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SYDNEY PORTS CORPORATION

ANNUAL REPORT 2003

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MANAGING GROWTH





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2002/2003 highlights

- Awarded Australian Port of the Year 2002 (Lloyds List DCN)
- Nominated as one of the top four corporations for best OH&S strategy. National HR Awards 2002
- Safety target achieved for lost-time injuries
- Successful Port Safety Operating Licence audit with no non-conformances, maintaining our international safety standards
- Electronic Data Interchange shipping manifest uptake target of 85 per cent achieved
- Record container trade of 1.16 million TEUs*
- A new record of 196,000 motor vehicle imports
- Growth in bulk and break bulk trade
- Increased container movements by rail to and from Port Botany by 13 per cent to 255,000 TEUs*
- All financial targets achieved and shareholder value increased

2002/2003 2001/2002 % change**

Financial (million)

| | | | |
|---|--------------|------|------|
| Revenue from port operations*** | 113.9 | 98.2 | 16 |
| Operating profit before income tax equivalent | 41.2 | 28.8 | 43 |
| Income tax equivalent payable | 15.1 | 13.1 | 15 |
| Capital expenditure | 23.2 | 49.1 | (53) |
| Dividend payable | 13.2 | 8.5 | 55 |
| Shareholder Value Added (SVA) | 11.5 | 4.2 | 174 |

Trade

| | | | |
|--|------------------|-----------|-----|
| Total throughput (million mass tonnes) | 23.6 | 24.3 | (3) |
| Total container trade (TEUs*) | 1,160,747 | 1,009,342 | 15 |
| Volume of containers moved by rail (to and from Port Botany) | 255,000 | 225,000 | 13 |

Shipping

| | | | |
|--------------------------------|--------------|-------|---|
| Total ship visits | 2,331 | 2,259 | 3 |
| Total gross tonnage (millions) | 60 | 55.6 | 8 |

*twenty foot equivalent unit **% change reporting year against 2001/2002, nearest % to the nearest point

***includes land rentals and SPS operating revenue;



SYDNEY PORTS CORPORATION
AUSTRALIAN PORT OF THE YEAR 2002

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31 October 2003

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

The Hon JJ Della Bosca, MLC
Special Minister of State
Minister for Commerce
Minister for Industrial Relations
Assistant Treasurer, and
Minister for the Central Coast
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 2003, 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

Mr Greg J Martin
Chief Executive Officer

Sydney Ports Corporation was established in 1995 under the *Ports Corporatisation and Waterways Management Act 1995*

to give a greater focus to commercial port operations and enhance competition in the provision of services to the shipping and cargo industries.

In doing so, we aim to be a successful business and serve the needs of our customers, while providing an appropriate return to our shareholders,

the NSW Government.

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MANAGING GROWTH

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Who we are

Our objective is to ensure that trade growth is accommodated and port development is economically sustainable and environmentally responsible, in keeping with standards of safety and environment protection acceptable to the local community and international standards.

First port future port

To meet the needs of long-term trade growth we have developed the 'First Port Future Port' strategy comprising four major components:

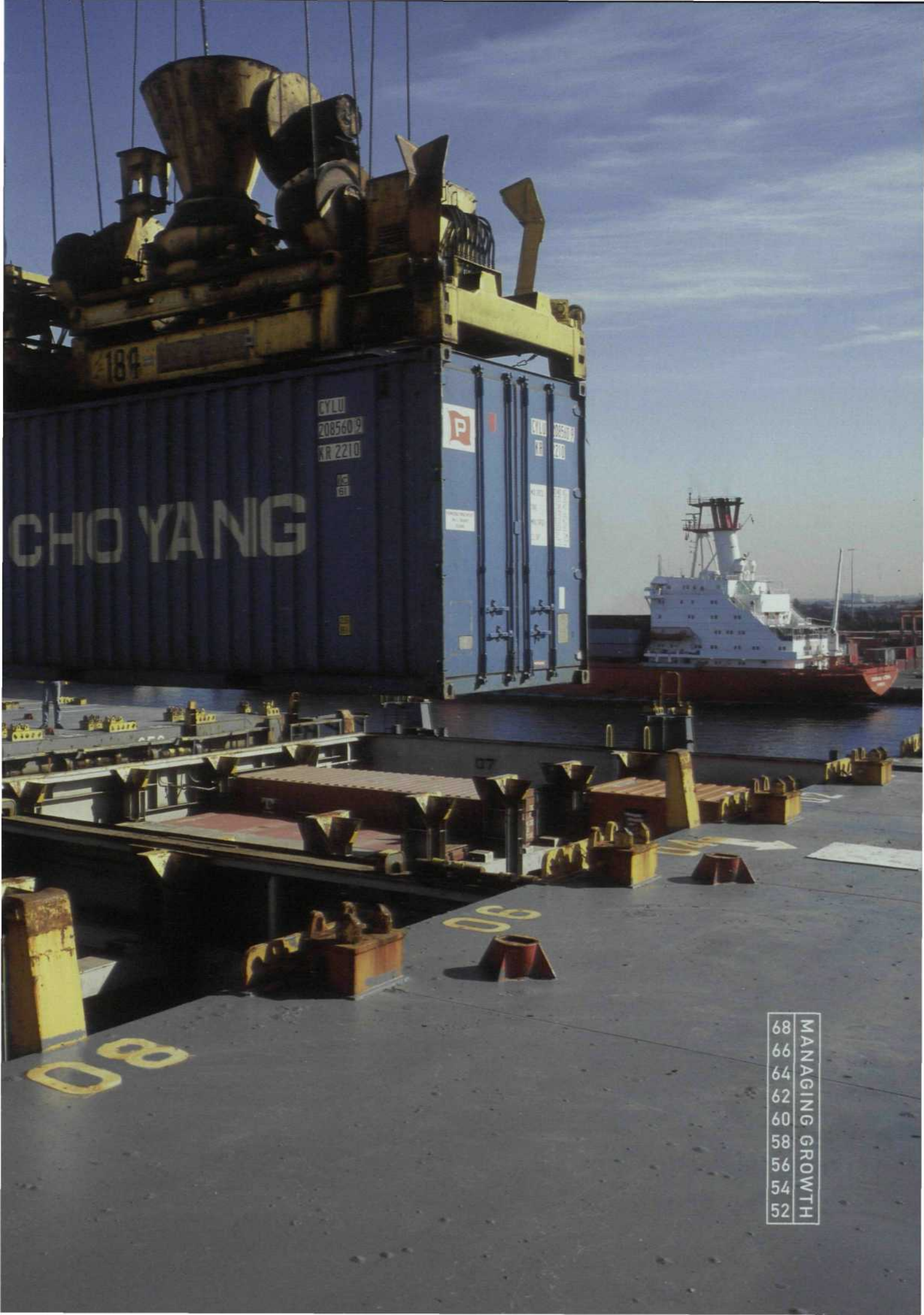
- retention and continued upgrading of Sydney Harbour facilities;
- improvements to road and rail links to port facilities in Sydney Harbour and Port Botany;
- expansion of Port Botany for future container and liquid bulk trade; and
- establishment of an intermodal terminal at Enfield, linked by existing dedicated freight rail to Port Botany and Glebe Island/White Bay to facilitate the movement of import, export and empty containers.

A vital port

Sydney's ports combining the ports of Botany Bay and Sydney Harbour, is one of the State's major assets and handles approximately \$45.5 billion worth of trade each year, providing a valuable \$2.5 billion contribution to the NSW economy.

Importantly the combined container throughput at Sydney Harbour and Port Botany represent 44 per cent by volume and 80 per cent by value of Sydney's total trade. The ports also generate more than 17,000 jobs.

During 2002/2003 Sydney Ports commissioned an Economic Impact Study, which identified the economic importance of the Port and its related activities. The results highlighted the remarkable contribution to the NSW economy of these activities. The outcome of the study contributes to the balanced assessment of the role and value of ports and assists in objective decision-making on issues such as port planning and investment.



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Chairman's report

Sydney Ports Corporation has had a successful and challenging year. Successful – as trade continued to grow through the ports of Sydney and Botany, shareholder value was increased, all of our financial targets were achieved, and we continued our essential investment program for the Corporation's infrastructure, people and systems.

In addition, in November 2002 the Corporation received the Australian Port of the Year Award 2002 in recognition of our commitment to improving rail access to Port Botany and the regeneration of Glebe Island and White Bay as a working port.

The award acknowledged the incorporation of stakeholder consultation into our development activities.

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The challenges for the year included the progression of activities to achieve additional capacity at Port Botany for the fast-growing container trade, further consideration of the Enfield Intermodal Terminal proposal following the release of the Morris Review findings, and seeking continual improvement in our service to customers and port service providers.

Trade is increasing and will continue to increase. For this reason my colleagues and I are firmly focused on our responsibilities to simultaneously deliver and develop short-term, medium-term and longer-term commercial initiatives to ensure we can meet future trade growth. This task is complex, especially when development is sometimes required within already urbanised areas and where local communities have expressed concern and at times opposition.

Performing for shareholders

The Corporation has a number of strategies in place to increase shareholder value including; maximising revenue by targeting trade growth, closely managing costs; investing in key assets, and reviewing our asset use to ensure optimum capital return is achieved.

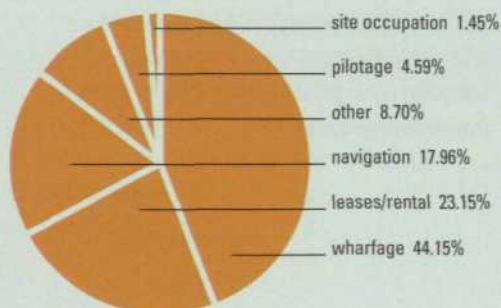
During the reporting year, the Corporation reinvested \$23.2 million in a number of port assets in the Port Botany, Glebe Island and White Bay precincts. The Corporation also brought on stream a number of leases occupying some 22 hectares on recently developed port lands.

Despite the effect on exports of the drought and the weaker global economy, we experienced solid growth in trade, particularly in container and motor vehicle imports, which further reflected the dominance of import trade through Sydney's ports.

The solid growth in trade and the implementation of our strategies have resulted in a strong \$41.2 million pre-tax profit for the year, from total revenue of \$124.7 million. This revenue was \$18.3 million more than the previous financial year and has enabled the Corporation to declare a dividend of \$13.2 million, up 55 per cent on 2001/2002. We have also increased shareholder value in the business by \$11.5 million.

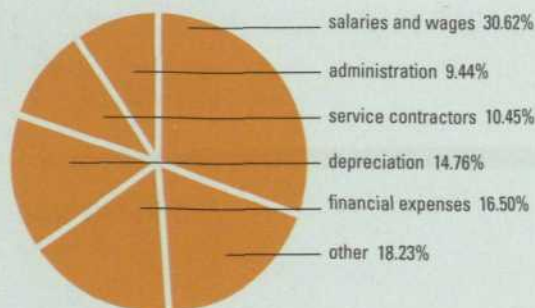
Revenue 2003

As a proportion of total revenue



Expenditure 2003

As a proportion of total expenditure





Chairman's report continued

Security

As a result of terrorism events in recent times, ports around the world have a heightened sense of security awareness. Commonwealth legislation is expected to be passed prior to Christmas 2003 which will require all ports to have approved security plans in place by 1 July 2004. The Corporation has undertaken a 'whole-of-port' risk assessment and will have security plans in place by the July 2004 deadline. We will continue to work with the Federal and State Governments to achieve workable and affordable outcomes.

Moving forward

The year ahead heralds important milestones that must be achieved to deliver appropriate port development for the management of trade growth. We will continue to invest in the necessary infrastructure to cater for growing trade requirements and to safely operate Sydney's ports for the benefit of port stakeholders.

In ensuring the ports have future growth capacity and that transport of goods to and from the waterfront is efficient, the Corporation has played, and must continue to play, an expanding role in the movement of port cargo. As a port manager, our responsibilities extend beyond the navigation and berthing of ships to the broader logistics chain. Our aim is to deliver the best results for industry, consumers and taxpayers.

It will be important in the year ahead for the Corporation, along with State and Federal Government organisations, particularly road, rail and relevant planning authorities, to work together to optimise the competitive advantages of operating the ports of Sydney and Botany Bay within close proximity to the growing market they serve.

The Corporation recognises the importance of ensuring the long-term sustainability of the ports in its development plans. Our responsibility is to do all we can to balance economic, social and environmental values and needs. We are therefore continuing to work with stakeholders to ensure we can continue to operate effectively and meet the challenges and opportunities so essential for continued growth and prosperity of our State.

To this end, the progression of the proposed Port Botany Expansion has reached a level of urgency that must be acted upon. Failure to make timely decisions to allow the project to progress will have serious implications that ultimately will constrain capacity and will result in congestion and diminished economic growth.

In addition, the proposed Enfield Intermodal Terminal remains an important component of our port strategy. It will contribute to the shared industry-Government objective of moving more containers by rail. In the time ahead, the Corporation will be pursuing Government endorsement for this important project to be reconsidered and ultimately approved for development following consideration of an Environmental Impact Statement.



Launch of *First Port Future Port – Celebrating 100 Years*, left to right: Vic Smith, David Field, The Hon. Michael Egan MLC, Greg Martin, Ken Murray.

New Minister and Directors

I would like to extend a warm welcome to The Hon. Michael Costa, MLC, as the newly appointed Minister for Transport Services, the portfolio that includes responsibility for NSW ports. There are significant challenges ahead for the maritime industry and we look forward to working with Mr Costa. I also take this opportunity to thank the outgoing Minister, The Hon. Carl Scully, MP, for his support during his two separate terms as Minister responsible for NSW Ports dating back to 1995.

The Corporation welcomed three new Directors to the Board during 2002/2003, Ms Sibylle Krieger, Ms Arlene Tansey, and Sydney Ports' Staff Director, Mr Michael Sullivan. I look forward to their valuable contribution to guiding the Corporation's immediate and long-term future.

My thanks are warmly extended to the other non-executive Board Directors, Ken Murray and Vic Smith, for their ongoing support and drive for The Corporation to build on its successes.

A committed team

On behalf of the Board, I would like to thank Chief Executive Officer Greg Martin and his management team for their commitment and drive to succeed in delivering on the Corporation's objectives and to congratulate all staff for their excellent contribution during the year in providing a customer-focused service to our stakeholders, and in maintaining a high standard of efficiency and safety in carrying out their duties.

I would also like to thank our shareholders, 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, Minister for Commerce, Assistant Treasurer, and Minister for the Central Coast, for their continuing support.

David LP Field
Chairman



Chief Executive Officer's report

Impressive trade and profit results were achieved during the reporting year. The year will also be remembered as a period where a significant amount of preparation was undertaken with government agencies to secure the ports' future growth.

Sydney Ports achieved all its port safety and regulatory objectives and successfully managed the integration of Sydney's pilot service into Corporation ownership without impacting on port users. In addition, a greater focus in the area of environmental management and port security was supported by a new corporate structure.

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CRXU 930315

SUNU 442008



Australian Automotive Terminal, Glebe Island, Sydney Harbour

Port trade and shipping

At a time when port expansion discussions were high on the agenda, new port records were established for the container trade (up 15 per cent to 1.16 million TEUs) and the motor vehicle trade (up approximately seven per cent to some 196,000 vehicles). Both of these trades were driven by import growth whereas export cargoes, in general, were impacted by the effects of the worst drought in over 100 years. As a result, total trade for all cargo was down three per cent to 23.6 million mass tonnes.

Despite this fall in total trade, ship numbers through the two ports, Sydney Harbour and Port Botany, increased three per cent to 2,331 vessels.

The trend to larger vessels continued during the year with the introduction of the largest generation of container vessels to service Australia – the 4,100-TEU Albatross Class vessels providing a weekly service to the New Zealand, United States East Coast and European trade routes. Importantly, Port Botany was able to handle these vessels without the need for any deepening of the shipping channel.

In April 2003, Star Cruises commenced a special 10-voyage season with the *Super Star Leo*, which at 75,000 gross tonnes is the largest passenger vessel ever to visit Sydney. Despite its size, it was able to pass under the Sydney Harbour Bridge, close to the required two-metre clearance, to use the Darling Harbour passenger terminal. Advanced ship technology and pilot expertise enabled the vessel to berth and depart without any tug assistance.

Developing port precincts

The port precincts at Glebe Island and Port Botany were developed considerably during the reporting year. The almost completed \$30 million Glebe Island redevelopment for the rejuvenation of the precinct has progressed significantly, improving road access for Glebe Island tenants and providing of a 12 hectare integrated site for the new Australian Automotive Terminal (AAT) for motor vehicle imports. The AAT operation, a joint venture between Patrick and P&O, has functioned successfully since commencing operations in August 2002.

The Glebe Island redevelopment also includes a new tenant, Gypsum Resources Australia, which is developing a gypsum import facility adjoining Glebe Island Berth 7, to commence operations early in 2004.

Development of the Port Botany precinct continued with completion of the subdivision of the 13.26 hectares of land acquired from Sydney Water in 2001/2002. Part of this site is now leased to the Australian Customs Service for the new X-Ray facility which commenced operation in March 2003. Further leases on this area were being negotiated at the time of reporting. P&O Trans Australia Holdings Ltd and Patrick Port Services have both been very active in developing their respective leased areas at Molineux Point and Simblist Road to provide important depot and warehouse services to their clients.

Chief Executive Officer's report continued



Pilot services

Sydney Ports views the provision of pilotage as a core business of port activities. During 2002/2003 the pilotage service ceased to be outsourced and on 26 October 2002, Sydney Ports' wholly-owned subsidiary, Sydney Pilot Service Pty Ltd (SPS), commenced operation as the pilot service provider for Port Botany and Sydney Harbour.

The transition from a privately-owned-and-operated business a subsidiary of Sydney Ports went smoothly, without disruption to pilot services. The pilots and the pilot vessel crew are to be commended for their co-operation during the establishment of the new company.

In the short time it has been operating, SPS has been investing in major overhauls of two of its pilot cutters, one of which had been completed at the time of reporting.

Managing for growth

As previously mentioned in the Chairman's report, we are now reaching a time when major decisions need to be made to ensure Sydney's ports have the capacity to handle the predicted future growth in container trade.

During the year, a significant amount of work was undertaken by Sydney Ports staff and consultants involving stakeholder consultation and the research of more than 30 specialist studies in preparing the Environmental Impact Statement (EIS) for the proposed 60-hectare Port Botany expansion.

The year ahead will be an important year for Sydney Ports. We expect to lodge the EIS seeking Development Approval for this essential project in late 2003, after the State Government releases its State port planning review.

The implementation of a State port plan is supported by the port and shipping industries as it will provide the certainty and direction required in planning, and help clarify issues between the separate State port corporations.



Brotherson Dock, Port Botany

Sydney Ports' intermodal terminal proposal at Enfield is also an important component of the strategy to maximise freight rail transport across Sydney, and the Corporation is confident the Government will also address the future of this valuable site.

In addition, as part of Sydney Ports' strategic leadership role in the management of empty containers, we have expressed interest in, and are seeking approval from the NSW State Government for the purchase of, the State Rail Authority's Cooks River rail yard, which is strategically located adjacent to the dedicated freight rail line linking Port Botany with Enfield/Chullora.

During 2003/2004, \$67 million is budgeted for capital works for further land acquisition for empty container management, acquisition of port precinct land not currently owned by Sydney Ports, the refurbishment of Port Botany's Bulk Liquids Berth structure, and further works at Glebe Island.

Acknowledgements

2002/2003 has been a very successful year in all respects and one which has produced some significant challenges for Sydney Ports and all its employees.

The executive and staff of Sydney Ports have responded to all these challenges in a very positive and professional way and I wish to record my special thanks to them and to congratulate them for their commitment in achieving Sydney Ports' objectives for the year.

Thanks also to Chairman David Field and Board members for their support during the year and valuable input which has been extremely important in setting the strategic direction for Sydney Ports.

Sydney Ports Users Consultative Group Chairman, Brian O'Dea, and members of the Users Group are owed a special vote of thanks for their contribution in ensuring Sydney Ports is aware of industry concerns and in the joint resolution of important issues which may impact on the effective functioning of the ports.

Finally, I should acknowledge the input and assistance of all those from both the private sector and Government who have worked with us in many different capacities during the year to improve the operational efficiency of the Port and to help plan for its future growth.

Greg Martin
Chief Executive Officer



2002/2003 Operations review

The responsibility of catering for trade growth parallels our commitment to stakeholders and the environment. Sydney Ports' comprehensive scope of responsibilities, extending from port planning, port management and marine operations, to regulation, enhances our ability to deliver and co-ordinate services to port stakeholders.

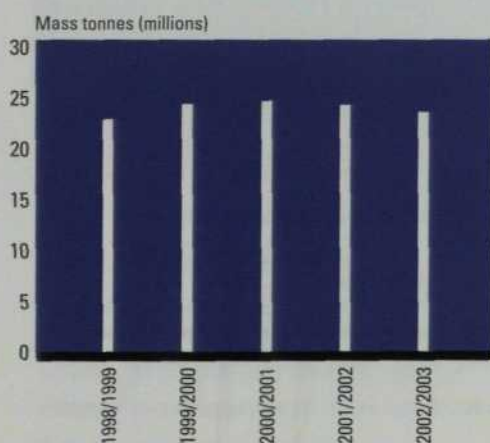
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Managing trade growth and developing port assets

The successes of the past financial year reflect our whole-of-port approach and the integration of our landside and marine responsibilities.

