and guidance provided by the Board of Directors allowed the Corporation to steer a steady course with an eye for the future during the global turmoil. This support and guidance has been invaluable in achieving the outcomes to date.

Our challenges, as we look to the future, are to ensure that the developments we undertake are environmentally and economically sustainable; the timing coincides with the needs of our customers; our carbon footprint is minimised and the needs of the community are foremost in our mind.

Dom Figliomeni
Chief Executive Officer

BOARD OF DIRECTORS



NICHOLAS WHITLAM *AB cum laude (Harvard), MSc (London)*
CHAIRMAN, NON EXECUTIVE DIRECTOR

Nicholas Whitlam has forty years experience in most aspects of banking, finance and insurance, having held senior positions with major financial institutions in New York, London, Hong Kong and Sydney. In addition to chairing the Corporation's board and the Remuneration

Committee, he is a member of the Audit & Risk Management Committee. He also serves on the boards of the Lifetime Care & Support Authority (as chairman), WorkCover Fund (deputy chairman), and the Whitlam Institute.



ROBIN BUCKHAM *MComm, BA, DipEd*
NON EXECUTIVE DIRECTOR

Ms Buckham is the Deputy Vice-Chancellor (International and Development) at Deakin University. Before her appointment to Deakin she undertook a variety of roles at the University of Wollongong and

was previously Manager Oil & Gas Pipelines with Tubemakers. Her other board appointments include the Advisory Board of the Illawarra Institute of TAFE, the International Film School Sydney, and the Australian School of European Aviation.



TERRY RUMBLE *FCPA*
NON EXECUTIVE DIRECTOR

Mr Rumble is an Accountant and a former Chairperson of the New South Wales Parliamentary Public Accounts Committee. He is Committee Member and former Chairman of Compeer Illawarra.

He has experience in accountancy within the coal mining and iron and steel industries. He is also a fellow of Certified Practising Accountants Australia.



JOSEPH DI LEO *MBus, FAICD*
NON EXECUTIVE DIRECTOR

Mr Di Leo has over thirty years experience in the bulk freight and agricultural industry and is currently the

Managing Director of Allied Mills Australia -a national manufacturer of flour and flour-based products.



GEOFFREY CORNWALL *AssDipSurv, BBus, GradDipMgmt, Dip AICD Company Directors Course Reg. Valuer*
NON EXECUTIVE DIRECTOR

Mr Cornwall is Port Kembla Port Corporation's Business Services Manager and has been employed by the Corporation for twenty three years.

Mr Cornwall has extensive experience in the management of port asset development projects and the creation and implementation of strategic plans.

MANAGEMENT STRUCTURE

AS AT JUNE 2009



DOM FIGLIOMENI
CHIEF EXECUTIVE OFFICER



KELL DILLON
GENERAL MANAGER MARINE & PORT OPERATIONS
Port Marine Operations
Quality Assurance
Emergency Response
Statutory Maritime Requirements
Port Security
Pilotage
Vessel Management



ANDREW DUNNE
GENERAL MANAGER ENGINEERING & ENVIRONMENT
Port Planning/Development
Capital Works
Asset Maintenance
Project Management
Environmental Management
Sustainability



LEANNE TAYLOR
GENERAL MANAGER CORPORATE SERVICES
Financial Management
Treasury Functions
Personnel Functions
Information Management
Corporate Secretariat/Corporate Governance
Business Development
Property Management
Strategic Planning

BUSINESS GROWTH

OBJECTIVES

- Build Trade/attract new business.
- Build/maintain relationships with Port Stakeholders.
- Enable efficiencies in land side logistics.

KEY RESULTS 2008/09

- Highest number of ship visits on record.
- PKPC marketing collateral developed incorporating new logo and branding.
- Development Approval granted for Biodiesel Plant.
- All Inner Harbour land allocated.
- Cabinet approval to secure fill for Stage 1A of Outer Harbour reclamation, pending planning approval.

SIGNIFICANT PROJECTS 2008/09

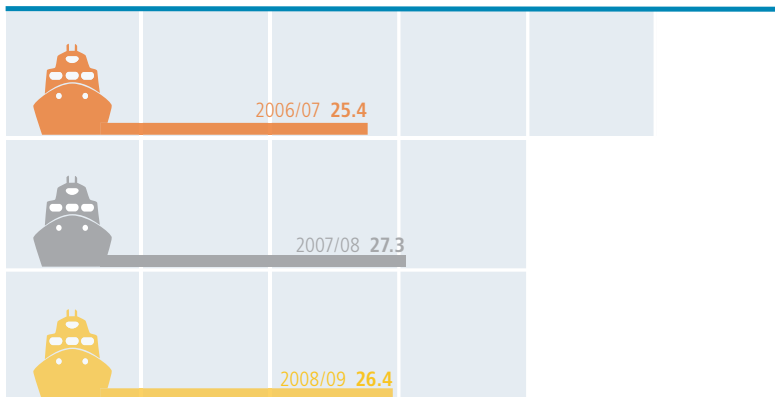
- Customer Satisfaction Survey conducted in November 2009 which resulted in an overall satisfaction score of 3.6 out of 5.
- Port Users and Investment Forum held in March 2009.
- Memorandum of Understanding established between PKPC, Shenzhen Port, Cosco Shipping.
- Prefeasibility study for Maldon-Dombarton railway line finalised.





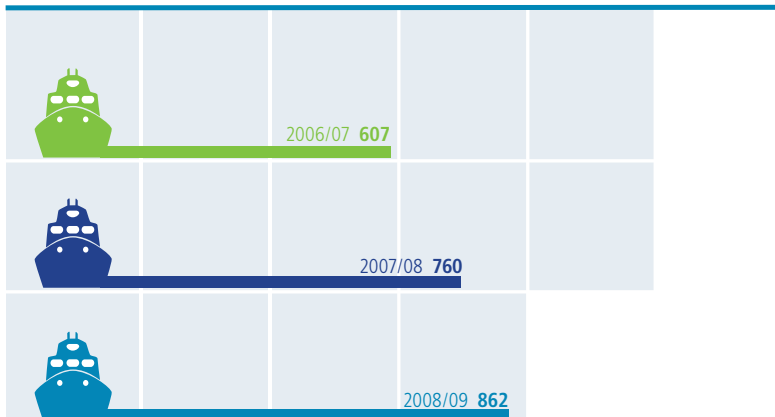
TRADE THROUGHPUT

(Million Revenue Tonnes)



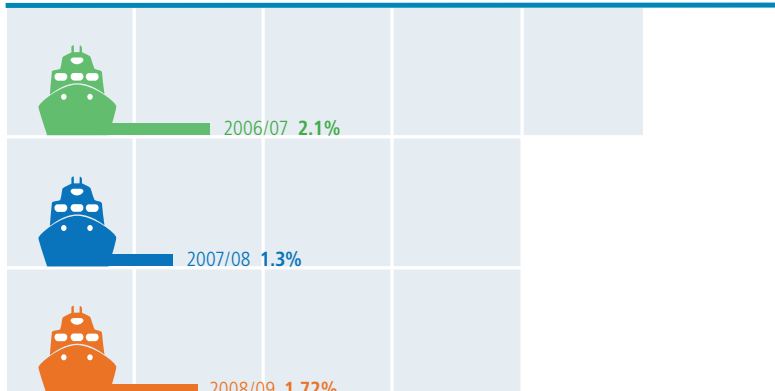
VESSEL VISITS

(Number)



MONTHLY QUEUING

(Hours)



BUSINESS GROWTH

OVERVIEW

The Port's supply chain extends internationally which meant that the effects of the Global Financial Crisis impacted Port customers and, in turn, Port operations. While this impact was softened to some extent by the strong export figures of coal (coal trade increased by 5% this year) in the latter months of the reporting period, total trade for the Port for the reporting period was down by 4% at 26.4 million revenue tonnes.

Completion of the Inner Harbour car import and general cargo terminals in October 2008 resulted in the remaining Sydney trade transferring to Port Kembla in November 2008. This resulted in a threefold increase in imports of motor vehicles from the previous year, however the slowdown in domestic car sales resulted in an overall 30% decrease of imports from original projections.

The introduction of car imports to the Port resulted in setting a new record for ship visits to the Port – with a total of 862.

All land in the Inner Harbour has now been allocated. This has brought about further diversification in the types and volumes of cargo and trade. The additional types of vessels (such as car carriers and roll on roll off vessels) has meant agricultural/mining machinery as well as project cargo such as wind turbines now comes through the Port. This additional trade

has made up 18% of the overall trade, with the majority being motor vehicles.

