Sydney Ports Corporation
Annual Report 1996

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Contents

SYDNEY PORTS

The Hon Carl Scully MP
Minister for Public Works & Services
Minister for Ports
Assistant Minister for Energy
Assistant Minister for State and Regional Development

Sydney Ports Corporation
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Sydney NSW 2000
PO Box 25, Millers Point
NSW 2000 Australia
Phone: 61 9296 4999
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Dear Mr Scully:

I have pleasure in submitting to you the 1996 Annual Report of the Sydney Ports Corporation for presentation to the Parliament of New South Wales. It has been prepared in accordance with the Annual Reports (Statutory Bodies) Act 1984 and the applicable provisions of the Public Finance and Audit Act 1983. Financial statements cover the year ended 30 June 1996.

This is the first Annual Report of the Sydney Ports Corporation following corporatisation on 1 July 1995 and, as such, represents an important milestone in the continued development of port infrastructure in New South Wales and, in particular, Sydney.

Restructuring of Sydney Ports Corporation is continuing and I would like to acknowledge the vital role the Corporation's staff have played in the first year of operation as a corporatised entity.

Sydney Ports Corporation looks forward to working with our shareholders and the port community in the year ahead.

Yours sincerely,

Greg Martin
Chief Executive Officer
October 1996

Chairman's Overview 96

T. Brian Finn AO
Chairman
Sydney Ports Corporation

Sydney Ports Corporation

The first year's performance of the Sydney Ports Corporation as a newly corporatised entity has been satisfactory.

Sydney Ports Corporation was established on 1 July 1995 as the successor to the MSB Sydney Ports Authority.

MSB Sydney Ports Authority did not produce financial statements in 1994/95 separate to those of its parent body, the Maritime Services Board (MSB).

The new Sydney Ports Corporation has returned an excellent after tax-equivalent profit result of $26.8 million for the first year of operation. I am pleased to say this result has allowed us to pay a healthy dividend of $15.1 million to our shareholder, the New South Wales Government.

1995/96 container throughput of nearly 700,000 Twenty Foot Equivalent Units (TEUs) was 4.33% higher than the previous year and marked the fifth consecutive year of container trade growth. Total trade tonnage throughput of 20.9 million mass tonnes was the same as the 1994/95 volume.

Sydney Ports maintained market share in container trade throughput. Growth in the export of full containers, up 9.0% despite the difficulties in the rural community during much of the year, augurs well for the future. Sydney Ports Corporation is in a position to cope with any natural trade growth and to capture trade for distribution to other States.

Productivity in most of Australia's container ports is below satisfactory levels. Directors are committed to improving the commercial attractiveness of the ports of Sydney in the national market by pursuing productivity and pricing improvements.

Total port charges in Australia (private sector and port authority charges) are higher than international standards. Sydney Ports Corporation controlled charges for vessels represent about 20% of Sydney's total port charges and are competitive with other Australian ports.

In June it was announced that Sydney's navigation service charges would be reduced by 11% and empty container rates by 60%, effective 1 July 1996. These and earlier reductions have contributed to port authority charges being reduced by around 40% over the last five years in Sydney. In addition, pilotage charges were reduced by 9% in October 1995.

In May 1996 Sydney Ports Corporation engaged Maunsell Pty Ltd, an international consulting firm specialising in port planning, to help develop a Master Plan for Port Botany through to the year 2020. The Plan will assess development options to enhance the Port and to accommodate trade growth well into the next century.

During the year there have been major changes at Board and management levels. From the commencement of the new entity on 1 July 1995, the previous MSB Sydney Ports Authority Directors continued as an Acting Board until the new members were appointed by the New South Wales Government in December 1995. On behalf of the current Board, I express thanks to the Acting Directors for their efforts. Since that time two of the inaugural members of the Board, Padraig Crumlin (Interim Appointee) and David Taylor, have left to be replaced by Paul Curran (Staff Director) and Peter Medlock.

Chairman's Overview

I express thanks to Mr Crumlin and Mr Taylor for their contributions during the first months of the new Board's operation.

In April 1996 Greg Martin was appointed Chief Executive Officer of Sydney Ports Corporation and in May he was appointed to the Board. Mr Martin was previously Chief Executive Officer of the Port of Brisbane Corporation. The Board believes that Mr Martin's experience and ability will enable him to provide the strong and capable leadership needed in the years ahead.

Looking ahead, the Corporation faces a number of challenges, both internal and external.