Total trade was 23,576,826 mass tonnes, three per cent down on the 2001/2002 financial year, mainly because of a drop in petroleum import volumes.

Trade by total cargo



Containerised trade

A new record for NSW's container trade was achieved during 2002/2003 with 1,160,747 TEUs handled through Sydney's ports – a 15 per cent increase on 2001/2002 container throughput.

Full container imports of 586,899 TEUs were up 15.7 per cent on the previous financial year (507,042 TEUs), while full container exports at 293,777 TEUs were 4.5 per cent down on the previous financial year (307,529 TEUs) due to a combination of poor overseas trading conditions, the NSW drought and the strengthening Australian dollar. However, there were increases in some container exports, such as increased exports of aluminium from the Hunter Valley; growth in wine exports; a rise in paper exports from western Sydney; and increased exports of pet food from the State's central west.

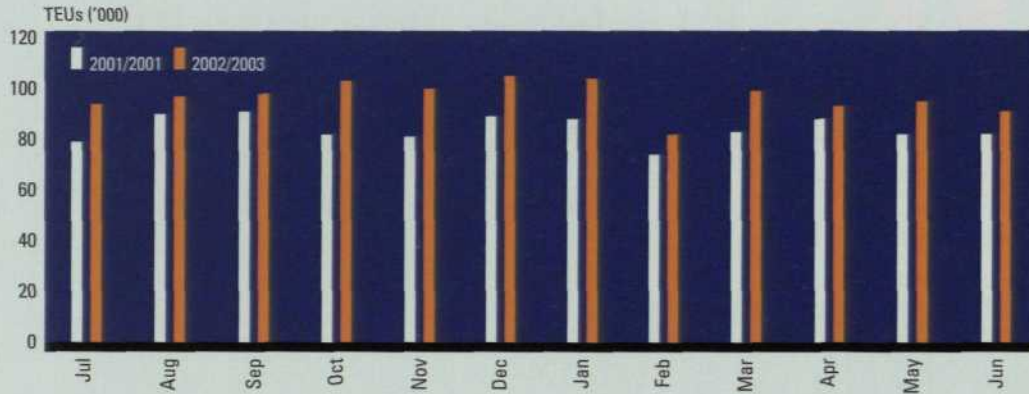
Sydney Ports welcomed the introduction of the weekly service of the new P&O Nedlloyd and Contship Containerlines' 4,100 TEU class vessels, serving New Zealand, the United States East Coast and Europe, which commenced during 2002/2003.

Annual container trade 1993/1994 – 2002/2003



Managing trade growth and developing port assets continued

Container trade per month (TEUs) 12 months ending June 2003 compared with 2002

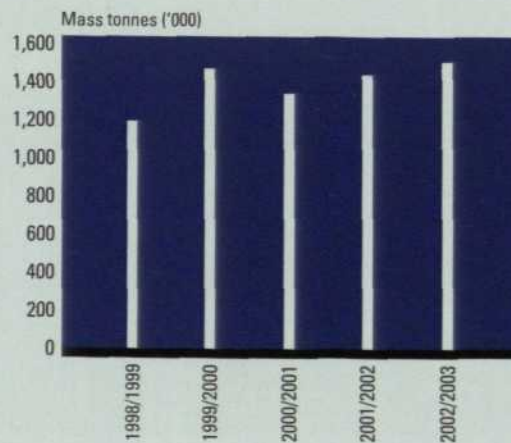


Annual container trade 2002/2003 12 months ending June 2003 compared with June 2002

| 2002/2003 (TEUs) | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Total Cumulative |
|------------------|--------|--------|--------|---------|---------|---------|---------|--------|--------|--------|--------|--------|------------------|
| Exports | 44,255 | 46,600 | 44,367 | 48,117 | 46,448 | 49,435 | 52,422 | 40,857 | 50,958 | 45,595 | 46,071 | 44,583 | 559,708 |
| Imports | 49,420 | 49,929 | 53,870 | 55,006 | 53,578 | 55,422 | 51,347 | 40,879 | 48,073 | 47,250 | 48,809 | 47,456 | 601,039 |
| Total | | | | | | | | | | | | | |
| 2002/2003 | 93,675 | 96,529 | 98,237 | 103,123 | 100,026 | 104,857 | 103,769 | 81,736 | 99,031 | 92,845 | 94,880 | 92,039 | 1,160,747 |
| 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 |



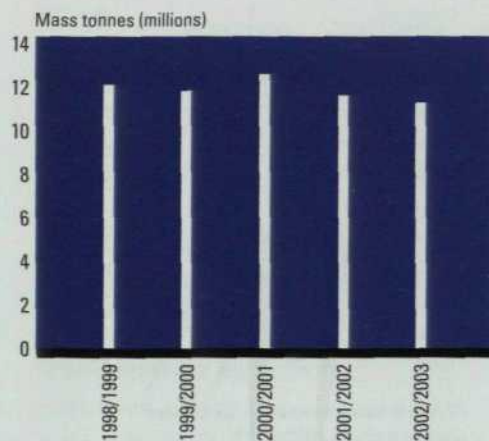
Total dry bulk



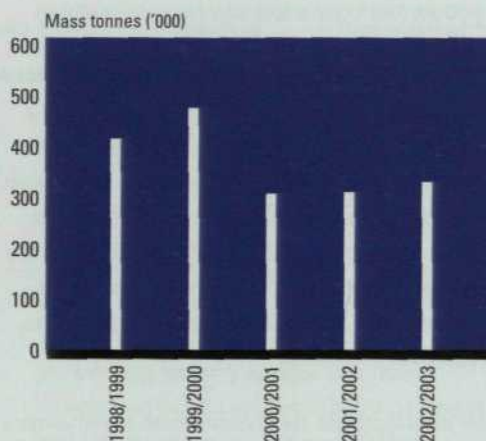


Bulk Liquids Berth, Port Botany

Total bulk liquids trade



Total break bulk trade



Non-containerised trade

The strong growth in the motor vehicle import trade in Sydney Harbour berths continued with 196,350 vehicles imported during the reporting year, 7.1 per cent higher than the previous financial year.

The dry bulk trade, mostly gypsum, sugar and cement, experienced growth of approximately five per cent.

Growth in general cargo trade continued for commodities such as machinery, paper products, timber, iron and steel. Non-containerised timber shipments were almost four per cent higher than 2001/2002.

Bulk liquid throughput was approximately three per cent down on 2001/2002, attributed to a fall in chemical and oil trade, the latter reflecting the reduced demand for aviation fuel.

At the time of reporting and parallel with the release of the Annual Report, the Commerce and Logistics Review 2002/2003, a comprehensive five-year review, will be made available via the Sydney Ports website.



Port of call

Commercial vessel visits to Sydney during 2002/2003 numbered 2,331, an increase of three per cent on the previous year, which is indicative of the greater trade throughput. Gross vessel tonnage increased by eight per cent on the previous financial year reflecting the increase in vessel numbers and the deployment of larger vessels that are now servicing Australia's major ports.

At the time of reporting Australian Maritime Services foreshadowed its plans to enter the towage market at Port Botany with a two tug operation.

Managing trade growth and developing port assets continued

Port pricing

During 2002/2003 pricing initiatives were introduced for coastal and transshipment container cargo. These changes came into effect on 1 January 2003.

The wharfage rate for containerised import and export coastal trade (cargo loaded from or destined for another Australian port) was reduced by 33 per cent from \$45 per full TEU to \$30 per TEU, thereby encouraging the use of sea transport for coastal trade between Sydney and other Australian ports, in particular Fremantle.

The wharfage rate for containerised transshipment cargo was changed from \$25 per full TEU on the inwards journey to Sydney and zero on the outwards journey to \$15 per full TEU for both the inwards and outwards journeys.

In early 2003, a review of port pricing was undertaken, highlighting that port charges had not increased for more than a decade and, in fact, had reduced in real terms by over 50 per cent. In consideration of the outcomes and a need to maintain investment in port infrastructure and services, there will be a further review of wharfage charges during 2003/2004.

Imports commodities in containers (mass tonnes) 2002/2003

| | |
|-----------------------|------------------|
| Chemicals | 954,277 |
| Manufactures | 807,563 |
| Machinery | 688,627 |
| Paper products | 622,669 |
| Non-metallic minerals | 278,390 |
| Food preparations | 260,450 |
| Iron and steel | 229,377 |
| Beverages and tobacco | 201,203 |
| Textiles | 139,550 |
| Timber | 125,491 |
| Others | 1,218,306 |
| Total | 5,525,903 |

Exports commodities in containers (mass tonnes) 2002/2003

| | |
|-----------------------|------------------|
| Non ferrous metals | 527,257 |
| Chemicals | 422,483 |
| Iron and steel | 311,237 |
| Paper products | 277,199 |
| Meat | 267,710 |
| Cotton | 247,727 |
| Animal foods | 236,390 |
| Cereals | 196,975 |
| Food preparations | 192,745 |
| Manufactures | 179,143 |
| Beverages and tobacco | 179,100 |
| Others | 987,151 |
| Total | 4,025,117 |

Container trade by country (TEUs) 12 months to June 2003

| Country | Imports 2002/2003 | | | Exports 2002/2003 | | | Total Trade | |
|--------------------|-------------------|-------------|---------------|-------------------|-------------|----------------|------------------|-------------------------|
| | Full | % Change* | Empty | Full | % Change* | Empty | 2002/2003** | % Change Over 2001/2002 |
| China*** | 156,933 | 31.6 | 929 | 36,329 | -6.8 | 63,121 | 257,312 | 28.2 |
| New Zealand | 41,707 | 6.9 | 2,187 | 48,613 | 1.2 | 19,429 | 111,936 | 6.8 |
| United States | 55,697 | 11.1 | 2,329 | 25,990 | 4.1 | 5,057 | 89,073 | 8.2 |
| Japan | 24,391 | -4.1 | 1850 | 32,660 | -3.1 | 17,343 | 76,244 | 12.5 |
| Singapore | 19,717 | -3.0 | 287 | 9,797 | -10.7 | 43,903 | 73,704 | 34.3 |
| Australia | 2,800 | -14.2 | 1477 | 21,875 | 35.7 | 35,125 | 61,277 | 7.3 |
| Korea, Republic of | 24,273 | -1.3 | 563 | 11,617 | -17.6 | 21,139 | 57,592 | 10.7 |
| Malaysia | 26,533 | 10.9 | 161 | 6,905 | -23.1 | 17,749 | 51,348 | 18.5 |
| Indonesia | 23,807 | 20.0 | 17 | 18,439 | 17.8 | 2,525 | 44,788 | 16.1 |
| Thailand | 23,310 | 22.1 | 1 | 8,623 | -3.3 | 7,983 | 39,917 | 37.8 |
| Other | 187,731 | 15.7 | 4,339 | 72,929 | -16.0 | 32,557 | 297,556 | 6.7 |
| Total | 586,899 | 15.7 | 14,140 | 293,777 | -4.4 | 265,931 | 1,160,747 | 15.0 |

*Over the same period as last year ** Includes empty boxes *** Includes Hong Kong



Overseas Passenger Terminal, Circular Quay

Cruise vessel visits to Sydney Harbour

| Year | Total vessel visits | Total number of vessels | Vessels Sydney based | Vessels of international origin | Total passenger numbers |
|-----------|---------------------|-------------------------|----------------------|---------------------------------|-------------------------|
| 2002/2003 | 88 | 24 | 3 | 21 | 115,000 |
| 2001/2002 | 59 | 18 | 1 | 17 | 71,000 |
| 2000/2001 | 73 | 26 | 3 | 23 | 83,000 |
| 1999/2000 | 83 | 18 | 2 | 16 | 100,000 |
| 1998/1999 | 82 | 28 | 2 | 26 | 98,000 |

Cruise industry expansion

Sydney was host to 88 cruise vessel visits in the 2002/2003 cruise season, 29 more than the previous season. This leap in is attributable to three new international vessel visits and 10 Sydney visits by Star Cruises' *Super Star Leo* in response to the SARS* outbreak in Asia, and an additional domestic-based cruise ship, P&O's *Pacific Princess*.

The year also saw Sydney's Port heralded, for the third consecutive time, as winner of Best Destination Experience 2003, Rest Of World category by Dream World Cruise's *Destinations* magazine.

The season ahead looks promising for the cruise industry with approximately 80 vessels expected to visit Sydney and a further three international vessels to make their inaugural visits.

* SARS – Severe Acute Respiratory Syndrome

A new regular ferry service has been announced by TT Line, providing a passenger, car and cargo service between Sydney and Tasmania's Devonport. This service is expected to be in operation by January 2004.

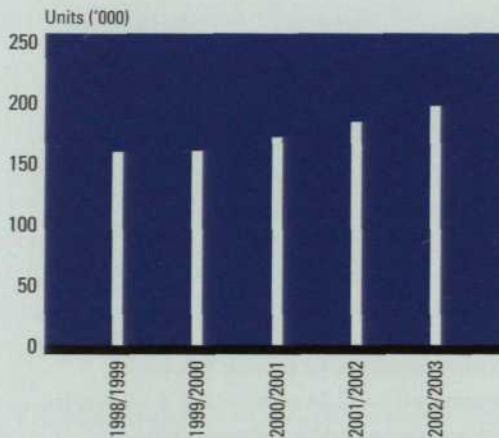
Port land and facilities

Sydney Ports' total port land of almost 327 hectares is strategically located within the heart of Sydney's consumer market.

In our efforts to enhance the port's long-term sustainability, significant port-land redevelopment was undertaken during 2002/2003 to optimise its use and to cater for specific trades.

Managing trade growth and developing port assets continued

Motor vehicle imports



Effective use of the working harbour's port land

The investment of more than \$30 million in the redevelopment of the Glebe Island and White Bay port precinct has improved the efficient use of the port land, enhanced port access and optimised deep-water berth access. This has involved the demolition of the former grain silos and the integration of the site with surrounding port land as well as enabling significantly improved road access to the area.

The regeneration of the precinct has enabled the new Australian Automotive Terminals (AAT) facility to be established on a 12-hectare levelled area with two deep-water berths.

Responsible development of Port Botany

Significant transformation of the Port Botany precinct has been achieved during 2002/2003. Redevelopment of the former Bunnerong Power Station site (13.26 hectares), acquired in late 2001/2002, was fast tracked to house the Australian Customs Service container facility, which commenced operations in March 2003. A parcel of land has also been leased to Randwick Council, while the remaining five hectares have been fully remediated and will be leased during 2003/2004.

The \$3.7million upgrade of Bumbora Point Road was completed, providing much improved access to the bulk liquids and container facilities, as well as servicing new developments, such as the X-ray facility.



Molineux Point, Port Botany



Proposed Port Botany Expansion

The easterly tip of Molineux Point has undergone rapid transformation in the latter half of 2002/2003 with the development of approximately 40,000 square metres of warehousing by P&O Trans Australia Holdings Ltd on the 10-hectare site for distribution of import cargo, consolidation of goods to be exported, and the management of container storage. Land at Molineux Point has also been leased to Vopak for future tank storage.

Patrick Corporation has sought Development Approval to undertake a \$100-million reconfiguration of its container terminal at Port Botany, which involves an additional 2.5 hectares of Sydney Ports' land being added to the lease area. Sydney Ports supports Patrick's proposal – which is targeted, to further improve container transfer efficiency.

Expanding Port Botany

Port Botany handles virtually all container traffic in NSW. This is primarily due to its proximity to the consumer market, excellent transport links, status with the international shipping industry and well established infrastructure. Even within conservative trade-growth forecasts, Sydney's container trade will increase from 1.16 million TEUs to in excess of three million TEUs by 2025. With this growth, taking into account future efficiency gains, the current facilities could be at capacity as early as 2009.

Sydney Ports' proposal to cater for this growth comprises the reclamation of approximately 60 hectares of land to create a container terminal area with five additional ship berths and new dedicated road and rail access.

An extensive Environmental Impact Statement (EIS) has been prepared to demonstrate the sustainability of the proposal. The EIS addresses the potential local and cumulative effects such as assessment of bay-wide hydrodynamics and traffic. More than 30 specialist studies were undertaken to ensure all aspects of the proposed development were thoroughly investigated.

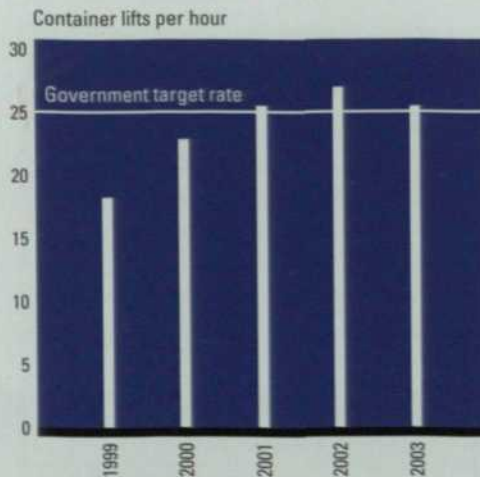
Stakeholder views and comments were invited and considered throughout the planning process. The proposed expansion will facilitate future economic growth, creating some 9,000 additional jobs, and includes a number of new recreational and public facilities.

Streamlining the transport chain

Gains already made in port efficiencies need to be supported by enhanced land-side infrastructure planning, improved road and rail transport efficiency and streamlining of the supply chain. Sydney Ports plays an important role beyond the port precinct in the management of trade growth and in providing leadership in improving the efficiency of the transport linkages to the ports.

During the past year Sydney's port crane rate performance rose to an average of 27.4 lifts per hour, the highest in the country during the year, but levelled off to the Five-Port-Average of 26¹ during the pre-Christmas seasonal peak. Port Botany's net ship rate of 44.2 moves per hour continues to surpass the Five-Port-Average.

Average crane rate for Sydney, Port Botany*



Uniting industry

In early 2003, Sydney Ports initiated a Transport Forum for senior decision-makers in the Sydney freight-transport industry. The objectives of the Forum were to help avert a repeat of delays which occurred during last year's pre-Christmas peak season, provide a framework for future co-operation among all sections of the transport industry, and set an action agenda to ensure that land operations catering for existing and future volume growth in container trade remained efficient.

Forum results

The outcomes of The Transport Forum were:

- recognition by industries that each had a joint accountability and responsibility to identify and implement solutions;
- endorsement of the mandate for Sydney Ports to provide industry leadership to facilitate the port agenda; and
- identification of inefficiencies and development of the four key action items for industry set out below:

- 1 **Container depots and transport chain hours of operation.** Hours of operation should be incrementally expanded; factors affecting future supply and location of container depots in the Sydney Basin determined; and an assessment made of an electronic bill board concept to facilitate two-way loading.
- 2 **Rail strategy.** Confirmation of freight rail requirements that will lead to an increase in reliability and confidence of its use by a more focused control of train operations.
- 3 **Communications.** Establishment of a communication system across the transport chain that is consistent and compatible.
- 4 **Planning.** Targeting improvements in forecasting (in the short and medium-term) and identification of the triggers that would signal the need to adjust capacity management such as hours of operation.

Our priority for 2003/2004 is to ensure the agenda is progressed and achieves targeted outcomes over the agreed timeframes.

* Bureau of Transport and Regional Economics' *Waterline*, Issue 34, March 2003.



Freight rail line, Port Botany

Efficient use of road and rail

A third independent survey of truck turnaround times (at Port Botany) was commenced during the reporting year to monitor the port's performance and efficiency. The opening of the M5 and use of recommended truck routes has also assisted with improved traffic management and discourages the use of Botany Road by those trucks that have no requirement to service the local industrial area and container depots.

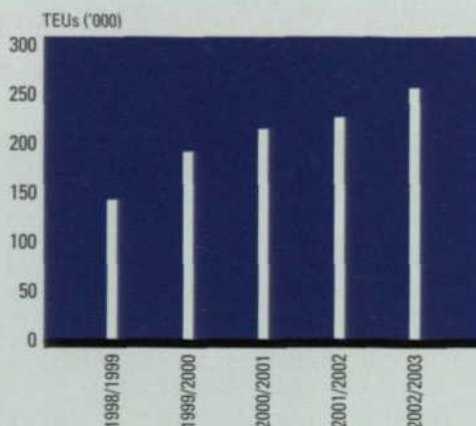
Rail volumes transported through Sydney's ports increased during 2002/2003, to 255,000 TEUs, an additional 30,000 TEUs compared with the previous financial year. Sydney Ports is continuing its push for the greater use of rail to move containers to and from the port, with an objective of achieving a 40-per-cent share in the medium term.

Proposed Enfield Intermodal Terminal

In February 2003, the NSW Minister for Transport announced the Government's response to the independent review by The Hon. Milton Morris, AO, of Sydney Ports' proposed Enfield Intermodal Terminal.

The report concluded that the principle of intermodal terminals demands that there should be numerous small facilities spread across the metropolitan areas in order to maximise the distance containers travel by rail to minimise the distance travelled by road. In addition, it was acknowledged that "it is reasonable to assume that some kind of development will occur at this site (Enfield) at some stage..."

Port Botany rail volume



To this end Sydney Ports will be seeking to ensure the full potential of the prime 60-hectare site is realised. Sydney Ports believes that there is a significant role for Enfield as an intermodal hub and will urge that consideration of the important site remains firmly on the Government's intermodal agenda.

Developing information technology solutions

Sydney Ports' IT strategy places a significant focus on delivering e-commerce solutions to assist in linking the various parties in the transport chain.