BlueScope Steel's programmed No 5 blast furnace reline reduced steel output by about half during the second half of the reporting period. This had a significant impact on the trade through the port both of raw material imports and finished product exports. Iron ore imports were down nearly 40% on the previous year and finished product exports were down 35%. The blast furnace reline was completed by year end but re-commissioning was delayed by several months awaiting an upturn in market conditions.

After several years of severe drought, the improved growing conditions in the southern and central regions of the state for the 2008/09 season has meant that grain exports of 815,000 tonnes was achieved for the reporting period.

CUSTOMERS

Results of a Customer Satisfaction Survey recently undertaken have returned some positive messages for the future of Port Kembla.

IRIS Research was commissioned by PKPC to conduct a survey during October and November 2008. The aim of the survey was to gain constructive and valuable feedback from customers, key stakeholders and users of the port of Port Kembla. Surveys such as this are vital in gaining feedback on the Corporation's planning and performance functions and to obtain information on customer expectations

and perceptions on the management of the port.

Overall the findings of the survey were positive - respondents gave an overall satisfaction score of 3.6 out of 5 for the PKPC as an organisation. The survey identified a few areas of particular importance to port users – those being: road, rail, and quarantine.

The Port Kembla Industry and Investment Forum which took place in March 2008, was an opportunity to bring together port users and stakeholders, including community groups to discuss these findings.

It provided an excellent opportunity to look at ways in which we can work together in collaboration and cooperation with our customers and the community for the future growth and development of the Port.

Presentations were given to address specific topic areas and followed up by working group sessions to enable valuable feedback on whole of port issues in themes such as: road, rail, port infrastructure and pricing. Since then, Forum feedback has been documented and distributed to participants. Strategies to address the feedback will be factored into the 2010 Port strategic planning. After that time participants will also be provided with a progress report on the strategies the Port will be implementing.



TRADE STATISTICS

PORT KEMBLA PORT CORPORATION

Trade 2008/09 Revenue Tonnes

COMMODITY	IMPORTS	EXPORTS	TOTALS
COAL - BLACK	68,134	13,232,503	13,300,637
IRON ORE	5,768,207	-	5,768,207
PASSENGER MOTOR CARS	1,807,029	17,408	1,824,437
STEEL-COILS	58,080	947,767	1,005,847
STEEL-SLABS	5,019	983,162	988,181
WHEAT	-	767,641	767,641
COKE	-	417,031	417,031
COPPER ORE & CONCENTRATES	-	373,505	373,505
OTHER VEHICLES	182,334	20,374	202,708
LIMESTONE	182,400	-	182,400
FUEL OILS	158,811	-	158,811
DOLOMITE	151,753	-	151,753
STEEL-PLATE	25,633	115,304	140,937
GYPSUM	111,750	-	111,750
WIND ENERGY EQUIPMENT	93,531	-	93,531
PIG IRON	79,292	-	79,292
CEMENT CLINKER	77,000	-	77,000
STEEL PIPES	70,528	6,413	76,941
STEEL SCRAP	-	75,812	75,812
SULPHURIC ACID	61,781	4,005	65,786
GENERAL CARGO	40,144	18,817	58,961
SAWN TIMBER	54,684	-	54,684
COAL TAR	-	53,173	53,173
SUGAR	49,738	-	49,738
OTHER GRAINS	-	47,750	47,750

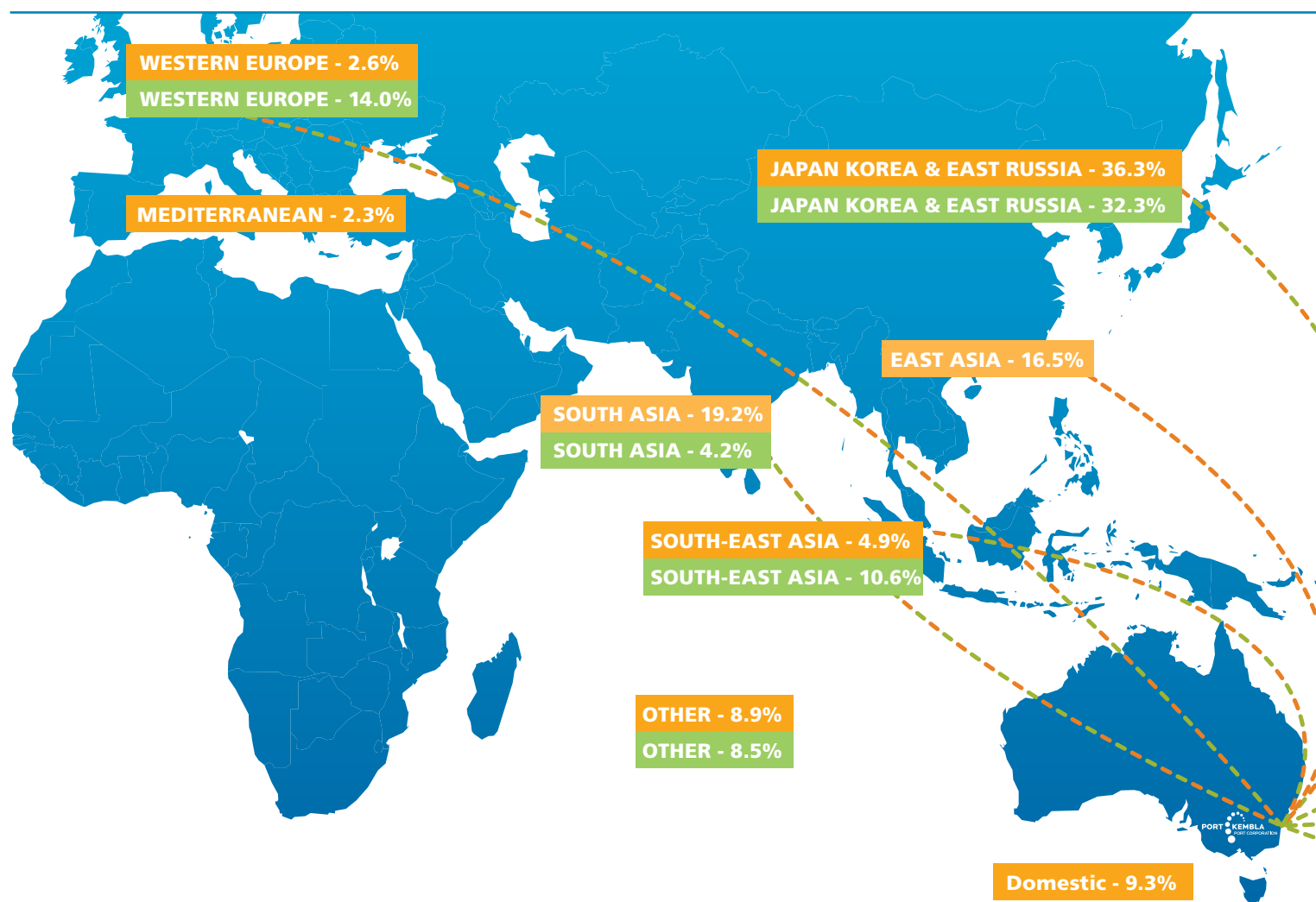


COMMODITY	IMPORTS	EXPORTS	TOTALS
BOATS AND FLOATING STRUCTURES	38,285	2,174	40,459
FERTILISERS	35,538	-	35,538
WOODPULP	23,249	4,626	27,875
AGRICULTURAL MACHINERY EQUIPMENT & PART	23,395	165	23,560
INDUSTRIAL MACHINERY & EQUIPMENT	15,482	5,635	21,117
FERRO MANGANESE	20,336	-	20,336
MOTOR VEHICLE PARTS & ACCESSORIES	15,858	1,305	17,163
STEEL - STRUCTURAL	1,438	14,814	16,252
SODA ASH	16,236	-	16,236
CONSTRUCTION MACHINERY PARTS	14,450	2,013	16,463
CANOLA	12,096	-	12,096
MANGANESE ORE	5,498	-	5,498
SODIUM SULPHATE	5,246	-	5,246
MAGNESITE	5,029	-	5,029
CAUSTIC SODA	4,014	-	4,014
BAUXITE	3,242	-	3,242
MOTOR LORRIES	1,901	1,119	3,020
MINING EQUIPMENT	2,510	479	2,989
ETHANOL	1,605	-	1,605
OTHER MANUFACTURED PARTS	715	40	755
PAPER & PAPERBOARD	64	-	64
OATS	26	-	26
HYDROGEN PEROXIDE	24	-	24
GASEOUS HYDROCARBONS	18	-	18
	9,292,103	17,113,035	26,405,138