Internally, there is a need to ensure that the organisation provides customers with first class service and competitive prices and that safety and emergency functions are of the highest standard.

Externally, port productivity issues, transport planning, land use planning and port competition issues will require the cooperation and involvement of the many stakeholders in the ports of Sydney. The assistance of all of these stakeholders during the year just ended is greatly appreciated and will be welcome again in the year ahead.

Sydney Ports Corporation has been run capably throughout the year by the management and staff of the organisation. To them the Board expresses its thanks and appreciation.

Brian Finn

T. Brian Finn AO
Chairman

Botany Bay is the site of Australia's largest and most modern purpose built container terminals and bulk liquid handling facilities.

Chief Executive Officer's Report

Sydney Ports Corporation

Greg Martin
Chief Executive Officer
Sydney Ports Corporation

It is pleasing to report that the first year of operation of Sydney Ports Corporation as a new organisation has been successful with a healthy after tax-equivalent profit of $26.8 million and a record container throughput result of 698,648 TEUs.

In its inaugural year of operation as a corporatised entity, Sydney Ports Corporation made substantial adjustments in many areas to the way it conducted business. These adjustments involved a complete asset valuation, determination of the appropriate capital structure of the business, the establishment of reporting arrangements with Shareholding Ministers and their Departments and, not least, organisational and management restructuring.

With these matters substantially resolved by 30 June 1996, the Corporation is well placed to pursue new trade opportunities and to focus on service provision in the year ahead.

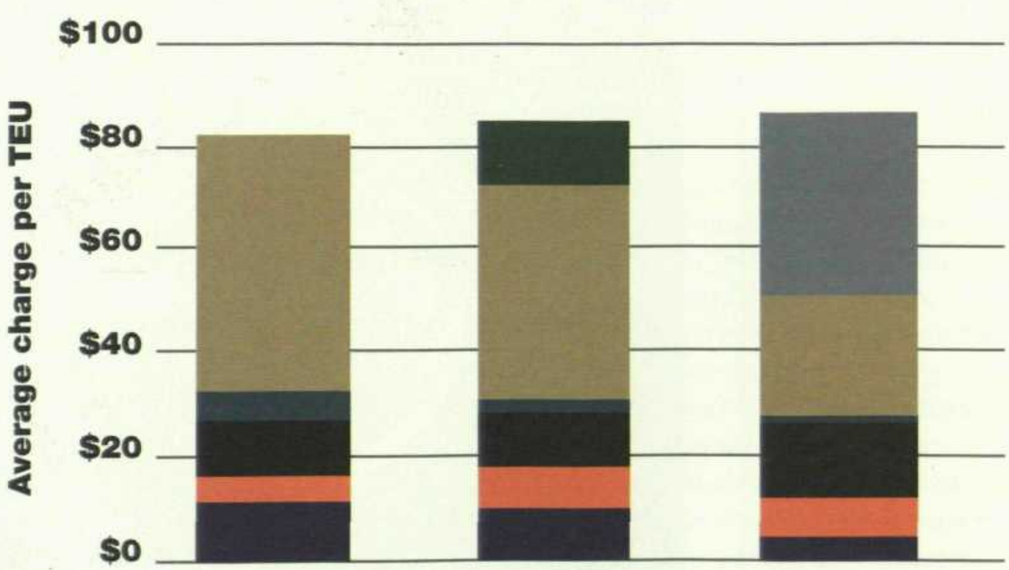
Our business

Not only has the organisation itself undergone considerable change, but also 1995/96 has been a year which has seen significant change to the industry in which we operate. Competition between ports has increased with the corporatisation and privatisation of ports around the country.

Sydney Ports Corporation welcomes the competitive challenge and has actively responded. Port charge reductions were announced in June, to take effect from 1 July 1996, making Sydney the lowest cost container port on the eastern seaboard of Australia. These reductions in the navigation service charges and the empty container wharfage rate not only benefit shipping companies but also shippers through the follow-on reduction of Port Pricing Additional (PPAs) charges applied directly by the shipping companies.

Comparative Port Charges
Stevedoring excluded

Berth Hire
Harbour/River dues
Wharfage
Mooring/Unmooring
Towage
Pilotage
Navigation Services



Comparison as at 30/6/96 based on standard exchange of 685 TEUs with a model vessel of 17,215 GRT
- Wharfage for Sydney includes Port Cargo Access Charge

"... the Corporation is well placed to pursue new trade opportunities and to focus on service provision in the year ahead."