In our endeavours to improve the transfer of information between our stakeholders and Sydney Ports, we achieved 85-per-cent uptake, a five-per-cent increase on last year, for the lodgement of electronic manifests by shipping companies during 2002/2003. Sydney Ports also led the Australian ports in electronic commerce developments with the introduction of (at the time of reporting) electronic manifests for dangerous goods that allow shipping lines to provide the required data directly into Sydney's Integrated Port System (SHIPS).

Sustainable environment and safe navigation

Sydney's ports play an integral role in the functioning of the NSW economy and as a responsible port manager, Sydney Ports recognises the importance of incorporating operational, community and environmental needs into our business decisions.



Double-banded plover, Penrhyn Estuary, Port Botany.

Environment policy

In support of our environment policy, the formalisation of the Environmental Management Plan was completed in 2002/2003. This Plan provides for the management of potential environmental impacts from activities within the ports.

In addition, Sydney Ports has reported separately its environmental activities and initiatives for 2002/2003 in a comprehensive Environment Report. The report outlines our ongoing commitment to continually improving our environmental management and performance.

As part of our commitment to responsible environmental management, an important objective is for the maximisation of waste recycling. This was achieved during redevelopment works at Glebe Island, during which almost all waste from the demolition works was recycled.

As another example of our commitment to environmental responsibility, Sydney Ports is funding a NSW National Parks and Wildlife Service project to help protect a threatened species, the double-banded plovers in Botany Bay. For further detail on other environmental initiatives and performance please refer to the Environment Report.



Port Safety Operating Licence

In accordance with the Port Safety Operating Licence (PSOL) granted to Sydney Ports by the Governor of NSW, Sydney Ports again performed to the required high standard with no non-conformances being reported from the external audit during 2002/2003.

We are committed to maintaining the highest standard of navigation safety, 24 hours a day, in and around the ports of Sydney Harbour and Botany Bay. In addition, Sydney Ports invested some \$11 million during 2002/2003 in emergency response preparedness and prevention, and protection of the ports and their marine environment.

During the financial year we invested in the latest in oil containment equipment – the High Sprint boom, which is superior in height and stability to generic booms. This is the only one of its kind in Australia, further bolstering Sydney Ports' highly skilled emergency response team's preparedness in protecting the environment.

Our emergency response team responded to 212 reports of marine pollution throughout 2002/2003. Following investigations, 98 per cent of these reports were found to be unrelated to commercial shipping activities and were attributed to pollution from recreational vessels, debris or land-sourced run-off.

In applying the NSW Dangerous Goods (General) Regulations 1999, our staff made 2,781 random audits of vessels transferring bulk oil, gas and chemicals to ensure operations were conducted safely and in accordance with State, national and international regulations, standards and codes. A total of 1,282 inspections were made of refuelling operations.

Approximately four per cent of containers carried dangerous goods, with staff auditing the container terminals to ensure dangerous goods were managed in accordance with regulations.

One new prosecution was initiated by Sydney Ports during 2002/2003 under the *Marine Pollution Act 1987* (MPA). We also saw the successful resolution in favour of Sydney Ports of three prosecutions initiated in previous years against pollution offenders under the MPA. Another eight cases brought by Sydney Ports were still being progressed at the time of reporting.

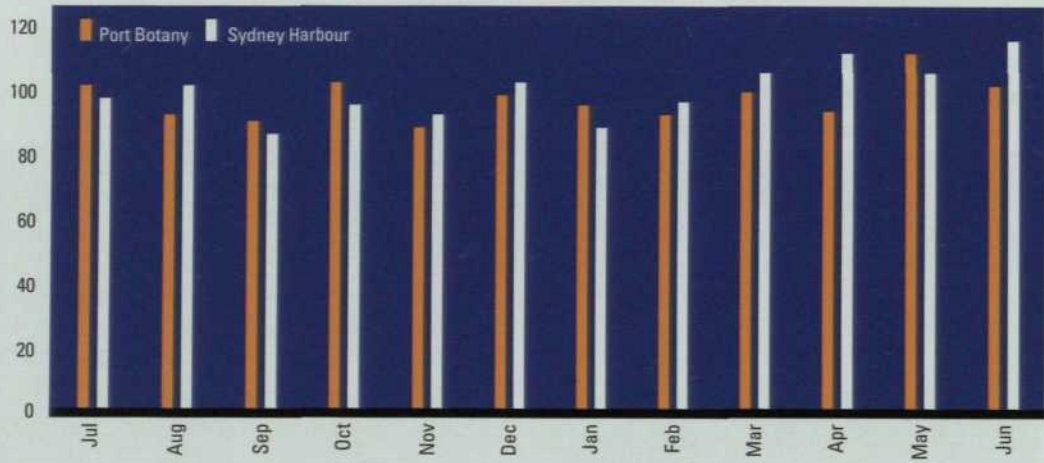
Nine Penalty Infringement Notices (PINs) were issued for dangerous goods infringements and six PINs under the *Protection of the Environment Operations Act 1997*.

To ensure emergency response efforts and safety are maintained at the highest level for both ports, three major emergency exercises were undertaken in conjunction with port tenants, the NSW Police Service, NSW Fire Brigade and other emergency service organisations.

Sydney Ports takes an active role in coastal zone management to ensure navigation channels and berth depths are maintained and that port operations and developments do not have a detrimental impact on the coastal zone environment. Contributing to the protection of the coastal environment, a major survey of Botany Bay beaches was undertaken during 2002/2003 to monitor sand movements, including 23 PSOL hydrographic surveys of berths and channels in both ports as part of our PSOL responsibility.

Sustainable environment and safe navigation continued

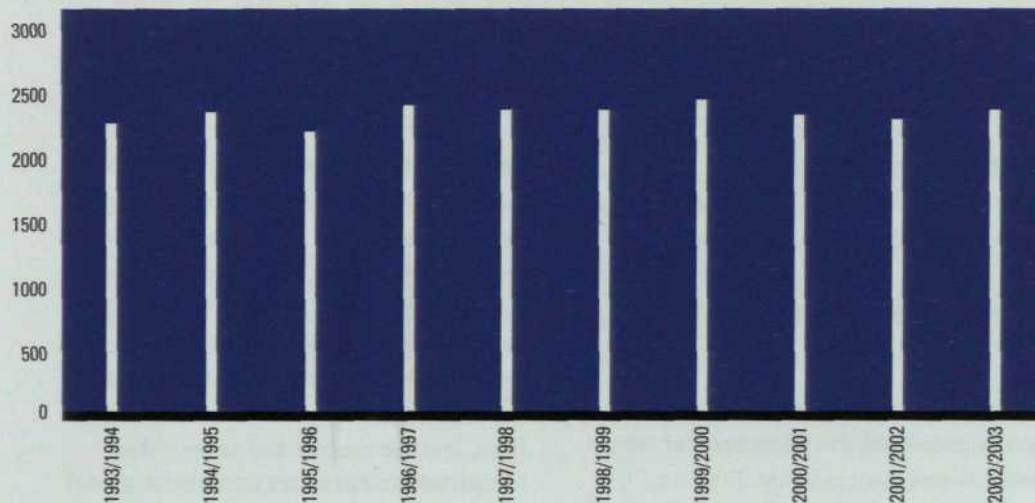
Vessel visits to the two ports for the 12 months ending June 2003





Swan, heavy lift ship, Sydney Harbour

Total visits to Sydney's ports 1993/1994 – 2002/2003



Helping others protect the environment

Sydney Ports was the nominated incident controller in relation to potential pollution emanating from the *HMS Nottingham* after its grounding in July 2003 on Wolf Rock at Lord Howe Island. Sydney Ports staff were closely involved with the salvage team to ensure no pollution entered Sydney Harbour during the lifting of the stricken vessel on to the heavy-lift ship *Swan* in October 2002.

During August 2002, Sydney Ports responded to an overturned road tanker which spilled 25 tonnes of unleaded petrol into the Cooks River – an inner-city waterway; and the grounding of the bulk carrier *Tai Ping* in October 2002 at Bluff on the southern tip of New Zealand.

Sydney Pilot Service

A major initiative for Sydney Ports during 2002/2003 was the establishment of a new wholly-owned subsidiary company, Sydney Pilot Service Pty Ltd (SPS) to provide pilotage services in Port Botany and Sydney Harbour.

SPS has initiated a maintenance and upgrade program of its pilot cutters to ensure the high standard of pilotage service to its customers is maintained.

At the time of reporting and after consultation with the shipping industry, a \$150 rate increase to pilotage charges is to be implemented, to take effect on 1 November 2003. During 2003/2004, SPS will be reviewing its business model including pricing to ensure the future sustainability of the company and the continued delivery of a world-class pilotage service.

Working with stakeholders

Sydney Ports has in place a program of forums and meetings with its stakeholders to provide an opportunity for groups to raise issues and work together to address concerns and bring initiatives to fruition.

Business development

Sydney Ports works closely with stakeholders in each trade and regional sector to identify new business opportunities and to eliminate impediments to existing trade flows wherever possible.

Overseas visits to shipping line principals and cargo owners also formed part of the trade development program. The Board has maintained its commitment to regional trade, continuing its rural visitation program to ensure non-metropolitan port stakeholders have an opportunity to discuss initiatives or inhibitors to their trade success. During 2002/2003 the Board held a Directors' meeting in Griffith and met with Riverina producers, exporters and transport operators.

In response to our 2002 Stakeholder Survey, we have implemented a range of measures to increase two-way communication with stakeholders, including shipping forum and quarterly electronic port information updates.

Spillcon 2002, a significant international maritime industry event was hosted and sponsored by Sydney Ports in September 2002. This very successful international event provided the public and industry with the opportunity to witness the latest in emergency response equipment demonstrations and our skills in protecting the environment.

Community program

During 2002/2003 our staff worked closely with a diverse range of organisations to ensure that the many water activities on the working Harbour and Botany Bay were successful and safely co-ordinated events. They include events such as the New Year's Eve spectacular, the Sydney-to-Hobart Yacht Race, and our support and sponsorship of the nation's Australia Day Sydney Harbour celebrations.

Sydney Ports also expanded its community program. This incorporated increased sponsorship of local business and environment initiatives, school programs, local heritage and community events including the *Festival of the Sails* at Botany Bay, the NSW State Sabot Championships, and marine research studies.

Sydney Ports takes a lead role in facilitating or participating in many community activities and committees. The committees include the Shell Gore Bay Community Consultative Committee, the Botany and Eastern Region Environment Protection Association, the WhiteBay/Glebe Island Noise Reference Committee (which we chair), the Port Botany Neighbourhood Consultative Committee and the Botany Bay Coastal Management Committee.



Port Botany Neighbourhood Consultative Committee

Another important facet of our community contribution was the establishment of our Community Care Program. In order to co-ordinate our activities and to make a difference, a partnership was formed with United Way, which is a non-denominational charity that assists disadvantaged groups by supporting a wide range of local community care initiatives. This partnership provides staff with the opportunity to contribute financially or through volunteering efforts in addition to a contribution made by Sydney Ports.

Taking a leading role in port security

In response to international terrorist acts, the International Maritime Organisation (IMO) has introduced a new security code which is binding on its members (including Australia).

The IMO's International Ship and Port Facility Security (ISPS) Code requires the introduction of appropriate security measures in ports by July 2004 to address threats posed by terrorist activities. Federal and State Governments have worked co-operatively to ensure new Commonwealth legislation will be introduced in sufficient time to meet the July 2004 IMO deadline.

Sydney Ports has acted in advance of the 2004 deadline. Consistent with the ISPS Code, Sydney Ports has put security measures in place including:

- preparation of Port Facility Security Plans, for the two international cruise terminals, which have been fully enacted;
- activation of the Port Security Committee of the Sydney Ports Users Consultative Group (SPUCG) to overview the implementation of enhanced security throughout the ports; and
- a second Ports Users Group sub-committee, which is examining port contingency planning.

Sydney Ports is also part of a Working Group which includes the Commonwealth Department of Transport and Regional Services (DOTARS), State Government transport and infrastructure agencies and other port authorities. Sydney Ports has had input into the development of the Interim Guidance Paper on Risk Assessment and the Model Security Plans for port facilities.

Sydney Ports has played an integral role in the NSW State Government's Critical Infrastructure Review Group, which is tasked with the development of strategies to minimise the effects of any incident to ensure the continuity of essential services such as port facilities.

A whole-of-port risk assessment was commenced during 2002/2003 to examine the likely impact of threats within the port estates of Botany and Sydney Harbour. This assessment will facilitate the completion of security plans by July 2004.



Our people

Sydney Ports and SPS combined employ 237 people. Within the two organisations are a broad range of professional and technical skills across all facets of the businesses, including engineering, surveying, finance and accounting, business development, information technology and management of human resources.

In addition, our pilots and marine operations staff are highly skilled in areas such as vessel navigation, emergency marine response, environment protection and dangerous goods auditing.

Sydney Ports has invested significantly in the advancement of its staff to develop and maintain a well trained, highly motivated workforce.

A staff climate survey was undertaken during 2002/2003. Feedback has led to the establishment of a career development solutions workgroup representing all business units across all levels. The group is now tasked to implement recommendations that enhance career development opportunities within Sydney Ports. The survey also demonstrated that 83 per cent of employees considered their job satisfaction and morale to be high, with 76 per cent rating the Corporation as a good employer.

Our workplace organisational performance safety target was achieved for 2002/2003 – no more than three lost-time injuries. These incidents were minor and resulted in a total of nine lost-time injury days. Our commitment to safety is recognised through successful Occupation Health and Safety audits conducted by Workcover-accredited auditors. We are striving for progressively higher standards of occupational health and safety and in recognition of our improved performance, Sydney Ports is eligible for entry to the insurance premium discount scheme.

Sydney Ports achieved significant recognition from industry and unions for its benchmark unannounced alcohol testing policy for safety sensitive roles. The policy was developed during 2001/2002 and introduced in 2002/2003. The policy has been endorsed by the unions and provides a platform for other ports to follow.

In recognition of the policy, Sydney Ports was nominated as one of the top four in the category of best OH&S Strategy at the 2002 National Human Resource Awards.

In the early part of 2004, negotiations will commence with unions and staff for the 2004–2007 Enterprise Agreement.

Managing risk

Promoting a maritime career

In partnership with TAFE, a new Port Officer Traineeship Program was initiated, and during the year, two trainee Port Officers were employed by Sydney Ports. Over the 12-month period, trainees undertake on-the-job training, external training at TAFE in small boat handling, emergency marine response, environment protection, hazardous goods inspection, computer navigation systems, radio and radar operations, and maintenance of equipment and facilities.

Corporate structure

We took steps to strengthen our commercial and environmental focus through a modified Corporate restructure.

The minor restructure of our business units during the reporting year was undertaken to improve our operational effectiveness and level of service.

Major projects and engineering services were consolidated to form the Projects Unit, maximising our delivery of all projects. Property Management joined the Commerce and Logistics team, to ensure our customer and business needs are more closely aligned.

During 2002/2003, an assessment of the Sydney Ports Risk Management System was undertaken, confirming that risk strategies in place continue to be relevant and appropriate to our objectives for the successful management of the ports.

The system, which is consistent with AS/NZS 4360:1999, was successfully internally and externally audited.





Board of Directors

David Field FAICD

Chairman

Mr Field has extensive board chairmanship and executive experience gained from a 30-year career within the international trade/shipping industry. He has had wide commercial experience at both international and national level.

Mr Field was appointed as Chairman of the Board of the Sydney Ports Corporation in 1998 and was reappointed in December 2001 for a further three-year term. He is Chairman of the Corporation's Remuneration Committee and a member of the Audit and Risk Management Committee. He is also a Director of Sydney Sea Pilots Pty Ltd and a Director of several private companies.

Mr Field was with the UK-owned 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 Limited. Responsibilities covered Australia, the Far East, South East Asia, the Sub-Continent, and the Middle East and shared responsibility for the company's East and West Coast North American shipping interests.

Following the international sale of Blue Star Line, he completed an eight-month Interim Management appointment as Managing Director and Chief Executive Officer for the Tourism and Leisure division of the Australian publicly listed company, Amalgamated Holdings Limited (AHL) with Board of Director responsibilities.

From June 2001 to mid 2003 he was Head of the Interim Executive Practice of the Global Executive Search firm Heidrick & Struggles Inc. He also joined the board of Director Practice in late 2002. Prior to accepting, in 2001, the invitation by the partners of Heidrick & Struggles to join the firm, he was a partner in a Sydney-based consulting and Executive Search firm.

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 Director of the International Association of Ports and Harbours. He is Chairman of the Sydney Pilot Service and is a member of the Audit and Risk Management Committee of Sydney Ports Corporation.

Sibylle Krieger LLB (Hons), LLM

Director

Ms Krieger is a commercial lawyer with over twenty years' experience. During that time she has undertaken corporate advisory and dispute resolution work and has also spent several years involved with professional staff selection, induction and evaluation in two large commercial law firms. In more recent years Ms Krieger has been involved with regulated industries, government agencies and government-owned corporations as an outside adviser. Ms Krieger was appointed to the Sydney Ports Corporation Board in late 2002 and is a member of the Remuneration Committee of the Board.



Ken Murray, Sibylle Krieger, Greg Martin (CEO), David Field (chair), Arlene Tansey, Michael Sullivan and Vic Smith

Ken Murray

Director

Mr Murray was the Executive Director of Casino World Australasia, the Australian licensee company of US-based computer technology provider Casino World Holdings Ltd. He is Managing Director of property and investment company Yarrum K Holdings. He is President of a major Eastern Suburbs licensed club and a member of the Randwick Racecourse Trust Board. Mr Murray is Deputy Chairman of the Sydney Pilot Service and has 34 years' experience in the stevedoring industry.

Vic Smith

Director

Mr Smith is a government relations consultant and a former Mayor of South Sydney City Council. He is a current Director of NRMA and Cricket NSW. He is the former Vice-Chairman of South Sydney Development Corporation and a former Director of the Southern Sydney Waste Board. He is a Paul Harris Fellow of Rotary International, given for services to the community. He is a member of the Audit and Risk Management Committee of Sydney Ports Corporation and a member of the Remuneration Committee of the Board.

Michael Sullivan AAICD

Staff Director

Mr Sullivan was elected to the position of Staff Director by the staff of the Corporation in July 2002. He joined the Maritime Services Board in 1977 where he was initially employed in the statistical section. He has held a variety of positions since then within the office environment. He transferred to marine operations in 1991 as a port officer and has held this role since then. Mr Sullivan is also president of The Ports Golf Club.

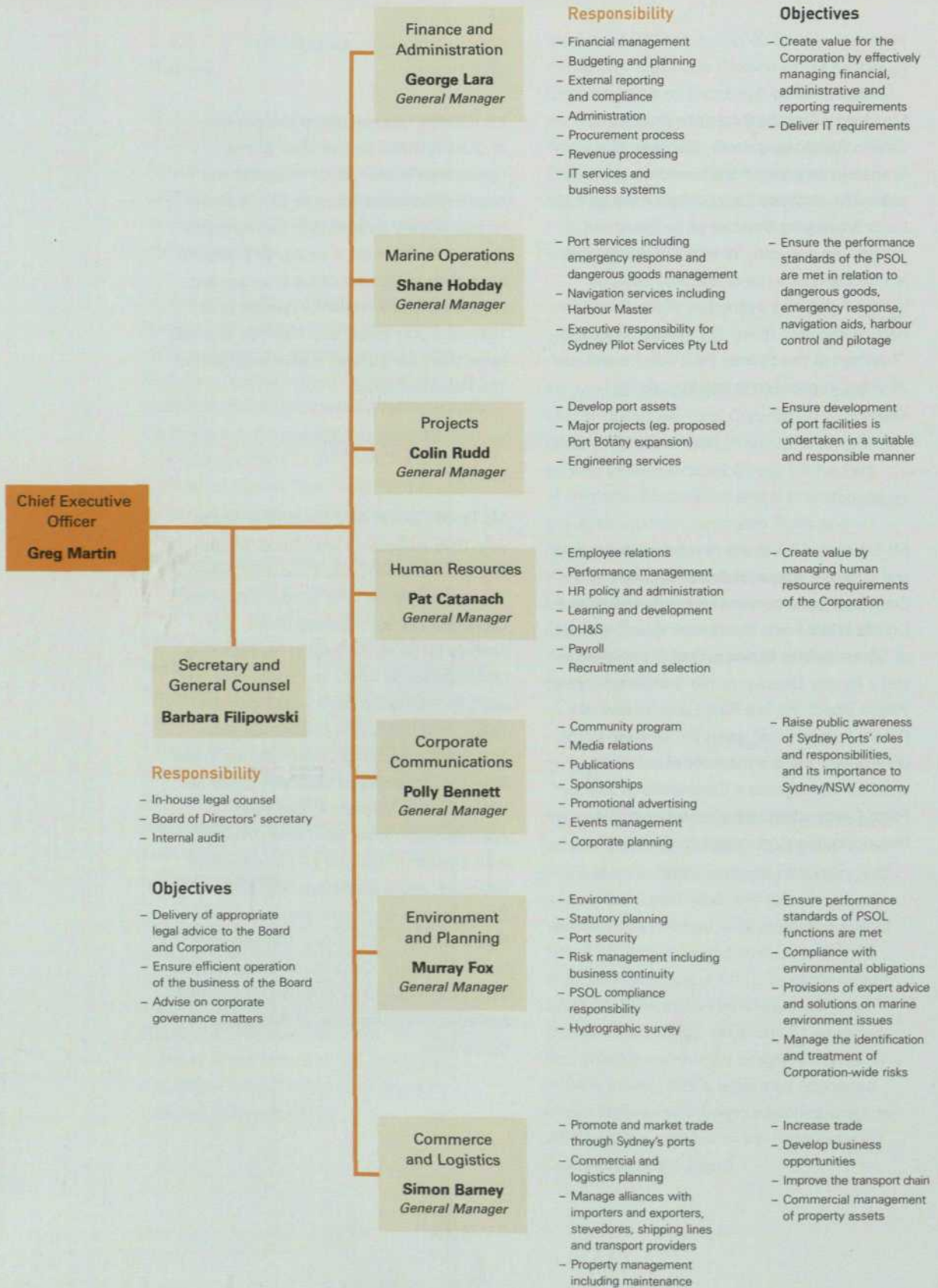
Arlene Tansey FAICD

Director

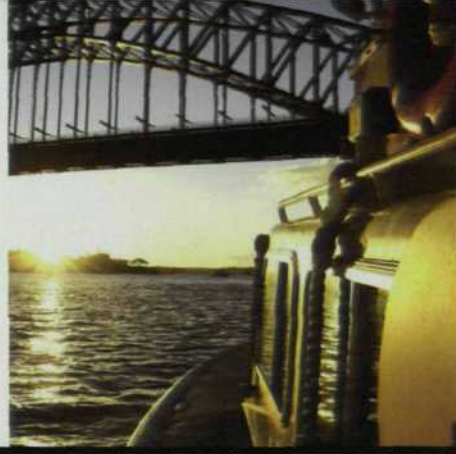
Ms Tansey joined ANZ Banking Group in July 1999 as Sector Head, Telco, Media and Entertainment, and Executive Director, Corporate Finance. She is now a Director, Corporate Portfolio Management, and handles some of the largest restructuring opportunities for ANZ. She spent over four years at Macquarie Bank working in the Project and Structured Finance Division. She holds a Doctor of Jurisprudence in law from the University of Southern California Law Center, a Masters in Business Administration from New York University, with a major in finance and international business, and a Bachelors degree in Business and is also a Director of Snowy Hydro Limited. Ms Tansey was appointed to the Sydney Ports Corporation Board in late 2002. She is the Chair of the Audit and Risk Management Committee of Sydney Ports Corporation.