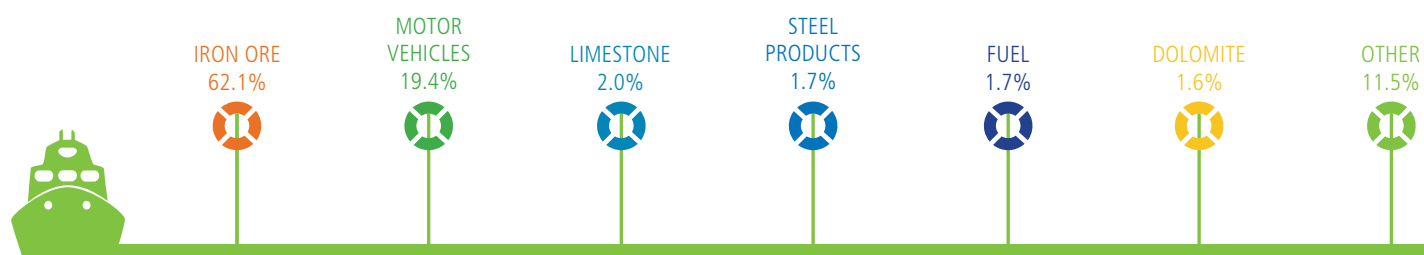
TRADE STATISTICS

PORT KEMBLA PORT CORPORATION

Major Trade Regions 2008/09

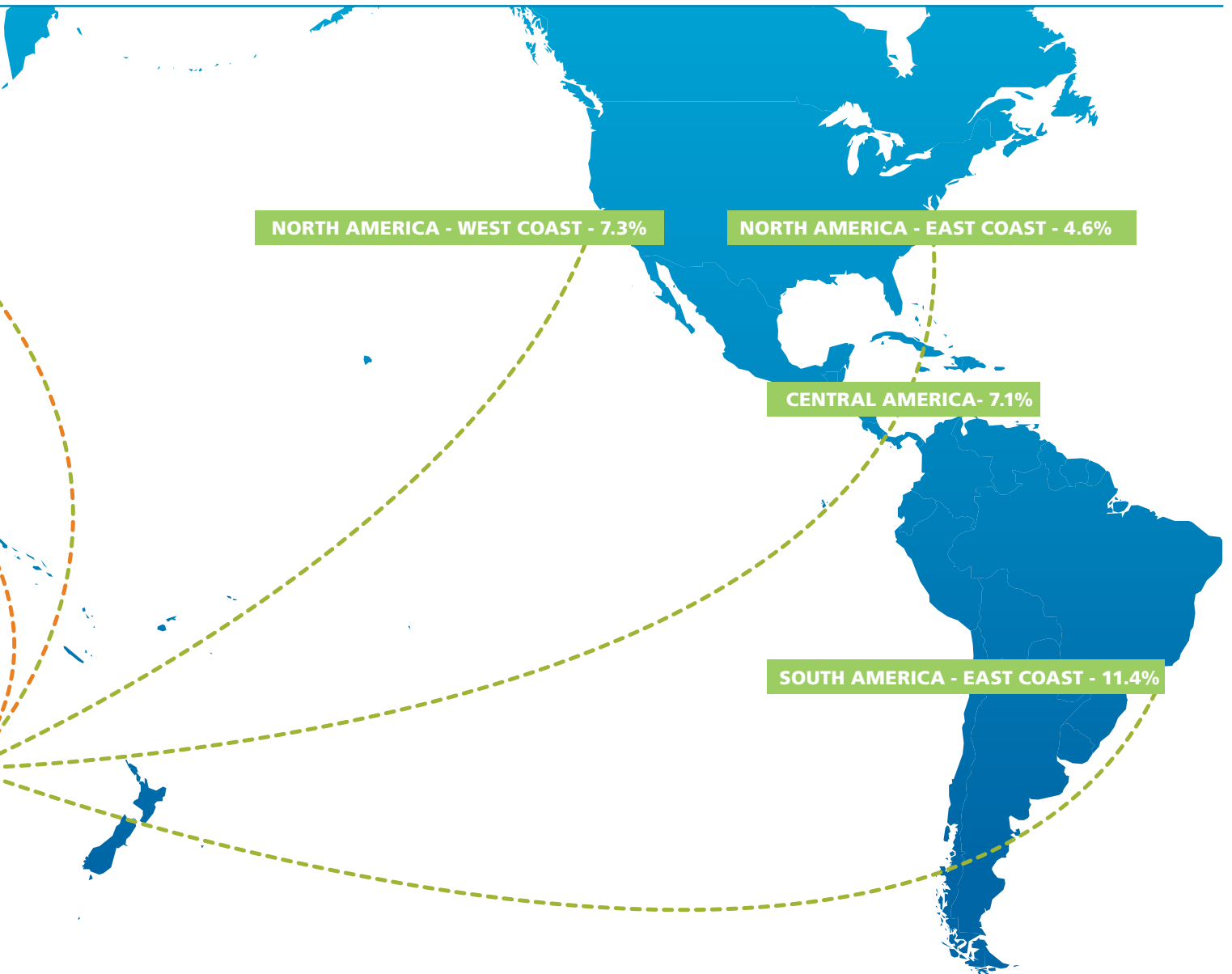
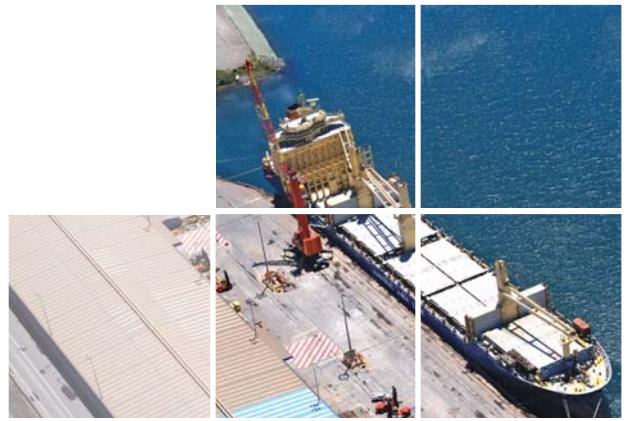


MAJOR TRADING COMMODITIES - IMPORTS 2008/09

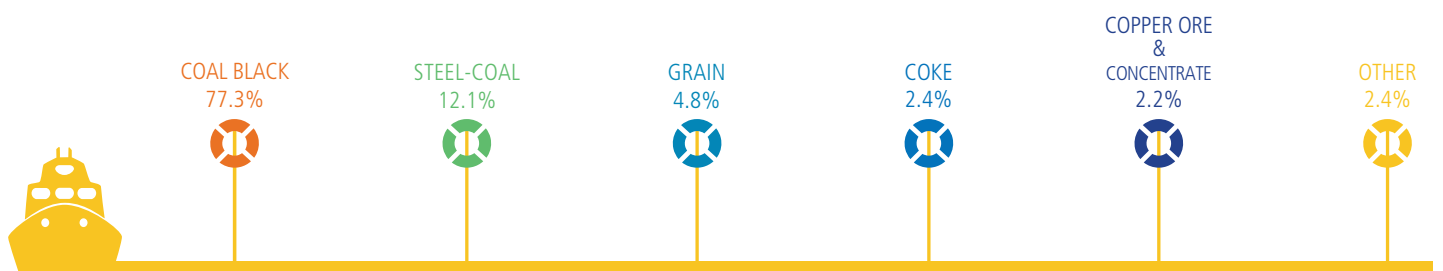


EXPORTS 2008/09

IMPORTS 2008/09



MAJOR TRADING COMMODITIES - EXPORTS 2008/09



OBJECTIVES

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

KEY RESULTS 2008/09

- Financial Performance reporting and analysis delivered as scheduled.
- Risk Profile Plan reviewed.
- Asset revaluation completed.
- Capital Structure Study completed.

SIGNIFICANT PROJECTS 2008/09

- Asset revaluation.
- Customers consulted on a draft port pricing strategy.