Chief Executive Officer's Report

During the year, productivity at our stevedoring terminals fell to levels which are regarded as unsatisfactory by the Corporation and the industry in general and we would expect to see genuine improvements in productivity and reliability in 1996/97.

Planning for the long term is an important role of Sydney Ports Corporation. In this regard, master planning studies of Port Botany and of rail terminal options were commissioned during the year.

Our customers

Sydney is the largest city in Australia serving the most populated State in the country. While such a naturally large port hinterland brings the advantages of a high base volume, it could also bring the temptation to take customers for granted.

Patrick The Australian Stevedore, Port Botany.

Sydney is well served by over 80 shipping lines, visiting on a regular basis, shipping to and from over 200 countries. However, in the competitive environment referred to earlier, Sydney Ports Corporation is keenly aware of the need to service our customers not only to retain existing trade but also to achieve growth.

Our customers comprise a diverse group of organisations, including major tenants of port lands, providers of essential port services (often tenants as well), shipping companies and agents, freight forwarders and the shippers themselves. As part of a customer contact program the Corporation meets significant customer groups and prospective new customers on a regular basis. During the year, the Corporation participated in a number of trade promotions in various centres in New South Wales and made numerous direct contacts with individual shippers.

I wish to record my thanks to the members of the Sydney Ports community, including many port users, service providers, tenants, shipping companies and agents and other stakeholders for their assistance and loyalty to Sydney Ports Corporation during the year.

Our people

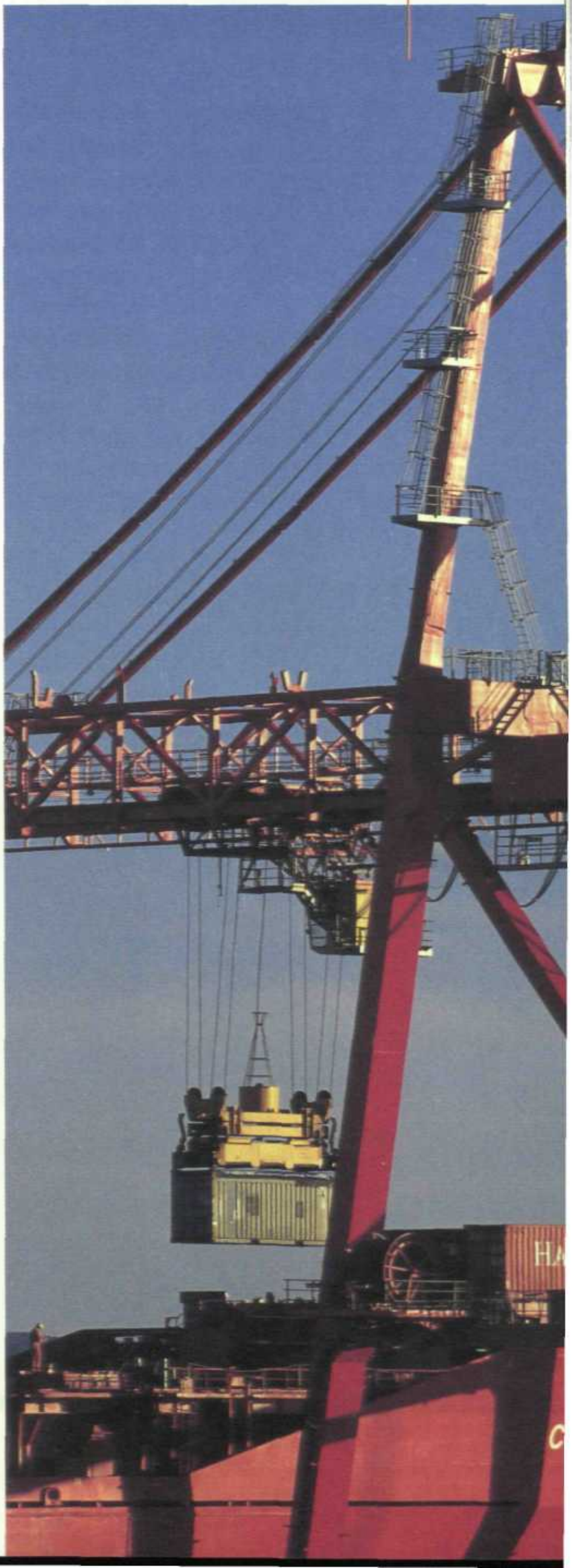
The first year following corporatisation presented a number of challenges for the management and staff of the Corporation which, I am pleased to report, have been resolved relatively smoothly.