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:

- S** Service to our customers through reliable, professional and courteous attention;
- E** Excellence by being progressive and encouraging alternative solutions to complex issues;
- R** Respect for the individual worth and honest contribution of all employees;
- V** Vigilance in promoting a safe environment for personnel and community;
- I** Integrity through nurturing the highest standards of conduct and ethics;
- C** Challenge barriers and impediments to progress; and
- E** 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 and port communications

Australian east coast road and rail links serving Sydney Ports



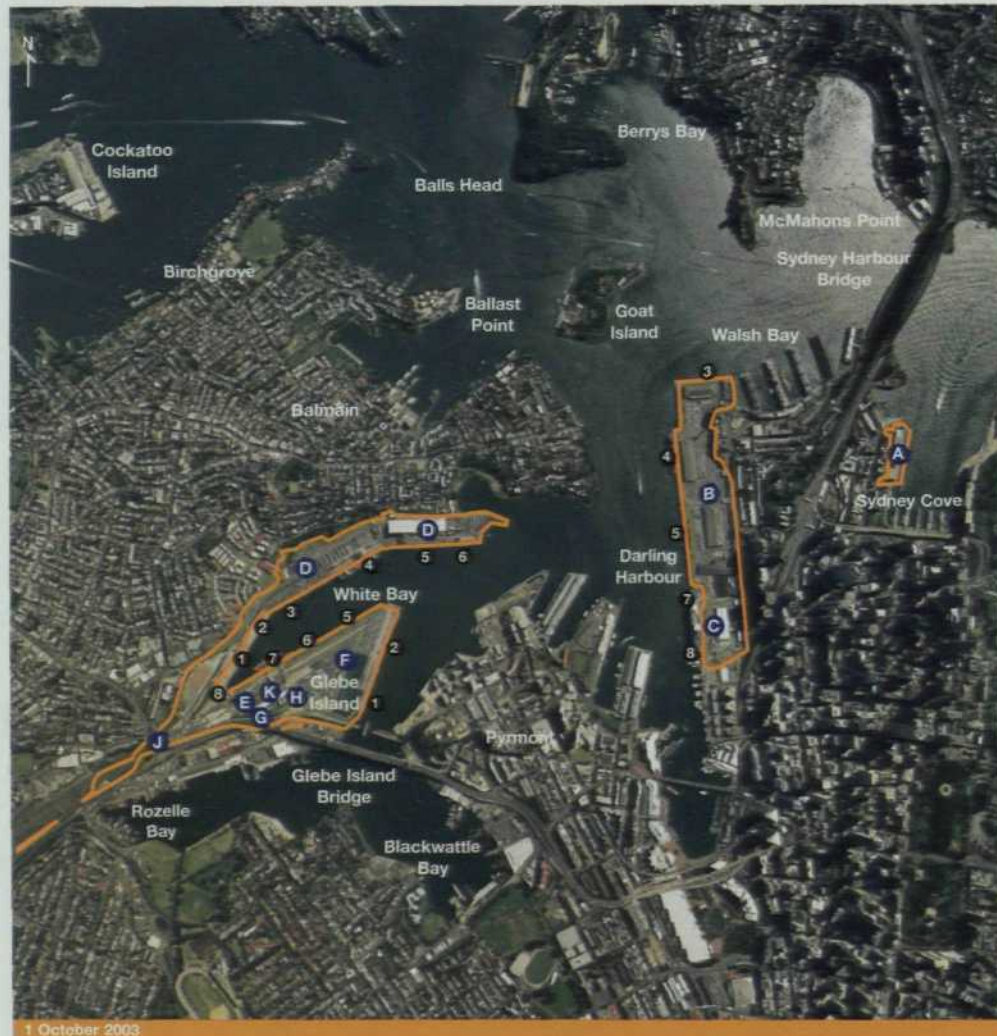
- Main Roads
- Rail lines
- ▲ Intermodal Terminals

Metropolitan road and rail links serving Sydney Ports



- Motorways
- Main roads
- Rail lines
- Dedicated rail freight line
- ▲ Intermodal Terminals
- Industrial zones
- Port facilities
- ▲ Sydney Ports Corporation proposed Enfield Intermodal Terminal
- Proposed Port Botany development area
- ⋯ Western Sydney Orbital (under construction)

Sydney Harbour port facilities



KEY

- | | |
|---|--|
| A Overseas Passenger Terminal | G Glebe Island – Cement Australia |
| B Darling Harbour – Patrick Corporation | H Glebe Island – Sugar Australia |
| C Darling Harbour – Passenger Terminal | J Glebe Island – Sydney Ports Marine Operations |
| D White Bay – P&O Ports | K Glebe Island – Gypsum Resources Australia |
| E Glebe Island – Penrice Soda Products | 1 Berth Numbers |
| F Glebe Island – Australian Automotive Terminals | ■ Sydney Ports' Property |

Port Botany port facilities

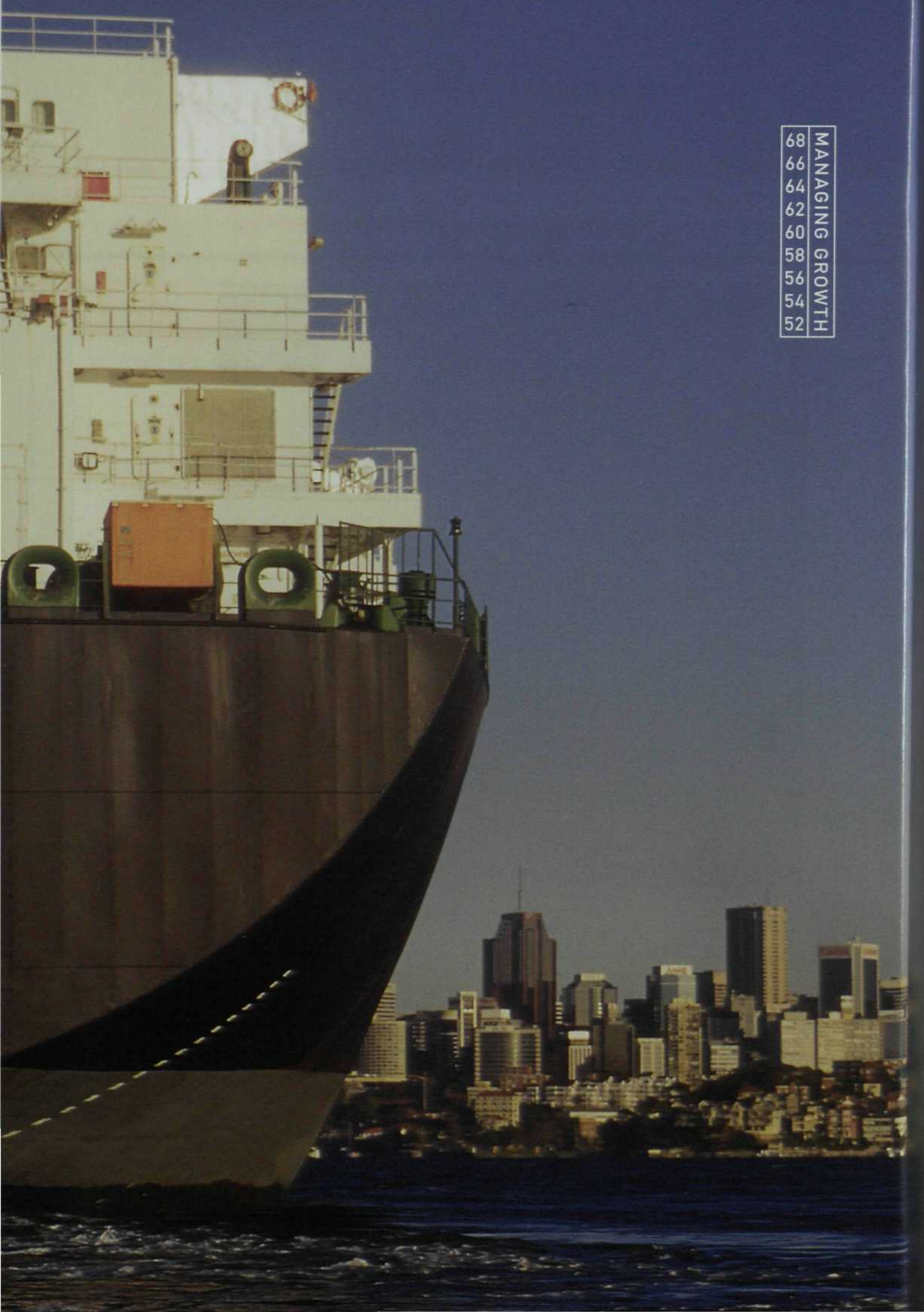


1 October 2003

KEY

- | | |
|---------------------------------------|--|
| A P&O Trans Aust. Holdings Ltd | J P&O Ports |
| B Vopak Terminals | K Patrick Corporation |
| C Orica Australia Pty Ltd | L Caltex Petroleum Pty Ltd |
| D Elgas | M Australian Customs Services |
| E Terminals Pty Ltd | N Randwick City Council |
| F Origin Energy LPG Limited | O Warehouse Solutions International Pty Ltd |
| G Patrick Port Services | 1 Berth Numbers |
| H P&O Trans Aust. Holdings Ltd | ■ Sydney Ports' Property |

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Sydney Ports Corporation

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Beginning of audited financial statements

Sydney Ports Corporation

Statement of financial performance

For the year ended 30 June 2003

| | Note | Consolidated 2003 \$000 | Corporation 2003 \$000 | Corporation 2002 \$000 |
|--|-------|-------------------------------|------------------------------|------------------------------|
| Revenue from ordinary activities | 2 | 124,664 | 119,723 | 106,354 |
| Borrowing costs expense | 3 | 13,716 | 13,716 | 12,394 |
| Other expenses from ordinary activities | 3 | 69,718 | 64,896 | 65,135 |
| Total expenditure from ordinary activities | | 83,434 | 78,612 | 77,529 |
| Profit from ordinary activities before income tax equivalent expense | | 41,230 | 41,111 | 28,825 |
| Income tax equivalent expense relating to ordinary activities | 4 (a) | 14,915 | 14,866 | 12,049 |
| Net profit attributable to members of Sydney Ports Corporation | | 26,315 | 26,245 | 16,776 |
| Net increase in asset revaluation reserve | 15 | 162,501 | 162,501 | — |
| Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity | | — | — | — |
| Total changes in equity other than those resulting from transactions with owners as owners | 15 | 188,816 | 188,746 | 16,776 |

Note: The wholly owned subsidiary, Sydney Pilot Service Pty Ltd, commenced operations on 26 October 2002.

SPS revenue from ordinary activities for this period was \$5.643 million which represented 4.5% of consolidated revenue from ordinary activities. Net profit after income tax equivalent expense was \$0.070 million.

Sydney Ports Corporation

Statement of financial position

As at 30 June 2003

| | Note | Consolidated 2003 \$000 | Corporation 2003 \$000 | Corporation 2002 \$000 |
|--------------------------------------|-------------|-------------------------------|------------------------------|------------------------------|
| Current assets | | | | |
| Cash assets | 21(a) | 2,245 | 1,677 | 1,123 |
| Receivables | 5 | 15,205 | 14,613 | 14,130 |
| Inventories | 6 | 62 | — | — |
| Other financial assets | 7 | 30,356 | 30,168 | 15,644 |
| Other | 8 | 1,361 | 1,269 | 355 |
| Total current assets | | 49,229 | 47,727 | 31,252 |
| Non-current assets | | | | |
| Receivables | 5 | 412 | 412 | 549 |
| Property, plant and equipment | 10 | 730,613 | 729,332 | 559,414 |
| Deferred tax equivalent assets | 4(c) | 5,340 | 5,131 | 4,618 |
| Other | 9 | 6,169 | 7,289 | 9,509 |
| Total non-current assets | | 742,534 | 742,164 | 574,090 |
| Total assets | | 791,763 | 789,891 | 605,342 |
| Current liabilities | | | | |
| Payables | 11 | 21,790 | 20,728 | 19,151 |
| Interest-bearing liabilities | 12 | 31,694 | 31,694 | 26,213 |
| Current tax equivalent liabilities | 4(b) and 13 | 5,152 | 4,990 | 4,449 |
| Provisions | 14 | 16,663 | 16,475 | 11,503 |
| Total current liabilities | | 75,299 | 73,887 | 61,316 |
| Non-current liabilities | | | | |
| Interest-bearing liabilities | 12 | 137,714 | 137,714 | 142,396 |
| Deferred tax equivalent liabilities | 4(d) and 13 | 4,371 | 4,364 | 3,920 |
| Provisions | 14 | 5,797 | 5,414 | 4,787 |
| Total non-current liabilities | | 147,882 | 147,492 | 151,103 |
| Total liabilities | | 223,181 | 221,379 | 212,419 |
| Net assets | | 568,582 | 568,512 | 392,923 |
| Equity | | | | |
| Contributed equity | 15 | 125,542 | 125,542 | 125,542 |
| Reserves | 15 | 342,721 | 342,721 | 180,220 |
| Retained profits | 15 | 100,319 | 100,249 | 87,161 |
| Total equity | 15 | 568,582 | 568,512 | 392,923 |

Note: The wholly owned subsidiary, Sydney Pilot Service Pty Ltd, commenced operations on 26 October 2002.

Sydney Ports Corporation

Statement of cash flows

For the year ended 30 June 2003

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| | Note | Consolidated 2003 \$000 | Corporation 2003 \$000 inflow/ (outflow) | Corporation 2002 \$000 inflow/ (outflow) |
|--|--------|-------------------------------|--|--|
| Cash flows from operating activities | | | | |
| Cash receipts in the course of operations | | 137,914 | 132,536 | 119,117 |
| Cash payments in the course of operations | | (68,725) | (63,904) | (55,179) |
| Interest received | | 1,090 | 1,070 | 958 |
| Borrowing costs | | (12,325) | (12,325) | (11,776) |
| Income tax equivalent paid | 13 | (14,394) | (14,394) | (10,885) |
| Net cash provided by operating activities | 21 (b) | 43,560 | 42,983 | 42,235 |
| Cash flows from investing activities | | | | |
| Payments for property, plant and equipment | | (19,910) | (18,969) | (48,234) |
| Proceeds from sale of property, plant and equipment | | 824 | 824 | 476 |
| Investment in subsidiary | | — | (1,120) | — |
| Net cash used in investing activities | | (19,086) | (19,265) | (47,758) |
| Cash flows from financing activities | | | | |
| Proceeds from borrowings | | — | — | 15,100 |
| Repayment of borrowings | | (100) | (100) | — |
| Dividends paid | 14 | (8,540) | (8,540) | (10,944) |
| Net cash used in financing activities | | (8,640) | (8,640) | 4,156 |
| Net increase in cash held | | 15,834 | 15,078 | (1,367) |
| Cash at the beginning of the financial year | | 16,767 | 16,767 | 18,134 |
| Cash at the end of the financial year | 21 (a) | 32,601 | 31,845 | 16,767 |

Note: The wholly owned subsidiary, Sydney Pilot Service Pty Ltd, commenced operations on 26 October 2002.

Notes to and forming part of the financial statements

Note 1 – Summary of significant accounting policies

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

(a) 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*.

In this financial report, Sydney Ports Corporation will be referred to as the 'Corporation'. Its subsidiary company Sydney Pilot Service Pty Ltd will be referred to as the 'subsidiary company' and the economic entity comprising the Corporation and its controlled entity will be collectively referred to as the 'consolidated entity'.

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 prior year comparatives, 2002, is the Corporation's results only.

The NSW Treasurer has exempted the consolidated entity 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 one controlled entity during the year ended 30 June 2003, being the Sydney Pilot Service Pty Ltd which commenced operations on 26 October 2002 as a wholly owned subsidiary. The operating results of the Sydney Pilot Service Pty Ltd have been included in the consolidated Statement of Financial Performance since this date.

(b) Principles of consolidation

The financial report of the consolidated entity includes the financial report of the Corporation, being the parent entity, and its 100% controlled entity Sydney Pilot Service Pty Ltd. The transactions and results of the controlled entity are included only from the date control commenced. The balances and effects of transactions between entities in the consolidated entity have been eliminated.

(c) 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 21 (a)).

(d) 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.

(e) Inventories

Inventories have been valued at the lower of cost and net realisable value on an item by item basis.

(f) Other financial assets (investments)

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

(g) Operating leases

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

Notes to and forming part of the financial statements

Note 1 – Summary of significant accounting policies (continued)

(h) Valuation of property, plant and equipment

Each class of physical non-current assets is revalued every five years (subject to materiality). The most recent revaluation by the Corporation was completed as at 30 June 2003 and was based on an independent assessment.

The revaluation complied with Australian Accounting Standard AASB 1041 Revaluation of Non-Current Assets as well as the Guidelines for the Valuation of Physical Non-Current Assets at Fair Value issued by NSW Treasury.

The revaluation included the following guidelines:

- No less than 95% in value of the total physical non-current assets were valued based on values at 30 June 2002.
- Assets acquired within 12 months of the revaluation date were assumed to have current values and were excluded from the revaluation process.
- Where one asset in a class is revalued, all assets in that class are revalued.
- Property, plant and equipment (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.

The State Valuation Office valued land and buildings. A quantity and construction cost consultant, MDA Australia Pty Ltd, valued roadways and wharves, jetties and breakwaters.

Based on the latest revaluation, all assets are now recorded at fair value. The assets that were not revalued due to materiality are also shown at fair value as the written down value approximates fair value.

A recoverable amount test was performed to ensure asset carrying values did not exceed recoverable amounts at 30 June 2003.

(i) Capitalisation of property, plant and equipment

Property, plant and equipment in excess of \$1,000 is capitalised where it is expected to provide future economic benefits for more

than one reporting period, with the exception of computer software which is \$300.

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.

(j) Depreciation of property, plant and equipment

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

The expected design life of new depreciable assets as at 30 June 2003 are:

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

(k) Retirement benefits (superannuation)

The consolidated entity contributes to employee superannuation funds in addition to contributions made by employees. Such contributions are paid to Pillar Administration and other employee nominated funds. The Corporation contributes to defined benefit schemes and accumulation schemes. The subsidiary company contributes to accumulation schemes only. Payments are applied towards the accruing liability for superannuation in respect of employees and are charged against revenue.

(l) 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.

Note 1 – Summary of significant accounting policies (continued)

(m) Employee benefits

Benefits for annual leave have been provided at the amount expected to be paid when the liabilities are settled. Appropriate on costs are included. Benefits for long service leave have been measured using the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds and terms to maturity that match, as closely as possible, the estimated future cash outflows. Appropriate on costs are included. The portion expected to be settled within 12 months of the reporting date is recognised as the current provision, while the portion expected to be settled more than 12 months from the reporting date is recognised as the non-current provision. 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.

(n) 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 9). 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 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 when the following criteria have been met:
 - the entity has passed control of the goods or other assets to the consolidated entity.
 - it is probable that the economic benefits comprising the consideration will flow to the consolidated entity, and
 - the amount of revenue can be measured reliably.