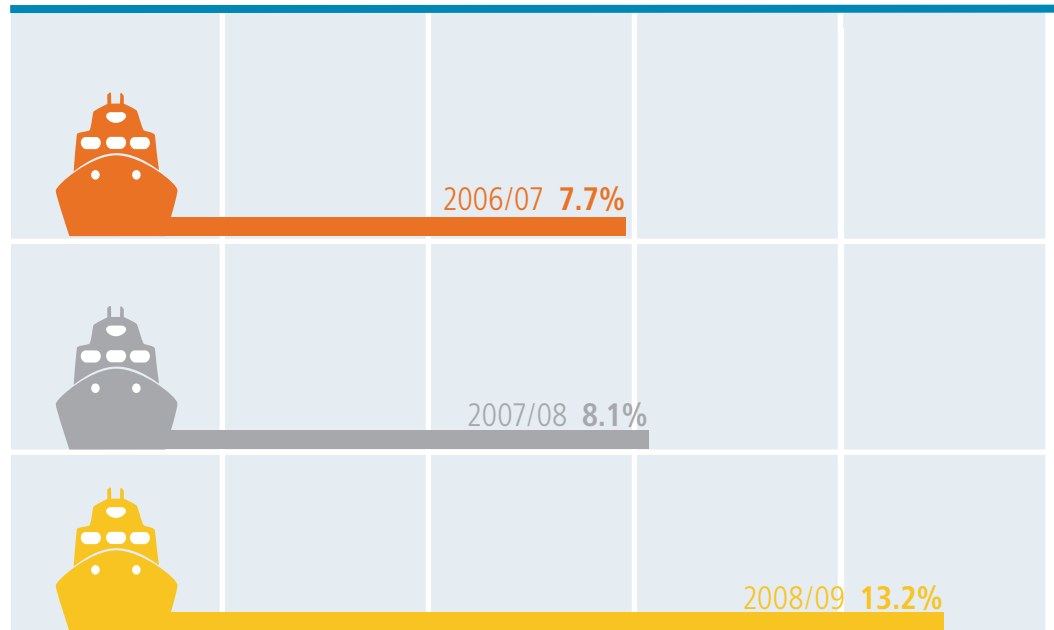
OVERVIEW

Operating profit after income tax was \$31.0 million, being an increase of \$9.9 million on the prior financial year.

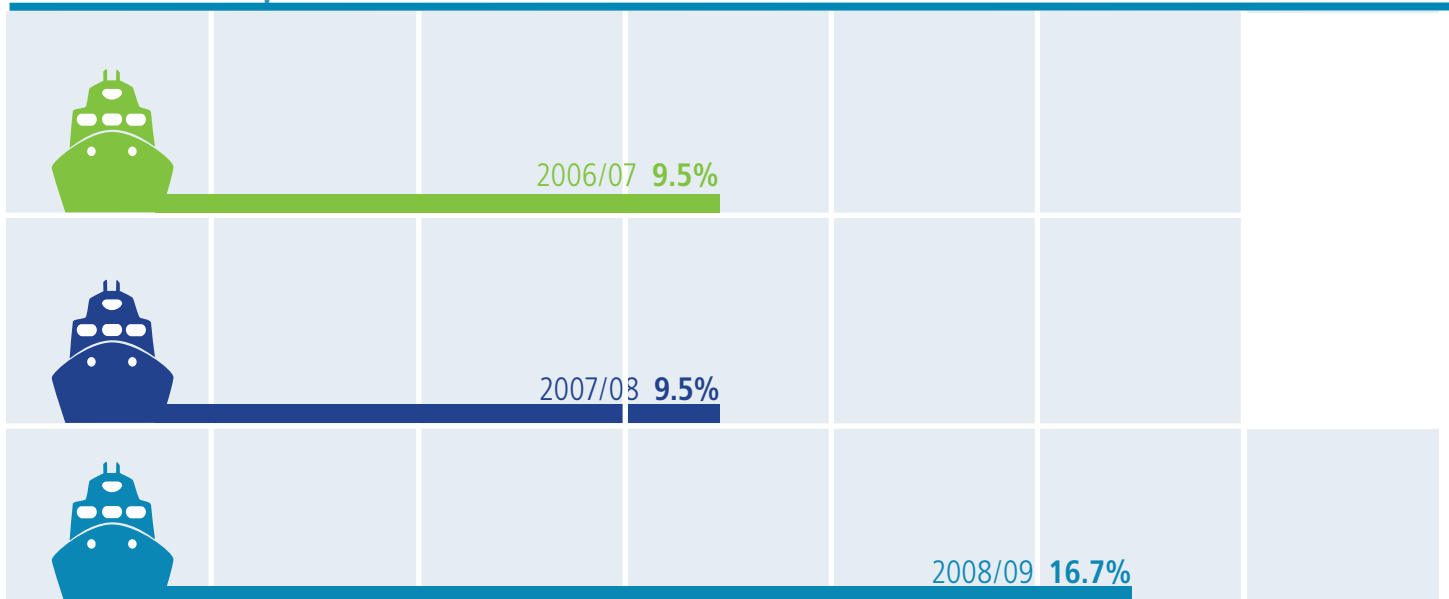
Both Return on Assets at 13.2% and Return on Equity at 16.7% exceeded forecasts representing effective management of the Corporation's resources.



RETURN ON ASSETS %



RETURN ON EQUITY %



OBJECTIVES

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

KEY RESULTS 2008/09

- 10% reduction in greenhouse gas emissions intensity compared to 2007/08.
- No breaches of operating licences or development approvals for Inner Harbour development.
- Endangered green and golden bell frog breeding successfully in purpose-built pond.

SIGNIFICANT PROJECTS 2008/09

- Development and implementation of environmental management plans for Inner Harbour construction and operations.
- Vegetation Management Plan prepared for revegetation of 4.9 hectares of Inner Harbour land.
- Recycled water supply connected to Berth 201 for fire fighting purposes.
- Formation of port sustainability cluster to undertake the Sustainability Advantage program.
- Educational resources developed for Tom Thumb Lagoon and catchment water quality in partnership with local schools and environmental organisations.

ENVIRONMENTAL MANAGEMENT OF CONSTRUCTION ACTIVITIES

PKPC and its appointed contractors have implemented management plans to protect the environment on major construction projects including Berth 103, Berth 105 East, Rail Overbridge and Garungaty Waterway Bank Stabilisation. Environmental control measures have been used to successfully protect air and water quality, reduce waste and stabilise potential acid-sulphate soils. Contractors maintained compliance with all environment protection licences for construction and dredging works undertaken for PKPC.

ENVIRONMENTAL MANAGEMENT OF INNER HARBOUR OPERATIONS

As operations commenced at the Vehicle and General Cargo Handling Facility in the Inner Harbour, PKPC and facility operators have taken the following steps to ensure environmental compliance:

- Developed a comprehensive Environmental Management Framework for the entire facility.
- Prepared and implemented specific Operational Environmental Management Plans for the AAT Terminal and Patrick Autocare Pre-Delivery Inspection sites.
- Implemented the Transport Code of Conduct for road freight servicing the facility.

There were no environmental breaches recorded against PKPC or its contractors for Inner Harbour operations in 2008/09.

GREEN AND GOLDEN BELL FROG RECOVERY

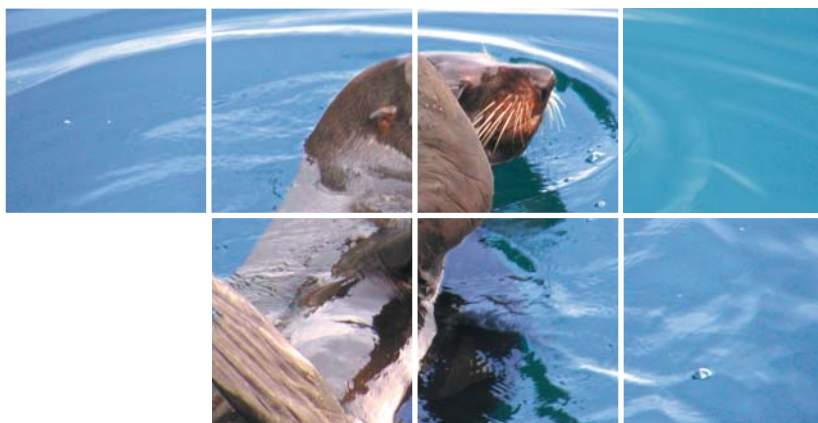
Port Kembla hosts a key population of the endangered Green and Golden Bell Frog. Surveys undertaken in 2007/08 indicated that the Port Kembla population is in decline. A group of concerned local port businesses, residents and government agencies has joined forces to promote the recovery of the species through a series of coordinated actions.

Port Kembla Port Corporation completed construction of a breeding pond for Green and Golden Bell Frogs at the Port Kembla Heritage Park site in September 2008. Throughout the summer breeding season the pond was full of tadpoles and several adult and juvenile frogs were observed in and around the pond.

VEGETATION MANAGEMENT

Following recent construction works in the Inner Harbour, PKPC has identified 4.9 hectares of land across five distinct zones in which to establish green corridors of native vegetation. A comprehensive management plan was prepared in consultation with port users to guide revegetation works over the next 5 years.