With the advent of corporatisation from 1 July 1995, the executive management team was allocated relieving positions until such time as the positions were publicly advertised and filled. In effect, these conditions prevailed throughout the whole year as the executive management selection process, other than the appointment of the Chief Executive Officer and the Executive Officer Policy and Planning, had not been finalised by 30 June 1996.

With management and staff operating in this state of uncertainty, it is only natural that morale was affected. However, this was more than offset by the positive attitude of the staff to being part of a more independent commercially focused organisation.

Chief Executive Officer's Report

Almost 700,000 TEUs of containerised cargo passed through the ports of Sydney Harbour and Botany Bay during 1995/96.



With the executive selection process expected to be completed by the end of August 1996, it is anticipated that the staff of Sydney Ports Corporation will benefit from the stability that the new management team will provide.

From 1 July 1995 until my commencement on 15 April 1996, Mr John Hayes capably filled the position of Acting Chief Executive Officer. I extend my thanks to him for his efforts and also for his assistance since his appointment as Executive Officer Policy and Planning on 1 May 1996.

One area of commendable achievement by Sydney Ports Corporation staff during the year was the Bureau Veritas recommendation for quality accreditation for the Corporation's Port Safety and Emergency Response activities. To achieve this recommendation in less than twelve months is a tribute to the staff involved.

Safety of staff is one issue where the Board and I will not be fully satisfied until we have an accident free record. While there were no major accidents during 1995/96, it is our intention to continue to look for reductions in work related accidents of all kinds.

I extend my thanks to all the staff for their perseverance, commitment and achievements during our first year as a corporation.

Greg Martin
Chief Executive Officer

Sydney Ports Corporation

Sydney Ports Corporation is charged with the ownership and operation of public assets in the commercial ports of Sydney Harbour and Botany Bay.

It became a corporation on 1 July 1995. It was constituted by the Ports Corporatisation and Waterways Management Act 1995. This legislation created three independent statutory port corporations serving the principal regions of the Hunter, Illawarra and Sydney.

Sydney Ports Corporation is the legal successor to the MSB Sydney Ports Authority, which was dissolved under the Act.

Sydney Ports Corporation is a statutory State owned corporation under the State Owned Corporations Act 1989. A range of assets, rights and liabilities was vested in Sydney Ports Corporation by Ministerial Order. Staff were assigned to the Corporation by Ministerial Order.

At the same time, the Marine Administration Act 1989 was repealed and substantial amendments were made to the Maritime Services Act 1935. Amendments were also made to the Pilotage Act 1971 which was renamed the Marine Pilotage Licensing Act.

The Corporation became subject to the Trade Practices Act 1975 on and from 1 July 1995.

As far as the Corporation is concerned, one of the key aims of the Ports Corporatisation and Waterways Management Act was to establish a new organisation to manage the ports of Sydney with objectives which include operating at least as efficiently as a comparable business, maximising the State's investment in the Corporation and the promotion of trade through its facilities.

40% of total Australian motor vehicle imports are shipped through P&O Ports Conaust Ltd at Glebe Island Motor Vehicle Terminal.

New Relationship

Sydney Ports Corporation was one of the first statutory State owned corporations created. Its Board of Directors is accountable to two voting shareholders. The Corporation has a Memorandum of Association prescribed by the two voting shareholders and has Articles of Association approved by them.

Ministerial Arrangements

The portfolio Minister is the Hon. P C Scully MP, Minister for Public Works and Services, Minister for Ports, Assistant Minister for Energy and Assistant Minister for State and Regional Development.

The voting shareholders are the Hon. M R Egan MLC, Treasurer, Minister for Energy, Minister for State and Regional Development, Minister Assisting the Premier and Vice President of the Executive Council, and the Hon. M S Knight MP, Minister for the Olympics and Minister for Roads.

Significant Judicial Decisions

As part of the distribution of the former MSB Sydney Port Authority's potential liabilities, all claims current as at 30 June 1995 became potential liabilities of the Marine Ministerial Holding Corporation (MMHC), which is a body corporate created by the Ports Corporatisation and Waterways Management Act 1995.

There were no significant judicial decisions which impacted on the operations of Sydney Ports Corporation in the 1995/96 financial year.

Departures from Subordinate Legislation Act

There were no departures from the Subordinate Legislation Act 1989.

Sydney's container terminal facilities, including Container Terminals Australia Limited at Port Botany, operate 24 hours a day, 7 days a week.