(o) Income tax equivalent

Income tax equivalent is required to be paid 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 under normal income tax law of the Commonwealth. The National Tax Equivalent Regime was established 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.

Notes to and forming part of the financial statements

Note 1 – Summary of significant accounting policies (continued)

(p) Dividend

The consolidated entity reviews its financial performance for the accounting period and recommends to its shareholders an appropriate dividend payment in light of the current financial position and longer term financial commitments. Under NSW Treasury's Financial Distribution Policy for Government Businesses, the Corporation prepares a Statement of Corporate Intent (SCI) which is an agreement between the relevant Minister and the Board. This agreement includes dividend targets for the year ahead and is signed before the end of the financial year to which it relates. This creates a valid expectation that a dividend will be paid. Consequently in accordance with Australian Accounting Standard AASB1044 Provisions, Contingent Liabilities and Contingent Assets and NSW Treasury's Financial Distribution Policy for Government Businesses, the dividend for the financial year is set aside as a provision in the Statement of Financial Position.

(q) Financial instruments

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

In accordance with AAS33 Presentation and Disclosure of Financial Instruments, information is disclosed in note 16 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.

(r) 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.

(s) 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).

Note 2 – Revenue from ordinary activities

| | Consolidated 2003 \$000 | Corporation 2003 \$000 | Corporation 2002 \$000 |
|--|-------------------------------|------------------------------|------------------------------|
| Revenue from operating activities | | | |
| Port revenue | 85,016 | 79,934 | 73,033 |
| Rental revenue | 28,878 | 29,028 | 25,194 |
| | 113,894 | 108,962 | 98,227 |
| Other revenue | | | |
| Interest received | 1,092 | 1,070 | 954 |
| Net gain on sale of property, plant and equipment | 3 | 3 | — |
| Asset contributions | 70 | 70 | 146 |
| Land tax recovered | 4,393 | 4,393 | 3,742 |
| Other recoveries | 3,354 | 3,456 | 1,866 |
| Miscellaneous sources | 1,858 | 1,769 | 1,419 |
| | 10,770 | 10,761 | 8,127 |
| Total revenue from ordinary activities | 124,664 | 119,723 | 106,354 |

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

Notes to and forming part of the financial statements

Note 3 – Expenditure from ordinary activities

| | Note | Consolidated 2003 \$000 | Corporation 2003 \$000 | Corporation 2002 \$000 |
|--|---------------|-------------------------------|------------------------------|------------------------------|
| Salaries and wages | | 18,216 | 15,170 | 14,058 |
| Employee benefits expense | | | | |
| Annual leave | 14 | 1,907 | 1,569 | 1,312 |
| Long service leave | 14 | 1,327 | 1,220 | 685 |
| Retirement benefits (superannuation) – defined benefit | 9 | 3,340 | 3,340 | 6,545 |
| Retirement benefits (superannuation) – accumulation | | 527 | 387 | 293 |
| Other expenses from ordinary activities | | | | |
| Service contractors | | 8,729 | 8,464 | 11,526 |
| Utilities and communications | | 1,585 | 1,571 | 2,111 |
| Indirect taxes | | 7,629 | 7,438 | 6,074 |
| Depreciation | 10 | 12,326 | 12,286 | 11,403 |
| Doubtful debts | 5 (b) and (c) | (24) | (36) | 115 |
| Auditors' remuneration from review of the financial reports | | 122 | 107 | 102 |
| Directors' remuneration | 23 | 255 | 237 | 254 |
| Consultants' fees | | 93 | 93 | 45 |
| Rental on operating leases | | 1,882 | 1,809 | 1,697 |
| Net loss on sale of property, plant and equipment | | – | – | 4 |
| Insurance | | 2,059 | 1,888 | 1,134 |
| Materials | | 1,427 | 1,179 | 1,050 |
| Other operations and services | | 8,318 | 8,174 | 6,727 |
| Other expenses from ordinary activities | | 69,718 | 64,896 | 65,135 |
| Borrowing costs expense | | 13,716 | 13,716 | 12,394 |
| Total expenditure from ordinary activities | | 83,434 | 78,612 | 77,529 |

Note 4 – Taxation

| | Consolidated 2003 \$000 | Corporation 2003 \$000 | Corporation 2002 \$000 |
|---|-------------------------------|------------------------------|------------------------------|
| (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 | 41,230 | 41,111 | 28,825 |
| Prima facie tax thereon at 30% | 12,369 | 12,333 | 8,648 |
| Add/(less) tax effect of permanent and other differences: | | | |
| Entertainment expenses | 49 | 49 | 25 |
| Depreciation not deductible | 1,535 | 1,535 | 1,530 |
| Superannuation not deductible | 1,002 | 1,002 | 1,964 |
| Other | (40) | (53) | (118) |
| Total income tax equivalent attributable to operating profit | 14,915 | 14,866 | 12,049 |
| Total income tax equivalent comprises movements in: | | | |
| Current tax equivalent liabilities | 15,097 | 14,935 | 13,106 |
| Deferred tax equivalent liabilities | 451 | 444 | 152 |
| Deferred tax equivalent assets | (722) | (513) | (1,209) |
| Deferred tax equivalent assets generated on acquisition | 89 | — | — |
| | 14,915 | 14,866 | 12,049 |

Notes to and forming part of the financial statements

Note 4 – Taxation (continued)

| | Note | Consolidated 2003 \$000 | Corporation 2003 \$000 | Corporation 2002 \$000 |
|--|------|-------------------------------|------------------------------|------------------------------|
| (b) Current tax equivalent liabilities | | | | |
| Opening balance | | 4,449 | 4,449 | 2,228 |
| Income tax equivalent paid | | (14,394) | (14,394) | (10,885) |
| Over provision for income tax equivalent in prior years | | (76) | (76) | (1,080) |
| Income tax equivalent payable on operating profit | | 15,173 | 15,011 | 14,186 |
| Closing balance | 13 | 5,152 | 4,990 | 4,449 |
| (c) Deferred tax equivalent assets | | | | |
| Attributable to timing differences: | | | | |
| Provisions for employee entitlements | | 2,646 | 2,619 | 2,326 |
| Accrued expenditure | | 1,577 | 1,492 | 1,245 |
| Other | | 1,117 | 1,020 | 1,047 |
| | | 5,340 | 5,131 | 4,618 |
| (d) Deferred tax equivalent liabilities | | | | |
| Attributable to timing differences: | | | | |
| Depreciation | | 3,800 | 3,800 | 3,406 |
| Income receivable | | 523 | 516 | 472 |
| Prepaid expenditure | | 48 | 48 | 42 |
| | 13 | 4,371 | 4,364 | 3,920 |

Note 5 – Receivables

| | Consolidated 2003 \$000 | Corporation 2003 \$000 | Corporation 2002 \$000 |
|--|-------------------------------|------------------------------|------------------------------|
| Current | | | |
| Trade debtors | 6,575 | 5,987 | 4,786 |
| Other debtors | 4,444 | 4,476 | 7,885 |
| Accrued income (a) | 4,392 | 4,344 | 1,700 |
| | 15,411 | 14,807 | 14,371 |
| Less: Provision for doubtful debts (b) | (206) | (194) | (241) |
| | 15,205 | 14,613 | 14,130 |
| Non-current | | | |
| Trade debtors | 420 | 420 | 560 |
| Less: Provision for doubtful debts (c) | (8) | (8) | (11) |
| | 412 | 412 | 549 |

Based on a review of debtors an appropriate provision is carried for doubtful debts.

(a) Accrued income comprises

| | | | |
|-----------------------------|--------------|--------------|-------|
| Operating income | 4,390 | 4,344 | 1,700 |
| Bank interest | 2 | — | — |
| Total accrued income | 4,392 | 4,344 | 1,700 |

(b) Provision for doubtful debts – Current

| | | | |
|-----------------------------|------------|------------|------|
| Opening balance | 241 | 241 | 140 |
| Add: Current year's charge | (21) | (33) | 118 |
| | 220 | 208 | 258 |
| Less: Bad debts written off | (14) | (14) | (17) |
| Closing balance | 206 | 194 | 241 |

(c) Provision for doubtful debts – Non-current

| | | | |
|-----------------------------|----------|----------|-----|
| Opening balance | 11 | 11 | 14 |
| Add: Current year's charge | (3) | (3) | (3) |
| | 8 | 8 | 11 |
| Less: Bad debts written off | — | — | — |
| Closing balance | 8 | 8 | 11 |

Notes to and forming part of the financial statements

Note 6 – Inventories

| | Consolidated 2003 \$000 | Corporation 2003 \$000 | Corporation 2002 \$000 |
|---------------------------|-------------------------------|------------------------------|------------------------------|
| Stores and materials: | | | |
| – at cost | 62 | – | – |
| – at net realisable value | – | – | – |
| | 62 | – | – |

Inventory is classified as current as all items are expected to be consumed in the next financial year

Note 7 – Other financial assets

| | Consolidated 2003 Net Fair Value \$000 | Corporation 2003 Net Fair Value \$000 | Corporation 2002 Net Fair Value \$000 |
|--|--|---|---|
| The consolidated entity has investments in NSW Treasury Corporation's (TCorp) Hour-Glass Investment facilities. 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 investments are: | | | |
| Cash Facility Trust | 22,518 | 22,330 | 4,109 |
| Cash Plus Facility Trust | 7,838 | 7,838 | 11,535 |
| | 30,356 | 30,168 | 15,644 |

The consolidated entity has investments in NSW Treasury Corporation's (TCorp) Hour-Glass Investment facilities. 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 investments are:

| | | | |
|--------------------------|---------------|---------------|---------------|
| Cash Facility Trust | 22,518 | 22,330 | 4,109 |
| Cash Plus Facility Trust | 7,838 | 7,838 | 11,535 |
| | 30,356 | 30,168 | 15,644 |

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 share of the value of the underlying assets of the facility and is stated at net fair value.

Note 8 – Other current assets

| | Consolidated 2003 \$000 | Corporation 2003 \$000 | Corporation 2002 \$000 |
|-----------------------------------|-------------------------------|------------------------------|------------------------------|
| Prepayments | | | |
| Operating expenditure prepayments | 1,361 | 1,269 | 355 |
| | 1,361 | 1,269 | 355 |

Note 9 – Other non-current assets

| | Consolidated 2003 \$000 | Corporation 2003 \$000 | Corporation 2002 \$000 |
|--------------------------------------|-------------------------------|------------------------------|------------------------------|
| Retirement benefits (superannuation) | 6,169 | 6,169 | 9,509 |
| Investment in subsidiary company | — | 1,120 | — |
| | 6,169 | 7,289 | 9,509 |

Retirement benefits (superannuation)

As at 30 June 2003, the Corporation's superannuation position for defined benefit schemes is:

| | 2003 Total liability \$000 | 2003 Total funding \$000 | 2003 Net asset \$000 | 2002 Total liability \$000 | 2002 Total funding \$000 | 2002 Net asset \$000 |
|---|-------------------------------------|-----------------------------------|-------------------------------|-------------------------------------|-----------------------------------|-------------------------------|
| State Superannuation Scheme | 25,505 | 30,259 | 4,754 | 23,833 | 30,745 | 6,912 |
| State Authorities Superannuation Scheme | 7,272 | 8,359 | 1,087 | 6,608 | 8,525 | 1,917 |
| State Authorities Non-Contributory Superannuation Scheme | 2,463 | 2,791 | 328 | 2,344 | 3,024 | 680 |
| | 35,240 | 41,409 | 6,169 | 32,785 | 42,294 | 9,509 |

The 30 June 2003 superannuation liability assessment was undertaken by the SAS Trustee Corporation's (STC) actuary (Mercer) and is based on membership databases as at 31 March 2003 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:

| | 2003/2004 % | 2004/2005 % | 2005/2006 and thereafter % |
|---------------------------|----------------|----------------|----------------------------------|
| Rate of investment return | 7.0 | 7.0 | 7.0 |
| Rate of salary increase | 4.0 | 4.0 | 4.0 |
| Rate of increase in CPI | 2.5 | 2.5 | 2.5 |

The STC approved a contribution holiday 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 overfunded position. The contribution holiday is effective until 30 June 2003. An application has been made for a continuance of the funding holiday to 30 June 2004. The funding holiday does not apply to certain employees.

Notes to and forming part of the financial statements

Note 10 – Property, plant and equipment

| | Consolidated 2003 \$000 | Corporation 2003 \$000 | Corporation 2002 \$000 |
|--|-------------------------------|------------------------------|------------------------------|
| Carrying amounts | | | |
| Land and buildings (at fair value) | 505,727 | 505,727 | 365,642 |
| Less: Accumulated depreciation | (4) | (4) | (7,516) |
| | 505,723 | 505,723 | 358,126 |
| Roadways (at fair value) | 6,191 | 6,191 | 8,495 |
| Less: Accumulated depreciation | (70) | (70) | (2,355) |
| | 6,121 | 6,121 | 6,140 |
| Wharves, jetties and breakwaters (at fair value) | 180,681 | 180,681 | 192,585 |
| Less: Accumulated depreciation | — | — | (23,396) |
| | 180,681 | 180,681 | 169,189 |
| Plant (at fair value) | 31,873 | 31,102 | 26,905 |
| Less: Accumulated depreciation | (12,317) | (12,277) | (9,498) |
| | 19,556 | 18,825 | 17,407 |
| Construction in progress | 18,532 | 17,982 | 8,552 |
| Total property, plant and equipment | 730,613 | 729,332 | 559,414 |

| | Land and buildings \$000 | Roadways \$000 | Wharves, jetties and breakwaters \$000 | Plant \$000 | 2003 Total \$000 |
|---|-----------------------------------|-------------------|---|----------------|------------------------|
| Movement in property, plant and equipment – Consolidated | | | | | |
| Opening balance | 358,126 | 6,140 | 169,189 | 17,407 | 550,862 |
| Add: Revaluation | 146,750 | 607 | 15,144 | — | 162,501 |
| Acquisitions | — | — | — | — | — |
| From construction in progress | 5,337 | 45 | 2,422 | 5,433 | 13,237 |
| | 510,213 | 6,792 | 186,755 | 22,840 | 726,600 |
| Less: Depreciation charge | (2,483) | (671) | (6,043) | (3,129) | (12,326) |
| Disposals | (398) | — | — | (423) | (821) |
| Write offs | (1,359) | — | — | (13) | (1,372) |
| Transfers | (250) | — | (31) | 281 | — |
| Closing balance | 505,723 | 6,121 | 180,681 | 19,556 | 712,081 |

Note 10 – Property, plant and equipment (continued)

| | Land and buildings \$000 | Roadways \$000 | Wharves, jetties and breakwaters \$000 | Plant \$000 | 2003 Total \$000 |
|--|-----------------------------------|-------------------|---|----------------|------------------------|
| Movement in property, plant and equipment – Corporation | | | | | |
| Opening balance | 358,126 | 6,140 | 169,189 | 17,407 | 550,862 |
| Add: Revaluation | 146,750 | 607 | 15,144 | — | 162,501 |
| Acquisitions | — | — | — | — | — |
| From construction in progress | 5,337 | 45 | 2,422 | 4,662 | 12,466 |
| | 510,213 | 6,792 | 186,755 | 22,069 | 725,829 |
| Less: Depreciation charge | (2,483) | (671) | (6,043) | (3,089) | (12,286) |
| Disposals | (398) | — | — | (423) | (821) |
| Write offs | (1,359) | — | — | (13) | (1,372) |
| Transfers | (250) | — | (31) | 281 | — |
| Closing balance | 505,723 | 6,121 | 180,681 | 18,825 | 711,350 |

The revaluation of property, plant and equipment carried out during the year resulted in an asset revaluation reserve increment of \$162.5 million. Land accounted for \$139.5 million of this increment which is consistent with the increase in commercial property values in the Sydney area.

| | Consolidated 2003 \$000 | Corporation 2003 \$000 |
|---|-------------------------------|------------------------------|
| Movement in construction in progress | | |
| Opening balance | 8,552 | 8,552 |
| Add: Acquisitions | 23,217 | 21,896 |
| | 31,769 | 30,448 |
| Less: To property, plant and equipment | (13,237) | (12,466) |
| Closing balance | 18,532 | 17,982 |

Notes to and forming part of the financial statements

Note 10 – Property, plant and equipment (continued)

| | Consolidated 2003 \$000 | Corporation 2003 \$000 | Corporation 2002 \$000 |
|---|-------------------------------|------------------------------|------------------------------|
| Sale of property, plant and equipment | | | |
| Property, plant and equipment | 1,025 | 1,025 | 662 |
| Less: Accumulated depreciation | (204) | (204) | (182) |
| | 821 | 821 | 480 |
| Less: Proceeds from sale | (824) | (824) | (476) |
| Net loss/(profit) on sale | (3) | (3) | 4 |
| Assets leased to external parties under operating leases | | | |
| Land and buildings | 322,021 | 322,021 | 198,222 |
| Less: Accumulated depreciation | — | — | (4,198) |
| Wharves, jetties and breakwaters | 69,246 | 69,246 | 72,315 |
| Less: Accumulated depreciation | — | — | (14,152) |
| Plant | 772 | 772 | 772 |
| Less: Accumulated depreciation | (350) | (350) | (297) |
| Total carrying value of leased assets | 391,689 | 391,689 | 252,662 |

Note 11 – Payables

| | Consolidated 2003 \$000 | Corporation 2003 \$000 | Corporation 2002 \$000 |
|----------------------------|-------------------------------|------------------------------|------------------------------|
| Current | | | |
| Trade creditors | 169 | 154 | 488 |
| Other creditors | 16,490 | 15,443 | 15,921 |
| Income received in advance | 5,131 | 5,131 | 2,742 |
| | 21,790 | 20,728 | 19,151 |

Note 12 – Interest-bearing liabilities

| | Consolidated 2003 \$000 | Corporation 2003 \$000 | Corporation 2002 \$000 |
|---|-------------------------------|------------------------------|------------------------------|
| Current | | | |
| Unsecured loans from NSW Treasury Corporation | 31,694 | 31,694 | 26,213 |
| Non-current | | | |
| Unsecured loans from NSW Treasury Corporation | 137,714 | 137,714 | 142,396 |
| Total interest-bearing liabilities | 169,408 | 169,408 | 168,609 |

Repayment of these loans is guaranteed by the Crown

Amount payable in respect of interest-bearing liabilities:

| | 2003 \$000 | 2003 \$000 | 2002 \$000 |
|---|----------------|----------------|---------------|
| Payable no later than one year | 31,694 | 31,694 | 26,213 |
| Payable later than one, not later than five years | 73,214 | 73,214 | 59,120 |
| Payable later than five years | 64,500 | 64,500 | 83,276 |
| Total interest-bearing liabilities | 169,408 | 169,408 | 168,609 |

The Corporation received Executive Council approval on 12 December 2001 to raise additional borrowings of \$40 million under the *Public Authorities (Financial Arrangements) Act 1987* for the purpose of acquiring capital acquisitions. As at 30 June 2003, \$15 million of the \$40 million had been drawn down.

Note 13 – Tax equivalent liabilities

| Note | Consolidated 2003 \$000 | Corporation 2003 \$000 | Corporation 2002 \$000 |
|-------------------------------------|-------------------------------|------------------------------|------------------------------|
| Current | | | |
| Current tax equivalent liabilities | 4(b) 5,152 | 4,990 | 4,449 |
| Non-current | | | |
| Deferred tax equivalent liabilities | 4(d) 4,371 | 4,364 | 3,920 |

| Movement in tax liabilities (Consolidated) | Balance 30 June 2002 \$000 | Current change to revenue \$000 | Payments \$000 | Balance 30 June 2003 \$000 |
|---|-------------------------------------|--|-------------------|-------------------------------------|
| Current | | | | |
| Current tax equivalent liabilities | 4,449 | 15,097 | (14,394) | 5,152 |
| Non-current | | | | |
| Deferred tax equivalent liabilities | 3,920 | 451 | — | 4,371 |

Notes to and forming part of the financial statements

Note 14 – Provisions

| | Note | Consolidated 2003 \$000 | Corporation 2003 \$000 | Corporation 2002 \$000 |
|---------------------------------------|------|-------------------------------|------------------------------|------------------------------|
| Current | | | | |
| Dividend | 15 | 13,157 | 13,157 | 8,540 |
| Employee benefits, including on costs | | 3,506 | 3,318 | 2,963 |
| | | 16,663 | 16,475 | 11,503 |
| Non-current | | | | |
| Employee benefits, including on costs | | 5,797 | 5,414 | 4,787 |
| | | 5,797 | 5,414 | 4,787 |

| Movement in provisions (Consolidated) | Balance 30 June 2002 \$000 | Current change to revenue \$000 | Payments \$000 | Other transfers \$000 | Balance 30 June 2003 \$000 |
|--|-------------------------------------|--|-------------------|-----------------------------|-------------------------------------|
| Current | | | | | |
| Dividend | 8,540 | 13,157 | (8,540) | — | 13,157 |
| Employee benefits, including on costs: | | | | | |
| Annual leave | 2,343 | 1,907 | (1,662) | 6 | 2,594 |
| Long service leave | 620 | 611 | (581) | — | 650 |
| Voluntary separations | — | 361 | (281) | 182 | 262 |
| | 11,503 | 16,036 | (11,064) | 188 | 16,663 |
| Non-current | | | | | |
| Employee benefits, including on costs: | | | | | |
| Long service leave | 4,787 | 716 | — | 294 | 5,797 |
| | 4,787 | 716 | — | 294 | 5,797 |

'Other transfers' refer to the liability recognised on the establishment of the subsidiary company.