The first stage of planting has commenced at the main entrance to the Port in an area adjacent to the Tom Thumb Road security gates and is due for completion by August 2009.



GREENHOUSE GAS EMISSIONS

Greenhouse gas (GHG) emissions from facilities under PKPC's operational control in 2008/09 were 0.96 tonnes of CO₂-equivalent per ship visit. This represents a 10% reduction in emissions intensity compared to the previous year.

Energy efficiency gains in 2008/09 were made by rationalising outdoor lighting in non-essential areas and continuing the transition towards more fuel-efficient vehicles.

RECYCLED WATER

Port Kembla Coal Terminal (PKCT) successfully switched to using recycled water for dust suppression and other industrial uses on its site in April 2009. Tertiary treated effluent is supplied from the Wollongong Sewage Treatment Plant for this purpose. PKCT expects to achieve a reduction of 350 ML/yr in potable water consumption as a result of this initiative.

As a consequence of PKCT's project, recycled water is now also used at PKPC's Berth 201 (Oil Berth) for fire fighting purposes. PKPC undertook a risk assessment prior to the switch and determined that the risks associated with the use of recycled water for fire fighting were very low. Appropriate signage and other control measures have been implemented to protect users from exposure.

SEDIMENT RESUSPENSION RESEARCH

The 3 year research collaboration between PKPC and University of New South Wales to study the ecological impacts of sediment resuspension in the harbour was completed during the year. UNSW researchers developed a range of new experimental techniques to assess small- and large-scale effects of resuspending sediments associated with shipping and dredging operations.

The experiments tested for effects on the recruitment of sessile invertebrates (e.g. barnacles, sea-squirts, sponges and mussels) as these organisms are important indicators of ecological health in estuaries. It was found that short-term resuspension of sediments did not affect the sessile invertebrates of the harbour. Hence, infrequent disturbance of sediments by shipping activities in the harbour probably have little impact on the ecology of the harbour.

Large-scale disturbance of sediments associated with Inner Harbour dredging lead to increases in the bioaccumulation of metals in oysters and short-term impacts on the recruitment of sessile invertebrates within the Inner Harbour. There was no evidence of ecological effects in the Outer Harbour. Within a few months of the cessation of dredging, the recruitment of the invertebrates in the Inner Harbour had recovered to pre-dredging levels.

PORT SUSTAINABILITY CLUSTER

Throughout the year PKPC has actively promoted the formation of a cluster of port businesses to work together in pursuit of ecological sustainability. Port Kembla Coal Terminal, BlueScope Steel Logistics and PKPC have agreed to form such a cluster and participate in the Sustainability Advantage program run by the Department of Environment and Climate Change. PKPC has undertaken an initial diagnostic session and will be identifying and pursuing a range of resource efficiency initiatives over the next 12-18 months.

ENVIRONMENTAL EDUCATION

PKPC has formed partnerships with two local organisations to develop environmental education resources and programs regarding the harbour and its catchment. In conjunction with Conservation Volunteers Australia a comprehensive resource kit has been produced for Tom Thumb Lagoon to teach primary and secondary students about the history, ecology and water quality of the lagoon. PKPC has also supported a group of students from The Illawarra Grammar School on a project to produce a website of information about the catchment of Port Kembla Harbour and water quality issues which may affect the harbour.

OUR PEOPLE

OBJECTIVES

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

KEY RESULTS 2008/09

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

SIGNIFICANT PROJECTS 2008/09

- Regular OH&S Inspections.
- Provide appropriate support and training to ensure employees have the skills and knowledge to fulfil mutually beneficial personal and organisational objectives.
- Ensure effective staff consultative mechanisms are in place.
- Collective General Enterprise Agreement negotiated.
- Staff Opinion Survey conducted and outcomes reviewed.

OVERVIEW

The significant growth and diversification of trades together with the additional infrastructure requirements continues to present new challenges to employees and opportunities for employees to build on existing knowledge, skills and experience.

Importantly, shared responsibility for safe systems of work, an active OH&S committee and support from Management and the Board of Directors all provide an excellent springboard for the proper maintenance of a safe and healthy workplace. Despite the variable work conditions and 24/7 operations only one Lost Time Injury was incurred in the reporting year. A commendable outcome and an improvement on the previous year.

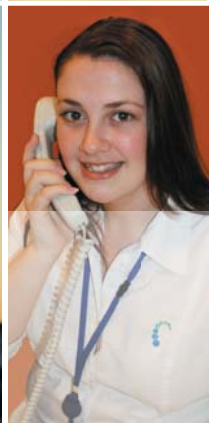
Throughout the year information and feedback sessions have occurred at whole of organisation, branch and consultative committee levels. In part these sessions ensured the efforts of staff were aligned to the goals and objectives of the Corporation. These sessions together with the Staff Opinion Survey also allowed for the sharing of information and solutions to improve the workplace and productivity.

For a third consecutive year the Corporation engaged an Indigenous Trainee under the NSW Government Policy with an objective to deliver tangible improvements in the lives of Aboriginal people.

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

- Continuing provision of an Employee Assistance Program.
- A revised Service Award Policy recognising service in 5 yearly increments.
- Corporation sponsored functions.
- Wellbeing initiatives such as the Flu Vaccination Program.
- Implementation of major outcomes of the staff survey
- Provision of a corporate uniform.
- Staff policies which reflect current thinking.

In all, there was one resignation and two retirements in the reporting year. These positions were filled in accordance with the Corporation's recruitment policy.



SUPPORTING OUR COMMUNITY

During the year, we continued our program of community partnerships and initiatives supporting a range of organisations including environmental, cultural and sporting groups. Recognising the significant role that the port plays in the wider regional area, the port sponsorship and donation program has been extended to cover not only those groups in the immediate location, but to also take in the wider Illawarra and Southern Highlands regions.

In 2008/2009, \$63,211 was provided assisting various organisations with their community events, projects and activities. Key sponsorship's and/or donations were provided to:

- Port Kembla Surf Life Saving Club for refurbishment of their training room
- Southern Stars school performing arts event
- Young Achievement Australia business program
- King George V Oval Tree Planting Project
- Artinport Art Prize
- Mission to Seafarers
- Permaculture Partners program in local schools

- Kiama Youth Arts Development Scholarships
- Conservation Volunteers Australia for Tom Thumb Lagoon education kit
- The Illawarra Grammar School for catchment water quality project
- Junior AFL, rugby league and cricket clubs
- University of Wollongong for high school engineering studies competition
- Illawarra Senior College scholarships
- Port Kembla Pollution Meeting 20th Anniversary Book
- National Flying Ant Sailing Titles at Lake Illawarra