Sydney Ports Corporation

First Year Profit

In the first year of operation Sydney Ports Corporation recorded a profit of $26.8 million after tax-equivalent.

During the year the ports of Sydney handled 20.9 million mass tonnes of cargo, equal to the previous year. At the same time, a new port record for container throughput of 698,648 TEUs equating to growth of 4.33% from the previous year, was achieved. This was underwritten by growth in full container exports through the Ports of 9.0% to 224,587 TEUs.

Reduction in Port Pricing Charges

An important incentive for trade growth through the ports of Sydney was the announcement by the Premier, the Hon Bob Carr MP, of a reduction in port charges.

In effect, the navigation service charges will be reduced from 1 July 1996 to $0.41 per gross registered tonne from $0.46. At the same time the wharfage charge on empty containers will be reduced from $25.00 per TEU to $10.00 per TEU - a reduction of 60%.

This followed consultation between Sydney Ports Corporation, the New South Wales Government and port users.

The decision represents a true reduction in costs to the shipping industry and will play a significant role in making Sydney the most commercially attractive port in Australia on a port authority cost basis.

The Corporation's price reductions complemented recent substantial investment in capital equipment by the two major Sydney stevedores, Patrick - The Australian Stevedore and P&O Ports Conaust Ltd.

The substantial price reductions were welcomed by port users, and resulted in savings which were passed on by shipping companies to importers and exporters in the form of significantly lower PPAs than those charged at most other Australian ports.

Quality Assurance

During the financial year Sydney Ports Corporation sought quality assurance accreditation for the port safety and response operations. At the end of June 1996 Bureau Veritas Quality International - an internationally recognised quality assurance agency - advised that the Corporation had been certified to the Australian and International standard AS/NZS ISO 9002.

This program was implemented within a 12 month time frame and Sydney Ports has become the first capital city port in Australia to receive quality certification for port safety operations.

Port safety activities include dangerous goods handling, emergency response, navigation aids, channel and berth depths, pilotage and exemption from pilotage and port communications.

Quality certification is positive proof that Sydney Ports Corporation is able to work within the high environmental and safety standards required of a modern organisation.

Partner Ports

In March 1996 Sydney Ports Corporation and the Georgia Ports Authority signed a Partner Ports Agreement linking Sydney with the Port of Savannah.

There were several significant factors in establishing this agreement. It is the first agreement between Sydney Ports Corporation and a North American port, and it is the first agreement between two ports having modern Olympic Games responsibilities. The agreement provides for Sydney Ports and the Port of Savannah to build mutual trade and commercial relationships.

Savannah and Sydney Ports handle similar volumes of cargo, both ports having a total throughput of about 20 million mass tonnes, including more than 650,000 TEUs. In addition, both the Georgia Ports Authority and Sydney Ports Corporation have undertaken significant restructuring recently with the object of achieving trade and profit growth by better meeting the service, commercial and operational needs of customers.

This agreement will run for five years and during that period both organisations will actively seek to encourage and expand international trade and investment between the respective regions.

In 1968 the former Maritime Services Board entered into a sister port relationship with the Yokkaichi Port Authority, based on the significant wool and coal trade between Sydney and Yokkaichi in Japan.

Despite the changing nature of trade patterns over the years, the relationship has endured and we are about to celebrate 28 years of that relationship. During 1995/96, there were two visits to Sydney Ports by missions from Yokkaichi.

Patrick The Australian Stevedore commenced a substantial equipment upgrade during 1995/96, enabling it to better handle larger vessels, like 'MSC Edna', now serving Sydney Ports.

96 **New Board**

Sydney Ports Corporation

New Board

The Ports Corporatisation and Waterways Management Act 1995 provided for the Directors of the former MSB Sydney Ports Authority to continue as an Acting Board of Directors of the new Corporation until such time as a new Board of Directors was appointed. That occurred on 4 December 1995 and the new Board approved a variation to the interim management structure to take effect from 8 January 1996.