Note 15 – 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 J Della Bosca, MLC.

| | Note | Consolidated 2003 \$000 | Corporation 2003 \$000 | Corporation 2002 \$000 |
|--|------|-------------------------------|------------------------------|------------------------------|
| Equity | | | | |
| Contributed equity | | 125,542 | 125,542 | 125,542 |
| Reserves | | 342,721 | 342,721 | 180,220 |
| Retained profits | | 100,319 | 100,249 | 87,161 |
| Total equity at the end of the financial year | | 568,582 | 568,512 | 392,923 |
| Movement in contributed equity | | | | |
| Opening balance | | 125,542 | 125,542 | 125,542 |
| Add/less movement | | — | — | — |
| Closing balance | | 125,542 | 125,542 | 125,542 |
| Movement in asset revaluation reserve | | | | |
| Opening balance | | 180,220 | 180,220 | 180,220 |
| Add revaluation | | 162,501 | 162,501 | — |
| Closing balance | | 342,721 | 342,721 | 180,220 |
| Movement in retained profits | | | | |
| Opening balance | | 87,161 | 87,161 | 78,925 |
| Add net profit | | 26,315 | 26,245 | 16,776 |
| | | 113,476 | 113,406 | 95,701 |
| Less dividends provided for or paid | 14 | (13,157) | (13,157) | (8,540) |
| Closing balance | | 100,319 | 100,249 | 87,161 |

Notes to and forming part of the financial statements

Note 16 – Financial instruments

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. The consolidated entity'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:

| 2003 | Fixed Interest rate maturing in: | | | | | Total carrying amount as per the statement of financial position \$000 | Weighted average effective interest rate* |
|---|----------------------------------|------------------------|----------------|-------------------|-------------------|--|---|
| | Financial instruments | Floating interest rate | 1 year or less | Over 1 to 5 years | More than 5 years | | |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | % |
| Financial assets | | | | | | | |
| Cash | 2,243 | — | — | — | 2 | 2,245 | 4.20% |
| Receivables | 1,312 | — | — | — | 12,994 | 14,306 | 3.51% |
| Investments | 30,356 | — | — | — | — | 30,356 | 4.85% |
| Total financial assets | 33,911 | — | — | — | 12,996 | 46,907 | |
| Financial liabilities | | | | | | | |
| Payables | — | — | — | — | 14,622 | 14,622 | n/a |
| Interest-bearing liabilities | 2,744 | 28,950 | 73,214 | 64,500 | — | 169,408 | 7.48% |
| Total financial liabilities | 2,744 | 28,950 | 73,214 | 64,500 | 14,622 | 184,030 | |
| Off balance sheet financial instruments | | | | | | | |
| Derivative financial instruments – receivable** | — | — | (400) | (1,200) | — | — | |
| Interest rate swaps nominal value | — | 2,100 | — | — | — | — | |

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

** Notional principal amounts for futures contracts.

Note 16 – Financial instruments (continued)

| 2002 | Fixed Interest rate maturing in: | | | | | Total carrying amount as per the statement of financial position \$000 | Weighted average effective interest rate* |
|---|----------------------------------|----------------|-------------------|-------------------|----------------------|--|---|
| | Floating interest rate | 1 year or less | Over 1 to 5 years | More than 5 years | Non-interest bearing | | |
| Financial instruments | \$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 | — | — | — | — | |

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

** Notional principal amounts for futures contracts.

Notes to and forming part of the financial statements

Note 16 – Financial instruments (continued)

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. The 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. Pilotage debtors are due within 21 days of invoice date. Miscellaneous debtors are due within 7 days of invoice date. Lease rental payments 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.

Credit risk by classification of counter party:

| | Governments | | Banks | | Other | | Total | |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2003 \$000 | 2002 \$000 | 2003 \$000 | 2002 \$000 | 2003 \$000 | 2002 \$000 | 2003 \$000 | 2002 \$000 |
| Financial assets | | | | | | | | |
| Cash | 421 | 230 | 1,824 | 893 | — | — | 2,245 | 1,123 |
| Receivables | 219 | 257 | 2 | — | 14,085 | 13,551 | 14,306 | 13,808 |
| Investments | 30,356 | 15,644 | — | — | — | — | 30,356 | 15,644 |
| Total financial assets | 30,996 | 16,131 | 1,826 | 893 | 14,085 | 13,551 | 46,907 | 30,575 |

The only significant concentration of credit risk arises in respect of investments with NSW TCorp, being 65% of total financial assets (51% at 30 June 2002). The largest single debtor included in receivables totals \$0.440 million and is 1% of total financial assets (6% at 30 June 2002).

Net fair value

As stated in Note 1(q), 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 | |
|------------------------------------|--|----------------|-----------------------------|----------------|
| | 2003 \$000 | 2002 \$000 | 2003 \$000 | 2002 \$000 |
| Financial assets | | | | |
| Cash | 2,245 | 1,123 | 2,245 | 1,123 |
| Receivables | 14,306 | 13,808 | 14,306 | 13,808 |
| Investments | 30,356 | 15,644 | 30,356 | 15,644 |
| Total financial assets | 46,907 | 30,575 | 46,907 | 30,575 |
| Financial liabilities | | | | |
| Creditors | 14,622 | 13,409 | 14,622 | 13,409 |
| Interest-bearing liabilities | 169,408 | 168,609 | 185,622 | 178,708 |
| Total financial liabilities | 184,030 | 182,018 | 200,244 | 192,117 |

Note 16 – Financial instruments (continued)

Derivative financial instruments

The nature of the consolidated entity's business gives rise to gaps in maturity of its cash flows and to exposures arising from possible changes in the re-pricing of financial positions upon their maturity.

These risks have been identified that arise from such gaps and exposures and policies have been established to prudentially monitor and limit those risks. In managing such risks derivative financial instruments have been used. These instruments are managed by NSW Treasury Corporation.

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.

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

Net exposure

The market value of transactions in derivative financial instruments outstanding at year end is as follows:

| | Consolidated 2003 \$000 | Corporation 2003 \$000 | Corporation 2002 \$000 |
|---|-------------------------------|------------------------------|------------------------------|
| Derivative financial instruments (payable) /receivable | | | |
| Exchange traded futures (mark to market) | 59 | 59 | 78 |

Note 17 – Capital expenditure commitments

Forward obligations under major contracts committed as at 30 June 2003 but not otherwise brought to account have been assessed at \$0.781 million including GST (\$0.703 million including GST as at 30 June 2002). The \$0.781 million includes input tax credits of \$0.071 million 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 | — | — | — |
| Roadways | — | — | — |
| Wharves, jetties and breakwaters | 542 | — | — |
| Plant | 239 | — | — |
| Total including GST | 781 | — | — |

Notes to and forming part of the financial statements

Note 18 – Operating lease commitments

| | Consolidated 2003 \$000 | Corporation 2003 \$000 | Corporation 2002 \$000 |
|--|-------------------------------|------------------------------|------------------------------|
| 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 | 1,473 | 1,470 | 1,735 |
| Later than one and not later than five years | 5,288 | 5,281 | 660 |
| Later than five years | 407 | 407 | — |
| Total including GST | 7,168 | 7,158 | 2,395 |

The above total includes input tax credits of \$0.631 million that are expected to be recoverable from the Australian Taxation Office. The expenditure commitments relate to rent, computers and office equipment.

| | Consolidated 2003 \$000 | Corporation 2003 \$000 | Corporation 2002 \$000 |
|---|-------------------------------|------------------------------|------------------------------|
| 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 | 25,219 | 25,219 | 25,669 |
| Later than one and not later than five years | 74,025 | 74,025 | 55,192 |
| Later than five years | 155,598 | 155,598 | 101,427 |
| Total including GST | 254,842 | 254,842 | 182,288 |

The above includes GST output tax of \$23.167 million 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.

Note 19 – Contingent liabilities and contingent assets

The estimated value of liability claims against the consolidated entity, as at 30 June 2003, is \$0.430 million (\$0.105 million as at 30 June 2002). The estimated recovery of these claims (contingent asset) is \$0.430 million (nil as at 30 June 2002). It is anticipated that negotiated solutions will be possible in respect of these claims.

Note 20 – Consultancy fees

Total fees paid and payable to consultants engaged in capital and operating projects during 2002/2003 amounted to \$0.093 million (\$0.045 million in 2001/2002).

Note 21 – 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 2003 as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

| | Consolidated 2003 \$000 | Corporation 2003 \$000 | Corporation 2002 \$000 |
|--|-------------------------------|------------------------------|------------------------------|
| Cash assets | 2,245 | 1,677 | 1,123 |
| Other financial assets (current investments) | 30,356 | 30,168 | 15,644 |
| Cash at the end of the financial year | 32,601 | 31,845 | 16,767 |

(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 | 26,315 | 26,245 | 16,776 |
| Depreciation | 12,326 | 12,286 | 11,403 |
| Amortisation of discount on interest-bearing liabilities | 874 | 874 | 975 |
| Net loss/(profit) on sale of interest-bearing liabilities | 25 | 25 | — |
| Net loss/(profit) on sale of non-current assets | (3) | (3) | 4 |
| Assets written off | 1,372 | 1,372 | 30 |
| | 40,909 | 40,799 | 29,188 |
| Net movement in assets and liabilities applicable to operating activities | | | |
| (Increase)/decrease in receivables | (497) | 41 | 605 |
| (Increase)/decrease in inventories | (62) | — | — |
| (Increase)/decrease in other assets | 1,612 | 1,913 | 6,098 |
| (Decrease)/increase in payables | (1,109) | (1,737) | 4,267 |
| (Decrease)/increase in provisions | 2,707 | 1,967 | 2,077 |
| Net cash provided by operating activities | 43,560 | 42,983 | 42,235 |

The Corporation has the following credit facilities in place at 30 June 2003:

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

Notes to and forming part of the financial statements

Note 22 – Controlled entity

The consolidated financial statements at 30 June 2003 include the following controlled entity. The financial years for the controlled entity are the same as that of the parent entity.

| Name of controlled entity | Notes | Place of incorporation | Percentage of shares held at 30 June 2003 |
|------------------------------|-------|------------------------|---|
| Sydney Pilot Service Pty Ltd | (a) | Australia | 100 |

(a) Sydney Pilot Service Pty Ltd commenced operations on 26 October 2002 as a wholly owned subsidiary to carry out pilotage services in Sydney Harbour and Botany Bay.

Note 23 – 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.

Directors' remuneration of the Corporation for 2002/2003 was \$0.237 million (\$0.254 million in 2001/2002). Directors' remuneration of the subsidiary company for 2002/2003 was \$0.018 million (not applicable in 2001/2002). Three Directors of the Corporation were also Directors of the subsidiary company.

During the year no loans were made to Directors.

Note 24 – Related party transactions

Wholly owned group

As mentioned in Note 1(a) and Note 22, the Corporation established a wholly owned subsidiary, Sydney Pilot Service Pty Ltd, which commenced operations on 26 October 2002 to carry out pilotage services in Sydney Harbour and Botany Bay. An injection of capital was made of \$1.120 million in order to purchase assets and fund working capital of the subsidiary. Thirty eight employees were employed by the subsidiary company.

Other transactions

During the financial year a number of transactions occurred between the Corporation and the subsidiary company. Expenditure paid by the Corporation on behalf of the subsidiary company was recovered at cost. Management, accounting, human resources, information technology and other services were provided to the subsidiary company by way of a management fee.

Directors

Details of Directors' remuneration are set out in Note 23. No transactions occurred between the consolidated entity and Director related entities. Three Directors of the Corporation were also Directors of the subsidiary company.

Note 25 – Events occurring after reporting date

On 7 October 2003 the NSW Government announced that container trade currently being handled in Sydney Harbour will be encouraged to relocate to Port Kembla. At this time it is not possible to quantify or value the longer term effects of this announcement, including the effect on the valuation of the Corporation's Sydney Harbour property.

Note 26 – Segment reporting

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

Business segments: The consolidated entity operates in 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 consolidated entity operates in the single geographical location of NSW.

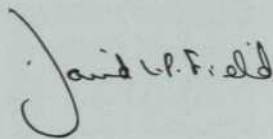
End of audited financial statements

Directors' statement

In the opinion of the Directors of Sydney Ports Corporation, the Financial Statements and Notes:

- 1 Exhibit a true and fair view of the financial position of the Corporation and the consolidated entity as at 30 June 2003 and of their performance, as represented by the results of their operations and their cash flows for the year ended on that date;
- 2 Comply with applicable Accounting Standards, Urgent Issues Group Consensus Views and other mandatory and statutory reporting requirements including Part 3 of the *Public Finance and Audit Act 1983* and the associated requirements of the *Public Finance and Audit Regulation 2000*.
- 3 There are reasonable grounds to believe that the Corporation will be able to pay their debts as and when they become due and payable.
- 4 We are not aware of any circumstances at the date of this declaration that would render any particulars included in the Financial Statements to be misleading or inaccurate.

Signed in accordance with a resolution of the Directors.



D L P Field
Chairman

Date: 20 October 2003



G J Martin
Chief Executive Officer

Date: 20 October 2003



GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

Sydney Ports Corporation

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Sydney Ports Corporation:

- (a) presents fairly the Corporation's and the consolidated entity's financial position as at 30 June 2003 and their financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 41B of the *Public Finance and Audit Act 1983* (the Act).

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

The Board's Role

The financial report is the responsibility of the members of the Board of the Sydney Ports Corporation. It consists of the statements of financial position, the statements of financial performance, the statements of cash flows and the accompanying notes for the Sydney Ports Corporation and the consolidated entity. The consolidated entity comprises the Sydney Ports Corporation and the entities controlled at the year's end or during the financial year.

The Auditor's Role and the Audit Scope

As required by the Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the Board in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that Board members had failed in their reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Corporation or its controlled entities,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

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

S McLeod, FCPA
Director of Audit

Sydney Ports Corporation

Statement of land holdings

As at 30 June 2003

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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.

| | Consolidated 2003 \$000 |
|---|--|
| Land and buildings | |
| Land | 445,067 |
| Buildings | 73,356 |
| Total | 518,423 |
| Other property, plant and equipment | |
| Roadways | 9,606 |
| Wharves, jetties and breakwaters | 180,971 |
| Plant | 21,613 |
| Total property, plant and equipment (as per statement of financial position) | 730,613 |

Sydney Pilot Service Pty Ltd

Financial statements

For the year ended 30 June 2003

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Sydney Pilot Service Pty Ltd

Statement of financial performance

For the period 26 October 2002 to 30 June 2003

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| | Note | 2003 \$000 |
|---|-------|---------------|
| Revenue from ordinary activities | 2 | 5,643 |
| Other expenses from ordinary activities | 3 | 5,524 |
| Total expenditure from ordinary activities | | 5,524 |
| Profit from ordinary activities before income tax equivalent expense | | 119 |
| Income tax equivalent expense relating to ordinary activities | 4 (a) | 49 |
| Net profit attributable to members of Sydney Pilot Service Pty Ltd | | 70 |
| Total changes in equity other than those resulting from transactions with owners as owners | 13 | 70 |

Note: Sydney Pilot Service Pty Ltd commenced operations on 26 October 2002.

Sydney Pilot Service Pty Ltd

Statement of financial position

As at 30 June 2003

| | Note | 2003 \$000 |
|--------------------------------------|------------|---------------|
| Current assets | | |
| Cash assets | 19 (a) | 568 |
| Receivables | 5 | 685 |
| Inventories | 6 | 62 |
| Other financial assets | 7 | 188 |
| Other | 8 | 92 |
| Total current assets | | 1,595 |
| Non-current assets | | |
| Property, plant and equipment | 9 | 1,281 |
| Deferred tax equivalent assets | 4 (c) | 209 |
| Total non-current assets | | 1,490 |
| Total assets | | 3,085 |
| Current liabilities | | |
| Payables | 10 | 1,155 |
| Current tax equivalent liabilities | 4 (b) & 11 | 162 |
| Provisions | 12 | 188 |
| Total current liabilities | | 1,505 |
| Non-current liabilities | | |
| Deferred tax equivalent liabilities | 4 (d) & 11 | 7 |
| Provisions | 12 | 383 |
| Total non-current liabilities | | 390 |
| Total liabilities | | 1,895 |
| Net assets | | 1,190 |
| Equity | | |
| Contributed equity | 13 | 1,120 |
| Reserves | 13 | — |
| Retained profits | 13 | 70 |
| Total equity | 13 | 1,190 |

Note: Sydney Pilot Service Pty Ltd commenced operations on 26 October 2002.

Sydney Pilot Service Pty Ltd

Statement of cash flows

For the period 26 October 2002 to 30 June 2003

| | Note | 2003 \$000 inflow/ (outflow) |
|---|--------|---------------------------------------|
| Cash flows from operating activities | | |
| Cash receipts in the course of operations | | 5,987 |
| Cash payments in the course of operations | | (5,430) |
| Interest received | | 20 |
| Income tax equivalent paid | 11 | — |
| Net cash provided by operating activities | 19 (b) | 577 |
| Cash flows from investing activities | | |
| Payments for property, plant and equipment | | (941) |
| Proceeds from sale of property, plant and equipment | | — |
| Proceeds from parent entity | | 1,120 |
| Net cash used in investing activities | | 179 |
| Cash flows from financing activities | | |
| Repayment of borrowings | | — |
| Dividends paid | | — |
| Net cash used in financing activities | | — |
| Net increase in cash held | | 756 |
| Cash at the commencement of operations | | — |
| Cash at the end of the financial year | 19 (a) | 756 |

Note: Sydney Pilot Service Pty Ltd commenced operations on 26 October 2002.

Notes to and forming part of the financial statements

Note 1 – Summary of significant accounting policies

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

a) 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*.

Sydney Pilot Service Pty Ltd commenced operations on 26 October 2002 as a wholly owned subsidiary of the Sydney Ports Corporation. In this financial report, Sydney Pilot Service Pty Ltd will be referred to as 'SPS' while Sydney Ports Corporation will be referred to as the 'Corporation'. The economic entity comprising SPS and the Corporation will be collectively referred to as the 'consolidated entity'.

The financial report has been prepared on the basis of full accrual accounting using historical cost accounting conventions. As SPS only commenced operations on 26 October 2002, no comparative information is available.

Due to its size of operations SPS is a small proprietary company under the Corporations Act 2001 and is not required under this Act to prepare a general purpose financial report. Because SPS is controlled by a State Owned Corporation (SOC), SPS must comply with SOC Acts and the Public Finance and Audit Act 1983. Consequently the Public Finance and Audit Act requires SPS to prepare a general purpose financial report.

b) 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 19 (a)).

c) 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 period to determine the adequacy of the level of the provision for doubtful debts.

d) Inventories

Inventories have been valued at the lower of cost and net realisable value on an item by item basis.

e) Other financial assets (investments)

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

f) Operating leases

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

g) Valuation of property, plant and equipment

All property, plant and equipment has been acquired at market value since the commencement of operations (26 October 2002). Consequently all property, plant and equipment is recorded at fair value.

h) Capitalisation of property, plant and equipment

Property, plant and equipment in excess of \$1,000 is capitalised where it is expected to provide future economic benefits for more than one reporting period.

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.

Notes to and forming part of the financial statements

Note 1 – Summary of significant accounting policies (continued)

i) Depreciation of property, plant and equipment

Depreciation has been calculated on depreciable assets, using rates estimated to write off the assets over their remaining useful lives on a straight-line basis in accordance with Australian Accounting Standard AAS4, Depreciation of Non-Current Assets. The expected design life of new depreciable assets as at 30 June 2003 is:

| | |
|---------|---------------|
| – Plant | 2 to 40 years |
|---------|---------------|

j) Retirement benefits (superannuation)

SPS contributes to employee superannuation funds in addition to contributions made by employees. All superannuation funds are accumulation schemes. Payments are applied towards the accruing liability for superannuation in respect of employees and are charged against revenue.

k) Employee benefits

Benefits for annual leave have been provided at the amount expected to be paid when the liabilities are settled. Appropriate on costs are included. Benefits for long service leave have been measured using the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds and terms to maturity that match, as closely as possible, the estimated future cash outflows. Appropriate on costs are included. The portion expected to be settled within 12 months of the reporting date is recognised as the current provision, while the portion expected to be settled more than 12 months from the reporting date is recognised as the non-current provision. 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.

l) 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.
- Proceeds from the sale of assets are recognised upon the delivery of the assets to the purchaser.
- Assets received at no cost are recorded at their fair value 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 when the following criteria have been met:
 - the entity has passed control of the goods or other assets to SPS,
 - it is probable that the economic benefits comprising the consideration will flow to SPS, and
 - the amount of revenue can be measured reliably.

m) Income tax equivalent

Income tax equivalent is required to be paid 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 under normal income tax law of the Commonwealth. The National Tax Equivalent Regime was established 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

Note 1 – Summary of significant accounting policies (continued)

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.

n) Dividend

SPS reviews its financial performance for the accounting period and recommends to its shareholder, if applicable, an appropriate dividend payment in light of the current financial position and longer term financial commitments.

o) Financial instruments

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

In accordance with AAS33 Presentation and Disclosure of Financial Instruments, information is disclosed in note 14 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, and
- payables.

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.

p) 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.

q) 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).