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

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

INFORMING OUR COMMUNITY

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

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

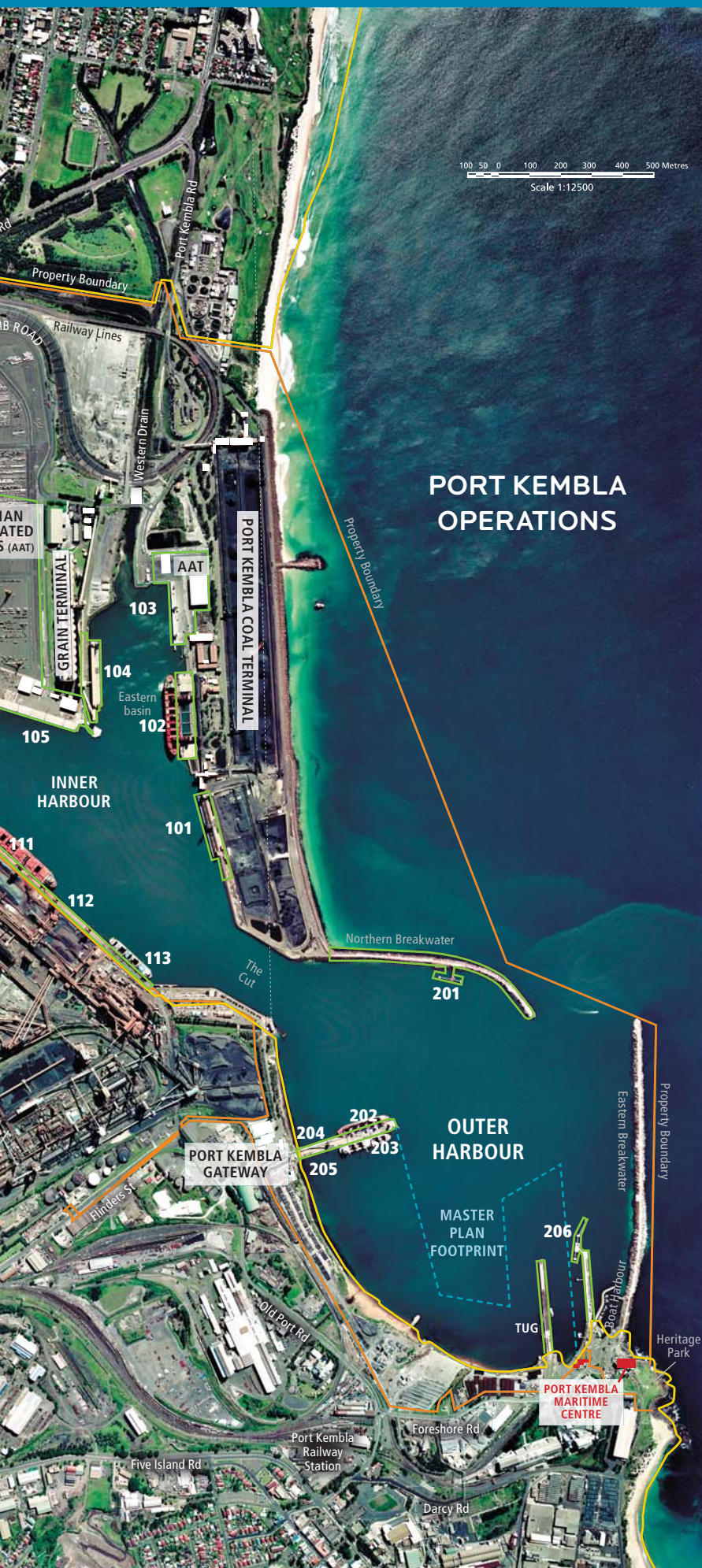


PORT DIRECTORY

INNER HARBOUR TERMINALS

- 101.** Operator: Port Kembla Coal Terminal
Materials: Bulk Export
- 102.** Operator: Port Kembla Coal Terminal
Materials: Coal Export
- 103.** Operator: Australian Amalgamated Terminals
Materials: Container/Breakbulk/Bulk
- 104.** Operator: GrainCorp
Materials: Grain Export & Import/RoRo/
General Cargo
- 105.** Operator: Australian Amalgamated Terminals
Materials: Car Imports/ General Cargo
- 106.** Operator: Australian Amalgamated Terminals
Materials: Car Imports/ General Cargo
- 107.** Operator: Australian Amalgamated Terminals
Materials: Car Imports/ General Cargo
- 108.** Future Development
- 109.** Operator: BlueScope Steel
Materials: Breakbulk (Private Facility)
- 110.** Operator: BlueScope Steel
Materials: RoRo (Private Facility)
- 111.** Operator: BlueScope Steel
Materials: Bulk Products (Private Facility)
- 112.** Operator: BlueScope Steel
Materials: Bulk Products (Private Facility)
- 113.** Operator: BlueScope Steel
Materials: Bulk Products (Private Facility)





OUTER HARBOUR TERMINALS

- 201.** Operator: Port Kembla Port Corporation
Materials: Bulk Liquids
- 202.** Operator: Port Kembla Gateway
Materials: Bulk Products
- 203.** Operator: Port Kembla Gateway
Materials: Bulk Products
- 204.** Operator: Port Kembla Gateway
Materials: Bulk Products
- 205.** Operator: Port Kembla Gateway
Materials: Bulk Products
- 206.** Operator: Port Kembla Port Corporation
Materials: Bulk Liquids



CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE

The Board is committed to best practice in Corporate Governance.

BOARD OF DIRECTORS

Composition

The State Owned Corporations Act 1989 provides for the appointment of between three and seven Directors, including one Staff Director. As at 30 June 2009, the board consists of four non-executive independent Directors (one of whom is the Chairman) and one Staff Director. The Board has formally declared the following as independent Directors of the Board of the Port Kembla Port Corporation:

- Nicholas Whitlam
- Robin Buckham
- Joseph Di Leo
- Terry Rumble
- Steve Mikosic (appointed 15 September 2009)

The Staff Director, Geoff Cornwall, has been deemed not to be an independent Director of the Corporation.

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

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

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

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

CONFLICT OF INTEREST

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

REMUNERATION

The State Owned Corporations Act 1995 provides for the voting shareholders to determine the remuneration of the Chairperson and Directors of State Owned Corporations.

PERFORMANCE EVALUATION

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



ATTENDANCE AT BOARD MEETINGS

MEMBER	ATTENDANCE AT MEETINGS	TERM OF OFFICE
Mr Nicholas Whitlam, Chairman	10/10	Reappointed Chairman to 3 December 2011
Ms Robin Buckham, Director	*9/10	Reappointed Member to 16 March 2011
Mr Joseph Di Leo, Director	10/10	Appointed Member to 31 October 2010
Terry Rumble, Director	*9/10	Reappointed Member to 26 March 2012
Geoff Cornwall, Staff Director	10/10	Reappointed Member to 30 September 2011

* Leave of absence granted for 1 Board meeting

SHAREHOLDERS

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

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

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

CORPORATE GOVERNANCE STATEMENT

INTERNAL CONTROL FRAMEWORK

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities.

To assist in discharging this responsibility, the Board engages independent Internal Auditors to ensure compliance with internal controls and has instigated the following:

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

ETHICAL STANDARDS

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

To ensure the highest standard of Corporate Governance, the Board initiated a review in 2008 to enhance corporate governance performance where possible by analysing current procedures against company and government legislative requirements. Corporate policies are also reviewed regularly to ensure that they are relevant to the changing stakeholder expectations and legislative framework.

ENVIRONMENT

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

RISK MANAGEMENT

The Board of Directors, through the Chief Executive Officer, oversees a range of risk management strategies concerning worker safety, Treasury functions, asset, operational, strategic and business risks. The Corporation has in place specific arrangements to identify risk areas, including:

- Review by the Board of the Annual Budget;
- Guidelines, limits and controls for all financial exposures;
- A comprehensive annual insurance program;
- Policies to ensure that capital expenditure and expenditure commitments above a certain limit are authorised by the Board;
- Occupational Health and Safety reviews of the workplace;
- Regular Port safety and security inspections;
- Review of key business, operational and strategic risks facing the Corporation;
- Environmental Management; and
- A questionnaire to all Directors and senior management which seeks to identify any claims or potential claims against the Corporation.

AUDIT & RISK MANAGEMENT COMMITTEE

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

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

REMUNERATION COMMITTEE

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

ATTENDANCE AT AUDIT & RISK MANAGEMENT COMMITTEE MEETINGS

Member	Attendance at Meetings
Mr Terry Rumble (Chairman from 27 November 2008)	*3/5
Ms Robin Buckham (Chairman until 26 November 2008)	5/5
Mr Nicholas Whitlam	5/5
Mr Joseph Di Leo, Director	5/5

* Leave of absence granted for 2 Committee Meetings

ATTENDANCE AT REMUNERATION COMMITTEE MEETINGS

Member	Attendance at Meetings
Mr Nicholas Whitlam, Chairman	7/7
Ms Robin Buckham, Director	*6/7
Mr Joseph Di Leo, Director	7/7
Terry Rumble, Director	7/7

* Leave of absence granted for 1 Committee meeting



STATUTORY INFORMATION

FUNCTIONS AND OBJECTIVES

Principal Objectives

The Port Kembla Port Corporation (PKPC) was established under the Ports and Maritime Administration Act 1995 with the purpose to manage the Port of Port Kembla. Amendments made to the Act during the year introduced a new statutory principal function for port corporations to facilitate and co-ordinate improvements in the efficiency of the port-related supply chain.

The principal objectives prescribed under this Act are:

- (a) to be a successful business and to this end:
 - To operate at least as efficiently as any comparable businesses,
 - To maximise the net worth of the State's investment in the Port Corporation, and
 - To exhibit a sense of social responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate these when able to do so;
- (b) to promote and facilitate trade through its port facilities;
- (c) to ensure its port safety functions are carried out properly;

- (d) to promote and facilitate a competitive commercial environment in port operations, and
- (e) to improve productivity and efficiency in its ports and the port-related supply chain.

The principal objectives for the Port, prescribed under this Act, are:

- (a) to establish, manage and operate port facilities and services in the port;
- (b) to exercise the port safety functions for which it is licensed in accordance with the Port's operating licence, and
- (c) to facilitate and co-ordinate improvements in the efficiency of the port-related supply chain.