Notes to and forming part of the financial statements

Note 2 – Revenue from ordinary activities

| | 2003 \$000 |
|---|---------------|
| Revenue from operating activities | |
| Pilotage revenue | 5,524 |
| | 5,524 |
| Other revenue | |
| Interest received | 22 |
| Miscellaneous sources | 97 |
| | 119 |
| Total revenue from ordinary activities | 5,643 |

Note 3 – Expenditure from ordinary activities

| | Note | 2003 \$000 |
|---|-------|---------------|
| Salaries and wages | | 3,046 |
| Employee benefits expense | | |
| Annual leave | | 338 |
| Long service leave | 12 | 107 |
| Retirement benefits (superannuation) – accumulation | | 140 |
| Other expenses from ordinary activities | | |
| Service contractors | | 265 |
| Utilities and communications | | 14 |
| Indirect taxes | | 191 |
| Depreciation | 9 | 40 |
| Doubtful debts | 5 (b) | 12 |
| Auditors' remuneration from review of the financial reports | | 15 |
| Directors' remuneration | 20 | 18 |
| Consultants' fees | | – |
| Rental on operating leases | | 223 |
| Insurance | | 171 |
| Materials | | 358 |
| Other operations and services | | 586 |
| Other expenses from ordinary activities | | 5,524 |
| Borrowing costs | | – |
| Total expenditure from ordinary activities | | 5,524 |

Note 4 – Taxation

| | Note | 2003 \$000 |
|---|------|---------------|
| (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 | | 119 |
| Prima facie tax thereon at 30% | | 36 |
| Add/(less) tax effect of permanent and other differences: | | |
| Other | | 13 |
| Total income tax equivalent attributable to operating profit | | 49 |
| Total income tax equivalent comprises movements in: | | |
| Current tax equivalent liabilities | | 162 |
| Deferred tax equivalent liabilities | | 7 |
| Deferred tax equivalent assets | | (209) |
| Deferred tax equivalent assets generated on acquisition | | 89 |
| | | 49 |
| (b) Current tax equivalent liabilities | | |
| Opening balance | | – |
| Income tax equivalent paid | | – |
| Over provision for income tax equivalent in prior years | | – |
| Income tax equivalent payable on operating profit | | 162 |
| Closing balance | 11 | 162 |
| (c) Deferred tax equivalent assets | | |
| Attributable to timing differences: | | |
| Provisions for employee entitlements | | 27 |
| Accrued expenditure | | 85 |
| Other | | 97 |
| | | 209 |
| (d) Deferred tax equivalent liabilities | | |
| Attributable to timing differences: | | |
| Income receivable | | 7 |
| | 11 | 7 |

Notes to and forming part of the financial statements

Note 5 – Receivables

| | 2003 \$000 |
|---|---------------|
| Current | |
| Trade debtors | 588 |
| Other debtors | 54 |
| Accrued income (a) | 55 |
| | 697 |
| Less: Provision for doubtful debts (b) | (12) |
| | 685 |
| (a) Accrued income comprises: | |
| Operating income | 53 |
| Bank interest | 2 |
| Total accrued income | 55 |
| (b) Provision for doubtful debts – Current | |
| Opening balance | – |
| Add: Current year's charge | 12 |
| | 12 |
| Less: Bad debts written off | – |
| Closing balance | 12 |

Based on a review of debtors an appropriate provision is carried for doubtful debts.

Note 6 – Inventories

| | 2003 \$000 |
|-----------------------|---------------|
| Stores and materials: | |
| – at cost | 62 |
| | 62 |

Inventory is classified as current as all items are expected to be consumed in the next financial year.

Note 7 – Other financial assets

| | 2003 \$000 |
|---|---------------|
| <p>SPS has an investment in one of NSW Treasury Corporation's (TCorp) Hour-Glass Investment facilities. The investment is represented by a number of units in the managed facility. TCorp appoints and monitors fund managers and establishes and monitors the application of appropriate investment guidelines. The investment is:</p> | |
| Cash Facility Trust | 188 |
| | 188 |

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 share of the value of the underlying assets of the facility and is stated at net fair value.

Note 8 – Other current assets

| | 2003 \$000 |
|-----------------------------------|---------------|
| Prepayments | |
| Operating expenditure prepayments | 86 |
| Annual leave (paid in advance) | 6 |
| | 92 |

Notes to and forming part of the financial statements

Note 9 – Property, plant and equipment

| | 2003 \$000 |
|--|---------------|
| Carrying amounts | |
| Plant (at fair value) | 771 |
| Less: Accumulated depreciation | (40) |
| | 731 |
| Construction in progress | 550 |
| Total property, plant and equipment | 1,281 |
| Movement in property, plant and equipment | |
| Plant | |
| Opening balance | – |
| Add: From construction in progress | 771 |
| | 771 |
| Less: Depreciation charge | (40) |
| Disposals | – |
| Write offs | – |
| Closing balance | 731 |
| Movement in construction in progress | |
| Opening balance | – |
| Add: Acquisitions | 1,321 |
| | 1,321 |
| Less: To property, plant and equipment | (771) |
| Closing balance | 550 |

Note 10 – Payables

| | 2003 \$000 |
|-----------------|---------------|
| Current | |
| Trade creditors | 15 |
| Other creditors | 1,140 |
| | 1,155 |

Note 11 – Tax equivalent liabilities

| | Note | 2003 \$000 |
|-------------------------------------|-------|---------------|
| Current | | |
| Current tax equivalent liabilities | 4 (b) | 162 |
| Non-current | | |
| Deferred tax equivalent liabilities | 4 (d) | 7 |

| Movement in tax liabilities | Opening Balance \$000 | Current charge to revenue \$000 | Payments \$000 | Balance 30 June 2003 \$000 |
|-------------------------------------|-----------------------------|--|-------------------|-------------------------------------|
| Current | | | | |
| Current tax equivalent liabilities | — | 162 | — | 162 |
| Non-current | | | | |
| Deferred tax equivalent liabilities | — | 7 | — | 7 |

Notes to and forming part of the financial statements

Note 12 – Provisions

| | 2003 \$000 |
|---------------------------------------|---------------|
| Current | |
| Employee benefits, including on costs | 188 |
| | 188 |
| Non-current | |
| Employee benefits, including on costs | 383 |
| | 383 |

| Movement in provisions | Opening Balance \$000 | Current charge to revenue \$000 | Payments \$000 | Other transfers \$000 | Balance 30 June 2003 \$000 |
|--|-----------------------------|--|-------------------|-----------------------------|-------------------------------------|
| Current | | | | | |
| Employee benefits, including on costs: | | | | | |
| Long service leave | — | 18 | (18) | — | — |
| Voluntary separations | — | 6 | — | 182 | 188 |
| | — | 24 | (18) | 182 | 188 |
| Non-current | | | | | |
| Employee benefits, including on costs: | | | | | |
| Long service leave | — | 89 | — | 294 | 383 |
| | — | 89 | — | 294 | 383 |

Annual leave – refer note 8 for prepayment.

'Other transfers' refer to the liability recognised on the establishment of the subsidiary company.

Note 13 – Equity

SPS was established as a wholly owned subsidiary of the Corporation on 30 July 2002, and commenced operations on 26 October 2002 and has one shareholder; Sydney Ports Corporation.

| | 2003 \$000 |
|--|---------------|
| Equity | |
| Contributed equity | 1,120 |
| Reserves | — |
| Retained profits | 70 |
| Total equity at the end of the financial year | 1,190 |
| Movement in contributed equity | |
| Opening balance | — |
| Add / less movement | 1,120 |
| Closing balance | 1,120 |
| Movement in retained profits | |
| Opening balance | — |
| Add net profit | 70 |
| Closing balance | 70 |

Notes to and forming part of the financial statements

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Note 14 – 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. SPS'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:

| 2003 Financial instruments | Fixed Interest rate maturing in: | | | | | Total carrying amount as per the statement of financial position \$000 | Weighted average effective interest rate* % |
|--|----------------------------------|-------------------|-------------------------|-------------------------|-----------------------------|---|--|
| | Floating 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 | 568 | — | — | — | — | 568 | 4.15% |
| Receivables | — | — | — | — | 631 | 631 | n/a |
| Investments | 188 | — | — | — | — | 188 | 4.85% |
| Total financial assets | 756 | — | — | — | 631 | 1,387 | |
| Financial liabilities | | | | | | | |
| Payables | — | — | — | — | 1,079 | 1,079 | n/a |
| Interest-bearing liabilities | — | — | — | — | — | — | n/a |
| Total financial liabilities | — | — | — | — | 1,079 | 1,079 | |
| Off balance sheet financial instruments | | | | | | | |
| Derivative financial instruments receivable** | — | — | — | — | — | — | |
| Interest rate swap nominal value | — | — | — | — | — | — | |

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

** Notional principal amounts for futures contracts.

Note 14 – Financial instruments (continued)

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. The 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 21 days of invoice date. Miscellaneous debtors are due within 7 days of invoice date. Trade and other creditors are settled within 28 days of invoice date.

Credit risk by classification of counterparty:

| | Governments 2003 \$000 | Banks 2003 \$000 | Other 2003 \$000 | Total 2003 \$000 |
|-------------------------------|------------------------------|------------------------|------------------------|------------------------|
| Financial assets | | | | |
| Cash | — | 568 | — | 568 |
| Receivables | 27 | 2 | 602 | 631 |
| Investments | 188 | — | — | 188 |
| Total financial assets | 215 | 570 | 602 | 1,387 |

The only significant concentration of credit risk arises in respect of cash held with the Commonwealth Bank being 41% of total financial assets. The largest single debtor included in receivables totals \$0.060 million and is 4% of total financial assets.

c) Net fair value

As stated in Note 1(o), 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 statement of financial position 2003 \$000 | Aggregate net fair value 2003 \$000 |
|------------------------------------|--|---|
| Financial assets | | |
| Cash | 568 | 568 |
| Receivables | 631 | 631 |
| Investments | 188 | 188 |
| Total financial assets | 1,387 | 1,387 |
| Financial liabilities | | |
| Creditors | 1,079 | 1,079 |
| Interest-bearing liabilities | — | — |
| Total financial liabilities | 1,079 | 1,079 |

Notes to and forming part of the financial statements

Note 15 – Capital expenditure commitments

Forward obligations under major contracts committed as at 30 June 2003 but not otherwise brought to account have been assessed at nil.

Note 16 – Operating lease commitments

| | 2003 \$000 |
|--|---------------|
| 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 | 3 |
| Later than one and not later than five years | 7 |
| Later than five years | – |
| Total including GST | 10 |

The above total includes input tax credits of \$923.00 that are expected to be recoverable from the Australian Taxation Office. The expenditure commitments relate to rent, computers and office equipment.

Note 17 – Contingent liabilities and contingent assets

The estimated value of liability claims against SPS as at 30 June 2003 is nil.

Note 18 – Consultancy fees

No fees were paid or payable to consultants during the period 26 October 2002 to 30 June 2003.

Note 19 – 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 2003 as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

| | 2003 \$000 |
|--|---------------|
| Cash assets | 568 |
| Other financial assets (current investments) | 188 |
| Cash at the end of the financial year | 756 |

(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 | 70 |
| Depreciation | 40 |
| Amortisation of discount on interest-bearing liabilities | — |
| Net loss/(profit) on sale of interest-bearing liabilities | — |
| Net loss/(profit) on sale of non-current assets | — |
| Assets written off | — |
| | 110 |

Net movement in assets and liabilities applicable to operating activities

| | |
|--|------------|
| (Increase)/decrease in receivables | (631) |
| (Increase)/decrease in inventories | (62) |
| (Increase)/decrease in other assets | (301) |
| (Decrease)/increase in payables | 721 |
| (Decrease)/increase in provisions | 740 |
| Net cash provided by operating activities | 577 |

Notes to and forming part of the financial statements

Note 20 – 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.

Directors' remuneration for 2002/2003 was \$0.018 million. Three Directors of SPS were also directors of the Corporation. During the year no loans were made to Directors.

Note 21 – Related party transactions

Wholly owned group

As mentioned in Note 1(a), Sydney Ports Corporation established a wholly owned subsidiary, Sydney Pilot Service Pty Ltd, on 30 July 2002 to carry out pilotage services in Sydney Harbour and Botany Bay. SPS commenced operations on 26 October 2002. An injection of capital was made of \$1.120 million in order to purchase assets and fund working capital of the subsidiary. Thirty eight employees were employed by the subsidiary company.

Other transactions

During the financial year a number of transactions occurred between SPS and the Corporation. Expenditure paid by the Corporation on behalf of SPS was recovered at cost. Management, accounting, human resources, information technology and other services were provided to SPS by way of a management fee. This amount is included within other operations and services in Note 3.

Directors

Details of Directors' remuneration are set out in Note 20. No transactions occurred between SPS and Director related entities. Three Directors of SPS were also Directors of the Corporation.

Note 22 – Events occurring after reporting date

In accordance with Australian Accounting Standard AASB, Events Occurring After Reporting Date, there are no known events occurring after the reporting date that materially affect the financial statements.

Note 23 – Segment reporting

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

Business segments: SPS provides some of the services under the business segment of the consolidated entity. This segment comprises the management of port facilities for the shipping community including the provision of navigational and operational safety needs of commercial shipping.

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

End of audited financial statements

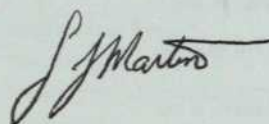
Sydney Pilot Service Pty Ltd

Directors' statement

In the opinion of the Directors of Sydney Pilot Service Pty Ltd, the Financial Statements and Notes:

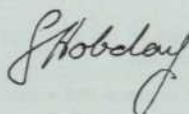
- 1 Exhibit a true and fair view of the financial position of Sydney Pilot Service Pty Ltd as at 30 June 2003 and of their performance, as represented by the results of its operations and its cash flows for the year ended on that date;
- 2 Comply with applicable Accounting Standards, Urgent Issues Group Consensus Views and other mandatory and statutory reporting requirements including Part 3 of the *Public Finance and Audit Act 1983* and the associated requirements of the *Public Finance and Audit Regulation 2000*.
- 3 There are reasonable grounds to believe that Sydney Pilot Service Pty Ltd will be able to pay its debts as and when they become due and payable.
- 4 We are not aware of any circumstances at the date of this declaration that would render any particulars included in the Financial Statements to be misleading or inaccurate.

Signed in accordance with a resolution of the Directors.



G J Martin
Chairman

Date: 20 October 2003



S D Hobday
Director

Date: 20 October 2003



GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

Sydney Pilot Service Pty Ltd

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Sydney Pilot Service Pty Ltd:

- (a) presents fairly the Sydney Pilot Service's financial position as at 30 June 2003 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 41B of the *Public Finance and Audit Act 1983* (the Act).

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

The Board's Role

The financial report is the responsibility of the members of the Board of the Sydney Pilot Service. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows and the accompanying notes.

The Auditor's Role and the Audit Scope

As required by the Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the Board in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that Board members had failed in their reporting obligations.

My opinion does *not* provide assurance:

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

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

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

S McLeod, FCPA
Director of Audit

SYDNEY
20 October 2003

Sydney Ports Corporation

Statutory disclosures

Funds granted to non-government community organisations

The following payments were made to non-government community organisations in 2002/2003:

| | \$ |
|--|-----------|
| United Way Sydney | 25,000.00 |
| World Vision's Harvest Packs Program | 550.00 |
| Australian Red Cross – Murray Marathon | 804.00 |
| NSW Rural Fire Service Association | 400.00 |
| Australian Heritage Fleet – Sydney Maritime Museum | 500.00 |
| La Perouse Precinct Committee | 500.00 |
| John Collier Foundation | 10,000.00 |
| The Malcolm Sergeant Cancer Fund For Children | 1,000.00 |
| NSW Sports Council for the Disabled Inc. | 360.00 |
| Bali Families Benefit | 2,000.00 |

2003 Annual Report

The total external cost incurred in the production of 2,000 copies of the Sydney Ports Corporation 2003 Annual Report including incorporation of the Sydney Pilot Service's (SPS) financial statements was \$70,000.00.

The report is available in non-printed formats via website www.sydneyports.com.au

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 | <i>Public Finance and Audit Act 1983</i> (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) |

Sydney Ports Corporation

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| Requirements | Legislative source of requirements | Exemption and conditions |
|--|---|---|
| Notes: Income and expenditure | <i>Public Finance & Audit Regulation 2000 (PF&AR):</i> 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 | | |
| | <i>Annual Reports (Statutory Bodies) Act 1984 (ARSBA)</i> and <i>Annual Reports (Statutory Bodies) Regulation 2000 (ARSBR)</i> | |
| - 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 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 <ul style="list-style-type: none"> - 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 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 <ul style="list-style-type: none"> - completed research including resources allocated - continuing research including resources allocated - developmental activities including resources allocated | Schedule 1 ARSBR | |
| Human resources <ul style="list-style-type: none"> - 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 <p>For each engagement costing greater than \$30,000:</p> <ul style="list-style-type: none"> - name of consultant - title of project - actual cost <p>For each engagement costing less than \$30,000:</p> <ul style="list-style-type: none"> - 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 |

Sydney Ports Corporation Statutory disclosures

| Requirements from which we are exempt | Legislative source of requirements | Conditions (if any) attaching to exemption |
|--|------------------------------------|---|
| <p>Land disposal</p> <p>Properties disposed of during the year:</p> <ul style="list-style-type: none"> - total number - total value <p>If value greater than \$5,000,000 and not by public auction or tender:</p> <ul style="list-style-type: none"> - 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 <i>Freedom of Information Act 1989</i> | Schedule 1 ARSBR | |
| <p>Consumer response</p> <ul style="list-style-type: none"> - 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 |
| <p>Payment of accounts</p> <ul style="list-style-type: none"> - performance in paying accounts, including action to improve payment performance | Schedule 1 ARSBR | |
| <p>Time for payment of accounts</p> <ul style="list-style-type: none"> - reasons for late payments - interest paid due to late payments | Schedule 1 ARSBR | |
| <p>Report on risk management and insurance activities</p> | Schedule 1 ARSBR | Exempt subject to the condition that the comments and information are to be disclosed in a summarised form |
| <p>Disclosure of controlled entities</p> <ul style="list-style-type: none"> - 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, activities and measures of performance |

| 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 (summarising major categories of revenues and expenses) |

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 among other things commercial sensitivities. 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 2002/2003 report.

2002/2003 Performance relative to the Statement of Corporate Intent

The material deviations from targets in the 2002/2003 Statement of Corporate Intent are:

Increased Shareholder Value Added (SVA) as a result of Net Operating Profit After Tax (NOPAT) increasing due to growth in trade volumes.

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 2001/2002 and 2002/2003.

During the reporting period, no requests were transferred to another organisation or agency. No requests were carried forward to the reporting period 2002/2003.

No reviews were requested either internally, to the Ombudsman or to the District Court during the reporting period.

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FOI applications and applications determined

| | Personal | | Other | | Total | |
|---|----------|------|-------|------|-------|------|
| | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 |
| New | 0 | 0 | 2 | 1 | 2 | 1 |
| Completed | 0 | 0 | 2 | 1 | 2 | 1 |
| Granted in full | 0 | 0 | 1 | 1 | 1 | 1 |
| Refused (Exempt) | 0 | 0 | 0 | 0 | 0 | 0 |
| Information sought not held (application fees refunded) | 0 | 0 | 1 | 0 | 1 | 0 |
| Total processed | 0 | 0 | 2 | 1 | 2 | 1 |

Days to process FOI applications

| Elapsed time | Personal | | Other | | | |
|--------------|----------|------|-------|------|---|---|
| | 2002 | 2003 | 2002 | 2003 | | |
| 0-21 days | | | 0 | 0 | 0 | 0 |
| 22-35 days | | | 0 | 0 | 2 | 0 |
| Over 35 days | | | 0 | 0 | 0 | 1 |

Processing time

| Processing hours | Personal | | Other | | | |
|-----------------------|----------|------|-------|------|---|---|
| | 2002 | 2003 | 2002 | 2003 | | |
| 0-10 hours | | | 0 | 0 | 1 | 0 |
| 11-20 hours | | | 0 | 0 | 0 | 0 |
| Greater than 20 hours | | | 0 | 0 | 1 | 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 the Board of Directors reviewed the Code and minor amendments were made to the Chief Executive Officer's foreword to the Code. The Board also agreed that the Code be republished with all employees being advised that the Board endorses the Code and that they should act in accordance with 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 which have not already been mentioned 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. Equal employment opportunity (EEO) links with the learning and growth goals of the Corporate Plan. The Corporation also has in place an EEO policy and the SPC Code of Conduct which asks SPC employees to honour the Corporation's commitment to EEO. These documents are easily accessible to all employees. Vacant positions are advertised internally and externally where appropriate, and selection is based on fair, equitable and non-discriminatory principles.

The table below shows overall employee numbers, the total number of female employees, the number of vacancies for employment in the organisation, the number of female employees appointed to the vacancies, and the number of employees from a non-English-speaking background (NESB) appointed to these vacancies as at 30 June 2003.

| Overall employee number | Total number of female employees | Number of vacancies | Number of females appointed | Number of NESB appointments |
|--------------------------------|---|----------------------------|------------------------------------|------------------------------------|
| 199 (100%) | 45 (22.61%) | 8 + 2 trainees | 5 (50%) | 2 (22.22%) |

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. The Corporation currently employs one female with these qualifications in Navigation Services.

Of the 45 women currently employed within the Corporation, three hold executive positions. The remaining 42 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 employees from NESB. These include flexible hours of work, aged and dependent care leave, generous sick leave supported by income protection insurance, personal leave, and part-time work when returning from maternity leave or based on the nature of work, study assistance and support to attend training programs.

Female employees attended a total of 1351.2 hours of training during the 2002/2003 financial year. This is an average of 30.03 hours per female employee. NESB employees, excluding female NESB employees, attended a total of 1233 hours of training during the same period, an average of 38.53 hours of training per male.

Total training cost for the Corporation was \$368,400. Training cost for female employees was \$99,300 and \$69,000 for NESB employees. This is a total of \$168,300 for female and NESB employees for the year. The total training costs for female and NESB employees account for 45.7% of the total training costs.

Individual training plans are prepared for employees as part of the Corporation's performance management system and manager's assessment of training needs and identification of skill gaps.

A number of women and NESB employees are studying towards tertiary qualifications. The Corporation's study assistance policy supports these studies.

Human resource policies are readily available to employees through a central employee information link.

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Occupational Health and Safety

Sydney Ports is committed to promoting a safe and healthy work environment. This is achieved through workplace consultation with employees via the Occupational Health and Safety Committee, hazard identification and risk assessment, and ongoing education in occupational health and safety matters.

Sydney Ports Corporation commissioned an independent WorkCover accredited auditor to conduct an Occupational Health and Safety Audit in July 2002. The report was presented to the Corporation in August 2002. In an overview of the findings it was found that the Corporation 'displayed a heightened state of awareness to occupational health and safety issues.' 17 (77%) of the 22 specific areas reviewed achieved results better than 70%. These results suggest that in a number of areas, the Corporation is reaching best practice. In all of the 22 areas results were better than 50%. However, a number of issues were identified that the Corporation needed to work through in order to ensure full compliance with the *Occupational Health and Safety Act 2000* and the *Occupational Health and Safety Regulations 2001*.

Since the presentation of this report a number of action plans have been developed and implemented to ensure that the occupational health and safety systems, practices and procedures meet legislative compliance requirements. The Corporation is also striving for progressively higher standards of occupational health and safety by achieving entry to the Premium Discount Scheme, an incentive scheme providing a discount on the Corporation's workers compensation premium.

Further evidence of the Corporation's continued commitment to occupational health and safety issues is provided by its impressive safety record.

Details of lost-time injury are shown below:

Number of lost time accidents

| 1999/2000 | 2000/2001 | 2001/2002 | 2002/2003 |
|-----------|-----------|-----------|-----------|
| 3 | 2 | 3 | 3 |

In the current financial year, three lost time accidents were reported. This has meant that Sydney Ports has successfully achieved one of the organisational performance measures as defined in the Enterprise Agreement 2001/2004.

Sydney Ports has a commitment to providing a safe workplace for its employees, raising awareness of workplace occupational health and safety issues, and effectively linking the strategic needs of the business with the Corporation's vision and values. To this end, Sydney Ports was the first Australian port corporation to develop and implement a formal program of alcohol testing for employees in safety sensitive functions.

The approach taken for the development of the Corporation's Alcohol Testing Program and the Alcohol Testing Policy included extensive negotiation and consultation with the Maritime Union of Australia (MUA), the Australian Maritime Officers Union (AMOU) and employees. This was accompanied by comprehensive research of local and international best practice. The Corporation's innovative Alcohol Testing Policy was agreed by the Unions.

The consultation and education process has contributed significantly to the successful implementation of this program, and heightened employees' awareness of workplace safety issues. The Corporation's Alcohol Testing Policy is an integral part of the OHS induction program for new employees.

Waste Reduction and Purchasing Policy (WRAPP)

Sydney Ports 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 99-9 and 97-30.

The plan details strategies for:

- (a) reducing the generation of waste (waste avoidance and minimisation)
- (b) resource recovery (waste reuse and recycling)
- (c) use of recycled materials (purchase of recycled content material) and
- (d) establishing a benchmark quantifying waste generated and recycled.

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

- Sydney Ports has a number of strategies in place to reduce the generation of pre-printed forms such as purchase orders and some invoices.
- Installation of document centres thereby reducing the number of individual desk printers and associated consumables such as toner cartridges.

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

- Sydney Ports is actively involved in recycling activities undertaken by the building managers whereby waste produced by employees on a daily basis is separated into paper and other (food etc) and recycled.
- Other paper waste generated is collected and recycled by a private contractor.
- 85% of toner cartridges are recycled.

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.

During 2002/2003 the Corporation recycled approximately 77,671 tonnes of material generated from construction and associated activities. This represents approximately 97.2% of the total material generated from those activities.

(c) The use of recycled material (purchase of recycled - content materials)

The Corporation purchases low-waste products and products with recycled content where it is consistent with sound commercial practice and such products meet technical and operating standards.

Paper purchased with recycled content accounted for 21% of the total plain paper purchased during 2002/2003, representing a 9% increase from 2001/2002.

Other materials with recycled content purchased during the year include, post-it-notes, and note pads.

(d) Establishing a benchmark for quantifying waste generated and recycled

Sydney Ports will undertake a waste audit during August 2003 to establish a benchmark for future measurement of waste generated and recycled.

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Publications

During the year, in addition to the *Annual Report 2003*, Sydney Ports Corporation printed and distributed the following publications:

Port Focus (a newsletter outlining Corporation and customer activities distributed three times per year)

Current (a quarterly electronic newsletter outlining Corporation and customer activities)

Corporate Plan 2002/2006

First Port, Future Port: Celebrating 100 years (a monograph of Sydney Ports and its predecessor organisations, the Sydney Ports Authority, the Maritime Services Board and the Sydney Harbour Trust)

Schedule of Port Charges (a summary of port charges applicable to the commercial use of Sydney's ports effective 1 January 2003)

Protecting the Environment (a brochure summarising Sydney Ports' responsibilities and activities regarding the environment)

Supporting Navigation Safety (a brochure summarising Sydney Ports' responsibilities and activities regarding navigation and safety)

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 2002/2003 amounted to \$0.093 million (\$0.045 million in 2001/2002).

The main purpose of the engagements were:

- security analysis of passenger terminals, and
- structuring of rent reviews.

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 those Acts.

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 Regulation - NSW*;
- *Marine Pilotage Licensing Regulation 1995*;
- *Marine Services Act 1935*; and
- *Navigation Act 1901*.

Sydney Ports Corporation

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 Staff Director who are 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 | 10 | 4 December 2001 – 3 December 2004 |
| S. Kreiger | 5 ¹ | 5 | 16 October 2002 ² – 15 October 2005 |
| G.J. Martin | 11 | 11 | 15 April 2001 – 15 April 2004 |
| K.A.J. Murray | 11 | 11 | 9 March 2002 – 8 March 2004 |
| V.J. Smith | 11 | 9 | 4 December 2001 – 3 December 2003 |
| M. Sullivan | 8 | 11 ³ | 1 October 2002 – 30 September 2005 |
| A.Tansey | 5 ¹ | 5 | 16 October 2002 ² – 15 October 2005 |

A = Number of meetings eligible to attend during term or since appointment announced

B = Number of meetings attended

¹ Notification of appointment 9 December 2002

² Appointed with retrospective effect

³ Attended but did not vote at 3 meetings between being elected and appointed Staff Director

Sydney Ports Corporation

Appendices

Key results

Strategies to promote key roles: summary of performance

To support the achievement of the business goals, prominence is given to creating an outcome-based culture focused on fulfilling the organisation's key roles and goals as identified in the 2002-2006 Corporate Plan.

Port user and stakeholder goals

| Goals | Strategies | Key results/KPIs |
|--|--|--|
| Stronger relations with lessees, shipping companies and service providers | <ul style="list-style-type: none"> - Provide services that are responsive to the business needs of lessees and shipping companies in a timely manner - Actively work with port users in responding to environmental and regulatory obligations - Work closely with rail operators, road transport providers, stevedores, depot operators and shipping lines to overcome inefficiencies in the transport chain - Build SPC's and the port's profile (including service providers) | <ul style="list-style-type: none"> - Sydney Ports Users Consultative Group, Sydney Ports Cargo Facilitation Committee, Bizwatch, White Bay/Glebe Island Noise Reference Committee meetings held regularly with key players in attendance - Strategic links with stevedores and road and rail operators further strengthened - Findings from Stakeholder Perception Survey assessed and appropriate corrective action taken within 3 months of completion of survey |
| Effective relationships with neighbours. Improved recognition of Sydney Ports' role and activities | <ul style="list-style-type: none"> - Raise the profile of SPC - Broaden scope of Community Awareness Program - Sponsorship of local initiatives | <ul style="list-style-type: none"> - Neighbourhood consultative groups and local committees briefed on port activities and issues effectively managed - Local initiatives exceed 35% of total sponsorships and advertising expenditure - Positive feedback received from local sponsorship programs |
| Effective relationship with Government | <ul style="list-style-type: none"> - Work with Government to improve landside transport links and to remove unnecessary barriers which impede cargo flow - Work with Government to produce long-term strategic transport plan for State | <ul style="list-style-type: none"> - Government agencies have a better understanding of SPC's roles, objectives and needs - Participation in Transport Co-ordination Committee and Sub-committees - SPC is working with Government to address port development and capacity issues |
| Effective pilot service | <ul style="list-style-type: none"> - SPC to establish wholly-owned subsidiary company to deliver pilotage services | <ul style="list-style-type: none"> - Sydney Pilot Service, a subsidiary of SPC, commenced pilotage operations from 26 October 2002. Service is operating efficiently and effectively |
| Delivery of major projects: Glebe Island / White Bay, Enfield, Botany | <ul style="list-style-type: none"> - Project Control Group (PCG) established for each major project. PCG to identify and act on strategies to successfully deliver project objectives | <ul style="list-style-type: none"> - Project milestones achieved - Risk analysis undertaken for each major project - Proposed Botany Expansion, significant progress with design and EIS - Independent review of Intermodal Terminal at Enfield concluded that the proposed project in its current form would not proceed. SPC continues to liaise with Government on future of Enfield - Glebe Island and White Bay development works progressed |

Learning and growth goals

| Goals | Strategies | Key results/KPIs |
|---|---|---|
| Staff potential maximised | <ul style="list-style-type: none"> - Continuous improvement through performance management and appropriate learning and development strategies - Develop and implement appropriate training programs in conjunction with an external provider | <ul style="list-style-type: none"> - Training undertaken to provide SPC with required job/skills coverage - Performance management review program introduced |
| Individual and work unit performance focused on business outcomes | <ul style="list-style-type: none"> - Conduct individual performance reviews for all executive, senior contract, professional and technical and maritime professional staff - Review the output of the 2002 staff climate survey and develop organisation-wide and business unit strategies - Identify and agree on risk managers and ensure the accountability is incorporated in their role description | <ul style="list-style-type: none"> - Outcome of assessment deemed to be objective and fair - Performance issues identified and managed appropriately - Actions generated from Staff Climate Survey implemented - Assessment of the management of risk as an accountability included in performance assessment |
| Employer of Choice (EOC) (internal excellence/highly motivated staff) | <ul style="list-style-type: none"> - Pursue an internal strategy that allows SPC to achieve EOC status - Establish EOC committee and workshops to identify EOC characteristics - Investigate CEO reward and recognition scheme - Recruit and retain quality staff | <ul style="list-style-type: none"> - Priority identified in pursuit of EOC characteristics - Career development solutions working group established - Reward and recognition scheme investigation postponed to 2003/2004 |

Sydney Ports Corporation

Appendices

Financial Goals

| Goals | Strategies | Key results/KPIs |
|--|--|--|
| Shareholder value optimised | <ul style="list-style-type: none"> - Prudent evaluation of all investment proposals against agreed business sustainability/financial criteria - Achieve target SVA - Evaluate alternative sources of revenue | <ul style="list-style-type: none"> - Weighted Average Cost of Capital for new projects achieved - SVA target achieved - New projects that will bring additional income to SPC being pursued |
| Financial targets for capital and operating budgets actively managed | <ul style="list-style-type: none"> - Board and executives to formally review financial performance - Refine capital review process - Continue November/March Executive Committee financial reviews - Ongoing review of pricing | <ul style="list-style-type: none"> - Targets monitored monthly - November and March presentations conducted and appropriate actions taken to ensure financial targets met - Regular reviews conducted by executives - Various financial targets, including Profitability, Debt to Equity, Return on Equity, Return on Investments, Days Sales Outstanding and EDI Lodgement % achieved |
| Appropriate financial structure | <ul style="list-style-type: none"> - Pricing review conducted and approved pricing changes implemented - Maintain current Standard & Poor's rating | <ul style="list-style-type: none"> - Standard & Poor's rating affirmed |

Internal business process goals

| Goals | Strategies | Key Results/KPIs |
|---|---|--|
| Effective internal and external communication | <ul style="list-style-type: none"> - Determine frequency, content, delivery of communications message - Deliver on the above in a co-ordinated way - Implement feedback mechanism | <ul style="list-style-type: none"> - Communication strategy implemented - Positive feedback on communication effectiveness received from staff and customer surveys |
| IT services that meet business needs | <ul style="list-style-type: none"> - Update IT strategy for current and future business and technical environment - Resource IT unit (personnel, funding, infrastructure) to deliver IT strategy | <ul style="list-style-type: none"> - IT strategy updated and endorsed by IT Steering Committee, Executive and Board - Strategy implemented in accordance with approved timetable |
| Effective management of SPC's risk | <ul style="list-style-type: none"> - Risk management part of daily business thinking - Implement ongoing training and awareness (starting with induction) - Raise profile as part of work units' and individuals' responsibilities - Internal audits of risk strategies conducted regularly | <ul style="list-style-type: none"> - Risk management (and culture and awareness) strategy successfully implemented - Quarterly unit risk management returns submitted on time and in complete manner - Annual independent audit of risk management - Internal audit process maintains risk awareness |
| Effective asset management | <ul style="list-style-type: none"> - Review asset management strategy and document five-year maintenance program - Select and implement appropriate system to meet strategy - Resource, train and clarify responsibilities | <ul style="list-style-type: none"> - Asset management strategy developed and implemented - Maintenance program implemented in accordance with strategy |

Sydney Ports Corporation

Appendices

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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 the Corporation's key financial performance targets for the coming financial year. Comparison of performance in 2002/2003 against the targets for the year and the results for 2001/2002 reveals:

| | 2002/2003 actual | 2002/2003 target | 2001/2002 actual |
|--|---------------------|---------------------|---------------------|
| Financial indicators | \$M | \$M | \$M |
| Shareholder Value Added (SVA) | +11.5 | +4.6 | +4.2 |
| Debt level | 169.4 | 191.6 | 168.6 |
| Operating profit before income tax equivalent | 41.2 | 34.1 | 28.8 |
| Tax equivalent expense | 14.9 | 12.2 | 12.0 |
| Operating profit after income tax equivalent | 26.3 | 21.9 | 16.8 |
| Income tax equivalent payable | 15.1 | 12.3 | 13.1 |
| Dividend payable | 13.2 | 11.0 | 8.5 |
| Key operational indicators | | | |
| Throughput (million mass tonnes) | 23.6 | 23.9 | 24.3 |
| Per cent of trade growth | -3% | n/a | -1.6% |
| TEUs ('000) | 1,161 | 1,041 | 1,009 |
| Per cent of TEU growth | 15.0% | n/a | 1.9% |
| Ship visits | 2,331 | 2,230 | 2,259 |
| Total gross tonnage (millions) | 60.0 | 54.0 | 55.6 |
| Customer perception ranking | n/a* | n/a | 7.6 |
| *(no survey during period) | | | |
| Staff numbers | 199 | 199 | 199 |
| Average sick leave per employee (excluding long-term illness) | 2.49 | 2.5 | 2.29 |
| Staff training (\$'000) | 368 | 387 | 316 |
| Number of lost time work accidents | 3 | 3 | 3 |

Overseas travel July 2002 – June 2003

| Name | Date | Destination | Purpose |
|--------------|--------------|-------------------------|--|
| Murray Fox | 27/11/02 | Wellington, New Zealand | Speaker at Trans New Zealand Conference |
| Greg Martin | 24 – 30/5/03 | Durban, South Africa | Director: International Association of Ports and Harbours, 23rd Conference |
| Greg Martin | 4 – 6/5/03 | Auckland, New Zealand | Visit Ports of Auckland and Tauranga |
| Simon Barney | 4 – 6/5/03 | Auckland, New Zealand | Visit Ports of Auckland and Tauranga |

Executive Salary Reporting

In reporting Executive salaries, the following information is provided for the year ended 30 June 2003.

| Band | Total positions at 30 June 2003 | Fixed salary package range | At-risk salary incentive range subject to performance against set objectives |
|------|---------------------------------|----------------------------|--|
| 1 | 1 | \$289,430 – \$339,900 | \$60,000 – \$85,000 |
| 2 | 0 | \$212,180 – \$288,400 | \$40,000 – \$60,000 |
| 3 | 5 | \$154,500 – \$211,150 | \$25,000 – \$40,000 |
| 4 | 4 | \$128,750 – \$153,470 | \$15,000 – \$25,000 |
| 5 | 7 | \$115,875 – \$128,750 | \$10,000 – \$15,000 |

Staff who are Members of External Committees

AAPMA and sub-committees

Greg Martin *President from October 2002*
Gary Batman

Australia Day Council

Bart Pacheco Operations *Advisor*
Jenny Jones Operations *Co-ordinator*

Bizwatch and sub-committees

Colin Rudd
Kevin Davis
Alistair Palmer
Bruce Royds
Morgan Noon

Botany and Eastern Regional Environment

Protection Association
Shane Hobday

Botany Bay Business Enterprise Centre

Shane Hobday *Director*

Botany Bay Coastal Management Committee

Colin Rudd
Stephen Potter

Botany Rail Steering Group

Simon Barney *Chair*
Morgan Noon

Bulk Liquids Industry Association

Murray Fox

Caltex Australia Limited/Sydney Ports

Co-ordination Committee
Kevin Davis
Roy Garth
Bart Pacheco

Commercial Vessels Users Group

Bart Pacheco

Cruise Down Under

Phil Rosser *Deputy Chair*

Sydney Ports Corporation

Appendices

Staff who are Members of External Committees

| | |
|--|---|
| Environment Management Steering Committee Murray Fox | Standards Australia Committee ME 018 – The handling and transport of dangerous cargoes in port areas Kevin Davis |
| International Association of Ports and Harbors Greg Martin Director Tony Navaratne <i>Port and Planning Construction Committee</i> | State Committee of the National Plan to Combat Pollution of the Sea by Oil Bart Pacheco |
| Major Hazard Inter-Agency Committee Kevin Davis | Sydney Cruise Industry Forum Phil Rosser <i>Chair</i> Jenny Jones |
| Navigators and Navigation Pilotage Committee Bart Pacheco | Sydney Harbour Executive Murray Fox Marika Calfas |
| New Year's Eve Committee Bart Pacheco Jenny Jones | Sydney-to-Hobart Yacht Race Committee Bart Pacheco |
| NSW Chamber of Commerce, International Trade Committee Phil Rosser <i>Chair</i> | Sydney Ports Cargo Facilitation Committee Morgan Noon Jenny Jones |
| Orica Groundwater Community Liaison Committee Kevin Davis | Sydney Ports Security Committee Murray Fox Jenny Jones |
| Permanent Committee on Tides and Mean Sea Level Gary Batman | Sydney Ports Users Consultative Group Greg Martin Simon Barney Phil Rosser |
| PIANC Congress Organising Committee Bruce Hudson | The Export Centre Management Committee Gerry McCormack |
| Port Botany Emergency Plan Committee and sub-committees Shane Hobday <i>Chair</i> Jim Pullin | The Missions to Seafarers Greg Martin <i>Director</i> Shane Hobday <i>Director</i> |
| Port Botany Neighbourhood Consultative Group Murray Fox Polly Bennett Colin Rudd Kevin Davis | Transport Safety and Security Committee (TCC) Murray Fox |
| Sea Freight Council Simon Barney | Urban Planning and Infrastructure Steering Committee (UPIISC) Colin Rudd |
| Shell Gore Bay Community Consultative Committee Murray Fox | White Bay/Glebe Island Noise Reference Committee Kevin Davis <i>Chair</i> Polly Bennett Christa Sams |
| Standards Australia Committee on Maritime Structures Tony Navaratne | Internal committees Executive Committee Occupational Health and Safety Committee Sydney Ports Corporation Consultative Committee |

Glossary

| | |
|----------------|--|
| AAPMA | Association of Australian Port and Marine Authorities |
| AAT | Australian Automotive Terminal |
| 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 Tonnage |
| ha | hectares |
| IAPH | International Association of Ports and Harbors |
| IT | Information Technology |
| M | million/millions |
| MUA | Maritime Union of Australia |
| NSW | New South Wales (Eastern State of Australia) |
| NOPAT | Net Operating Profit After Tax |
| OH&S | Occupational Health and Safety |
| PIANC | Permanent International Association of Navigation Congresses (International Navigation Association) |
| PSOL | Port Safety Operating Licence |
| RTA | Roads and Traffic Authority |
| RIC | Rail Infrastructure Corporation |
| SCI | Statement of Corporate Intent |
| ShIPS | Sydney's Integrated Port System |
| SPS | Sydney Pilot Service Pty Ltd |
| SPUCG | Sydney Ports Users Consultative Committee |
| SVA | Shareholder Value Added |
| 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 |



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MANAGING GROWTH

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