Mission

We will promote and facilitate trade and logistics through the provision of optimal infrastructure and services, while:

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

Core Business

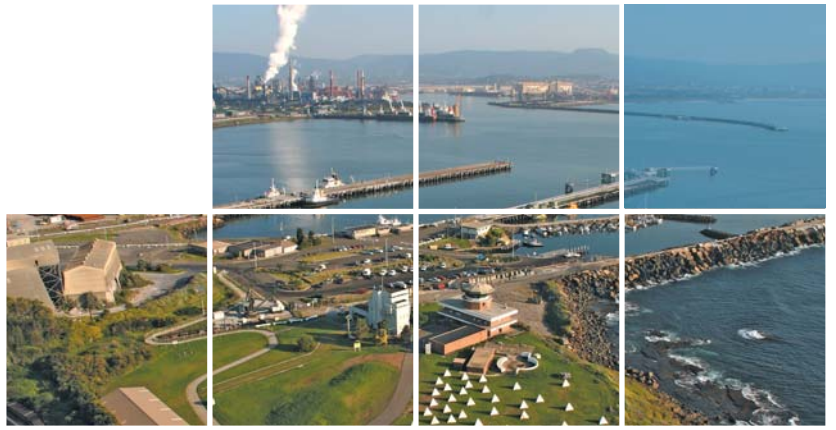
The Port Kembla Port Corporation (PKPC) is responsible for managing the Port of Port Kembla, including providing port shipping management. The Corporation also owns and/or manages a number of wharf, rail and property assets which are used for the purpose of handling, storing and moving cargo through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

Historically the Port has served the needs of regional industries, predominantly coal (export) and steel (import of raw materials and export of steel products). It is also the principal grain export port for producers in southern and south-western NSW. The Corporation continues to actively seek new customers for our facilities. The nature and scope of the principal activities are:

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

Within these activities the Corporation specifically provides:

- Port shipping management, security and safety services, including vessel movement scheduling;



- Navigation services, port security and channels;
- Pilotage services;
- Unloading and loading facilities such as berths and equipment for private sector tenure or common use;
- Rail infrastructure on a common use basis;
- Onshore facilities such as land, and access to enable the movement and storage of cargo or the development of port related industries;
- Strategic logistics facilitation; and;
- Regular communications with customers (current and potential) to champion trade and logistics opportunities.

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

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

COMMITTEES

During 2008/09, Corporation officers participated in the following external boards/committees:

- Australian Logistics Council
Dom Figliomeni
- Australian Vessel Traffic Services Working Group
Jim Robinson
- Australian Automatic Information System Working Group
Jim Robinson
- Cram Foundation (Director)
Chris Townend
- Freight & Logistics Council NSW
Dom Figliomeni
- Illawarra Business Chamber
Dom Figliomeni
- Illawarra District Emergency Management Committee
Jim Robinson
- Illawarra TAFE Advisory Committee
Dom Figliomeni
- Mission to Seafarers Port Kembla NSW
Rod Thompson
- NSW Marine Pests Working Group
Trevor Brown

- NSW National Pollution Executive Committee
Dom Figliomeni

- Port Kembla Harbour Environment Group
Trevor Brown

- Port Kembla Pollution Committee
Trevor Brown

- Port Kembla Port User Council
Dom Figliomeni & Kell Dillon

- South East Australia Transport Strategy
Dom Figliomeni

- Transport NSW National Plan Technical Working Group
Jim Robinson

- University of Wollongong Board
Dom Figliomeni

- Wollongong Local Emergency Management Committee
Jim Robinson

Significant Committees established/abolished

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

STATUTORY INFORMATION



EXECUTIVE OFFICERS

Executive Service

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

There is one female executive officer for the current reporting period. There is one executive officer on or above Senior Executive Level 7 for the current reporting year.

Number of Executive Officers

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

End of current reporting year 3

End of previous reporting year 3

Executive Salary Reporting

In reporting executive salaries, the following information is provided for the year ended 30 June 2009.

Band	Total	Salary Range
1	1	\$292,051 - \$366,250
2	1	\$181,901 - \$206,600
3	1	\$169,551 - \$181,900
4	1	\$144,800 - \$169,550

PRINCIPAL OFFICERS (AS AT 30 JUNE 2009)

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

CUSTOMER SERVICE

Consumer Response

Two complaints were received during 2008/09 regarding operational issues within the Port. The issues were addressed with the relevant parties at the time and actions taken to ensure appropriate outcomes in the future.

Commitment to Service

The main areas of service include:

The management of shipping operations, for which the Port Corporation has ISO 9001:2000 quality certification, requires 24 hour pilotage service, emergency response, ship scheduling and provision of shipping information.

The Quality System also includes, under a Port Safety Operating Licence issued by the Minister for Ports & Waterways, performance standards for:

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

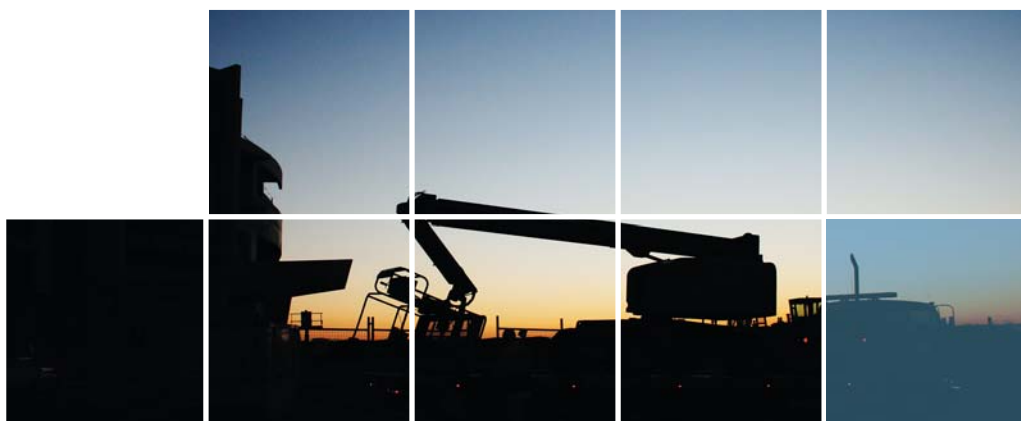
These functions are audited by third party accreditation on a regular basis to ensure compliance with the performance criteria set by the Minister for Ports & Waterways.

The Corporation also maintained full security compliance for the period and was audited by the Federal Office of Transport Security in March 2008 with full compliance noted.

The Port Corporation supports and is a member of the Port User Council, a body representing all facility operators and service providers in the Port. Regular meetings are held under an independent Chair to discuss service delivery standards associated with the Port as a whole. The Corporation responds to suggestions for improvements where there is a whole of Port benefit.

CREDIT CARD USE

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



STATUTORY INFORMATION

EXEMPTIONS FROM REPORTING PROVISIONS

As a Statutory Corporation in competition the Port Kembla Port Corporation is exempt from some areas of the Annual Reports

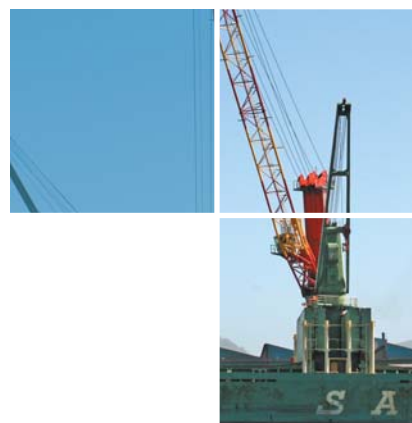
(Statutory Bodies) Act 1984 and Regulation 1995 (ARSBA & ARSBR), the Public Finance and Audit Act 1983 (PF&AA) and Public Finance & Audit (General) Regulation 1995 (PF&AGR).

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

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

The following matters are exempt:

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



HUMAN RESOURCES

Employee Assistance Scheme

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

Occupational Health and Safety

There was one lost time injury in the 2008/2009 reporting period. There were no work related illnesses or prosecutions under the OH&S Act during the year in review.

The OH&S Committee met on a quarterly basis to review safety performance and identify opportunities for promotion and improvement of safe work practices. Regular workplace inspections ensured the identification and control of workplace risks. The Board is provided with monthly OH&S reports.

EQUAL EMPLOYMENT OPPORTUNITY

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

Major EEO Outcomes Achieved 2008/2009

The outcomes achieved in the 2008/09 reporting period were maintained. The employment of an indigenous trainee to undertake training in Administration (Transport and Distribution) was successfully concluded and a new Indigenous appointment was made for a period of up to two years.

Representation of women on the Executive Team has been achieved through the appointment of a female to the position of General Manager Corporate Services.

Major Outcomes to be Achieved 2009/2010

Continuing support and development of an indigenous trainee.

Finalisation of the Marine Pilots Enterprise Agreements ensuring the terms and conditions are equitable to all staff covered by that Agreement.

DISABILITY PLAN

The Corporation regularly reviews its administrative and operational facilities to ensure they satisfy current and anticipated needs of employees and customers with disabilities. Wherever possible the Corporation seeks to accommodate the special needs of persons with disabilities.

In the first quarter 2009/10 all employees of the Corporation are relocating to new offices in a maritime precinct in the outer harbour. The design of office accommodation incorporates the needs for people with disabilities.

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

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

STATUTORY INFORMATION

STATUS REPORT ON ETHNIC AFFAIRS PRIORITIES STATEMENT

The Corporation does not provide direct services to the culturally and linguistically diverse community of NSW. However, the Corporation does support the principles of multiculturalism, recognises individual differences and where possible accommodates community needs.

Throughout 2008/09 the Corporation's commitment to cultural diversity was displayed by:

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

These initiatives will be maintained throughout 2009/10.

SOCIAL PROGRAMS

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

ACTION PLAN FOR WOMEN

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

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

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

CODE OF CONDUCT

The Directors' Code of Conduct, focused on issues solely affecting Directors, was reviewed in the current reporting period to ensure compliance with best practice. The Fraud Prevention Strategy was reviewed during the year.

CONSULTANTS

Total spent on consultants by the Corporation for the 2008/09 financial year was \$226,745.81. The classification of this expenditure is as follows:

Management Services (4 engagements)
\$38,374.31

Engineering (5 engagements)
\$188,371.50

RESPONSE TO ISSUES RAISED BY THE AUDITOR GENERAL

The following were issues raised by the Auditor General in the 2007/08 financial report.

- The Corporation clarified the accounting for 'dredging cost of harbour channels' with the Maritime Authority of New South Wales and The Treasury. This is now recognised as a prepaid lease by the Corporation and will be amortised over 99 years. The Corporation has accepted this treatment.
- It received rail infrastructure assets (\$18.5 million) from Rail Infrastructure Corporation and land assets (\$18.4 million) from Maritime Authority of New South Wales. Because the transfers were in accordance with the New South Wales Government Direction, they have been accounted as contributions of equity.
- The Corporation reassessed the fair values of its investment properties and recognised the increase of \$7.3 million as revenue. In addition the Corporation reassessed its property plant and equipment (wharves,



jetties and breakwaters) and recognised total revaluation gain of \$52.51 million. The Corporation recognised \$9.8 million of this gain as reversal of prior years revaluation loss in its income statement and remaining of \$42.7 million as increase in equity.

FACTORS AFFECTING ACHIEVEMENT OF OPERATIONAL OBJECTIVES

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

CONTRACT & MARKET TESTING

The Corporation has in place a policy for the engagement of contractors. A list of pre-registered contractors for various types of work is created every two years via a public Expression of Interest. Competitive quotes

are sought from these companies for contract works. Public tenders are called for works greater than \$75,000 in value. A number of period contracts are also called on a two or three yearly basis. These include electrical maintenance for the Port, hydrographic survey, port security services, port wide landscaping maintenance and cleaning of Corporation premises. Other contracts are let following competitive tendering.

LEGAL MATTERS

Legislation

During 2008/2009, the Port Kembla Port Corporation administered or operated under a range of legislation:

- Navigation Act 1901;
- Maritime Services Act 1935;
- Marine Pilotage Licensing Act 1971;
- Marine Pollution Act 1987 and associated regulation;

- State Owned Corporations Act 1989;
- Marine Safety Act 1998;
- Ports and Maritime Administration Act 1995 (previously Ports and Waterways Management Act 1995 on 30 October 2006);
- Dangerous Goods (General) Regulation 1999;
- Management of Waters and Waterside Lands Regulation - NSW;
- Commercial Vessels Act 1979;
- Protection of the Environment Operations Act 1997;
- Maritime Transport and Offshore Facilities Security Act 2003.

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

Changes to Legislation

The following changes to Marine Legislation occurred during the year:

DATE	LEGISLATION	ACTION
31 October 2008	Ports and Maritime Administration Regulation 2007	Amended by the Ports and Maritime Administration Amendment (Port Kembla Boundaries) Regulation 2008 to alter the description of port boundary of the port of Port Kembla.
1 December 2008	Ports and Maritime Administration Act 1995	Amended by the Ports and Maritime Administration Amendment (Port Competition and Co-ordination) Act 2008 to make further provision for the objects and functions of Port Corporations, the powers of the Minister and the making of regulations with respect to port facilities and services and the port-related supply chain.

STATUTORY INFORMATION

PROMOTION

General Publications

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

- Port Kembla Port Corporation Annual Report 2007/08
- Port Information CD
- 'Your Port' community newsletters
- 'Harbourline' stakeholder newsletters

The total external cost of producing the 2008/09 Annual Report is \$28,750.00 excluding GST. The Annual Report is also available at www.portkembla.com.au.

OVERSEAS VISITS

There were no overseas visits during 2008/2009.

FREEDOM OF INFORMATION

There were no FOI requests during the 2008/09 year, nor for the previous period. Inquiries for access to documents under the Act may be made to:

FOI Officer

Port Kembla Port Corporation

PO Box 89

PORT KEMBLA NSW 2505

WASTE REDUCTION & PURCHASING

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

Reducing the Generation of Waste

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

Resource Recovery

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

Use of Recycled Material

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

DISCLOSURE OF CONTROLLED ENTITIES

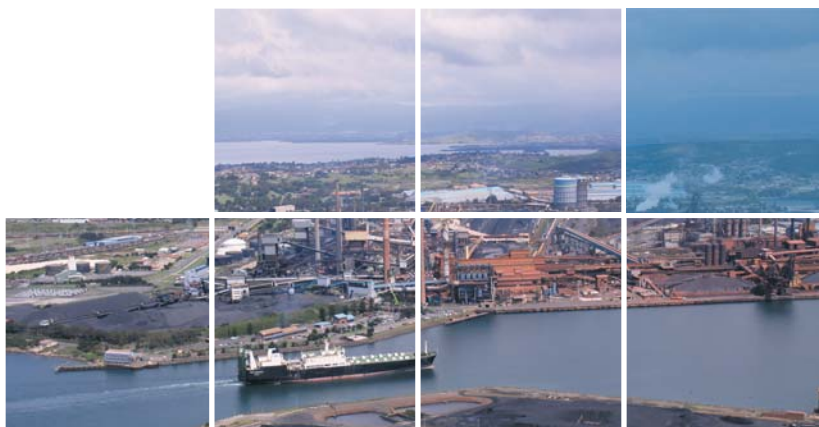
There are no controlled entities.

ASSETS MAJOR ACQUISITIONS

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

ELECTRONIC SERVICE DELIVERY

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



FUNDS GRANTED TO NON-GOVERNMENT ORGANISATIONS

Funds Granted to Non-Government Organisations

ORGANISATIONS	FUNDS
ARTINPORT	\$3,181.82
CONSERVATION VOLUNTEERS AUSTRALIA (in kind)	\$1022.74
DEPARTMENT OF EDUCATION (Southern Stars)	\$8,000.00
FLYING ANT ASSOCIATION OF NSW	\$500.00
ILLAWARRA SENIOR COLLEGE	\$450.00
KIAMA YOUTH ARTS SCHOLARSHIP RECIPIENTS	\$1,500.00
PERMACULTURE PARTNERS	\$1,818.18
PORT KEMBLA COMMUNITY PROJECT (cash and in kind)	\$7,135.00
PORT KEMBLA JUNIOR AFL CLUB	\$1,000.00
PORT KEMBLA JUNIOR CRICKET CLUB	\$1,000.00
PORT KEMBLA JUNIOR RUGBY LEAGUE INC	\$1,500.00
PORT KEMBLA PALLIATIVE CARE VOLUNTEERS	\$70.00
PORT KEMBLA POLLUTION MEETING	\$500.00
PORT KEMBLA SURF LIFE SAVING CLUB	\$19,090.91
THE CANCER COUNCIL OF NSW	\$215.10
THE ILLAWARRA GRAMMAR SCHOOL	\$2,727.27
THE MISSION TO SEAFARERS	\$10,000
UNIVERSITY OF WOLLONGONG	\$1,000.00
YOUNG ACHIEVEMENT AUSTRALIA	\$2,500.00
TOTAL	\$63,211.02

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Business and Service Times

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Vessel Traffic Centre and Port - 24 hours a day, everyday of the year