At 30 June 1996, the Board comprised:

Back, left to right:
Mr Paul Binsted - Director

Mr Greg Martin - CEO and Managing Director

Mr Paul Curran - Staff Director

Mr Peter Medlock - Director

Front, left to right:
Mr Vic Smith - Director

Mr T Brian Finn AO - Chairman

Ms Cheryl Bart - Director

Directors' Terms of Appointment

Name	Term From	Term To
I R G Knop*	1/7/95	3/12/95
F M Davidson OBE*	1/7/95	3/12/95
S W Hetherington*	1/7/95	3/12/95
E P McClintock*	1/7/95	3/12/95
P Reynolds*	1/7/95	3/12/95
T B Finn AO	4/12/95	3/12/98
C Bart	4/12/95	3/12/98
P A Binsted	4/12/95	3/12/98
P J Crumlin **	4/12/95	23/4/96
P G Curran	24/4/96	23/4/99
G J Martin	29/5/96	28/5/99
P J Medlock	5/6/96	4/6/99
V J Smith	4/12/95	3/12/98
D J Taylor***	4/12/95	3/12/98

** Acting Director **Interim appointment pending staff election ***Resigned 19 April 1996*

Board Meetings Attended

	Number of meetings held while a Director	Number of meetings attended
I R G Knop	6	6
F M Davidson OBE	6	4
S W Hetherington	6	6
E P McClintock	6	4
P Reynolds	6	6
T B Finn AO	8	8
C Bart	8	8
P A Binsted	8	8
P J Crumlin	6	3
P G Curran	2	2
G J Martin	1	1
P J Medlock	-	-
V J Smith	8	8
D J Taylor	5	5

Mr T Brian Finn AO
FUTS, FIE (Aust), FTS, FACS
CHAIRMAN

Mr Finn was formerly Chief Executive of IBM Australia Limited and is currently the Chairman of the Advisory Board of IBM Australia Limited. In addition he is a member of the Boards of Directors of CIC Holdings Group, National Mutual Life Association, Southcorp Holdings Limited and Telstra Corporation Limited. Mr Finn is also Chairman of the Interim Council of the National Science and Technology Centre and a Member of the Advisory Board of the Faculty of Business, Bond University. Previous appointments have included Chairman of the Australian National Training Authority (ANTA), Member of the Board of Governors of the University of Western Sydney and Chairman of CitiPower Limited.

Mr Greg J Martin
BE(Civil), BCOM, ASIA
CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR

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

Ms Cheryl Bart
BCOM, LLB
DIRECTOR

Ms Bart is a lawyer and company director. She is a Director of ETSA Corporation, ETSA Transmission Corporation and ETSA Energy Corporation. She is a member of the Advisory Board of the PA Consulting Group. Ms Bart is also the Chairman of a charitable organisation and holds directorships with a number of private companies. She is currently consulting to the corporate sector on a range of management and marketing assignments.

Mr Paul A Binsted
BEc, LLB, ASIA
DIRECTOR

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

New Board

Mr Padraig J Crumlin
DIRECTOR

Mr Crumlin was appointed Interim Director in December 1995 representing staff until elections were held in March 1996 and decided. Mr Crumlin is currently Joint Deputy National Secretary of the Maritime Union of Australia.

Mr Paul G Curran
BA (HONS)
STAFF DIRECTOR

Elected to the Board following elections in March 1996. Mr Curran is an employee of Sydney Ports Corporation, currently working as a Planner/Analyst in the Property Branch. He joined the Maritime Services Board of New South Wales in 1988. He has been a member of the Ports Division Committee of Management of the New South Wales branch of the Australian Services Union since 1993.

Mr Peter J Medlock
BEc
DIRECTOR

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

Mr Vic J Smith
DIRECTOR

Mr Smith is the Mayor of South Sydney City Council. Previous appointments have included Manager Community Services - Sydney City Council, Deputy Director Community Services - South Sydney Municipal Council and Assistant Electorate Officer, Minister for Police.

Mr David J G Taylor
DIRECTOR

Mr Taylor was a Director from December 1995 until April 1996 when he resigned. Mr Taylor was formerly Chief Executive Officer with the State Chamber of Commerce (New South Wales).

Acting Board 1 July 1995 to 3 December 1995

Mr Ian R G Knop
B BUS, CPA
CHAIRMAN

Mr Knop became a Director of MSB Sydney Ports Authority in August 1989 and became the Chairman of MSB Sydney Ports Authority in August 1992 and Acting Chairman of Sydney Ports Corporation from 1 July 1995 to 3 December 1995.

Mr F Michael Davidson OBE
DIRECTOR

Mr Davidson was a Director of MSB Sydney Ports Authority and, subsequently, Sydney Ports Corporation from August 1989 to 3 December 1995.

Mr Stuart W Hetherington
MA (CANTAB)
DIRECTOR

Mr Hetherington was a Director of MSB Sydney Ports Authority and, subsequently, Sydney Ports Corporation from 1989 to 3 December 1995.

Mr E Paul McClintock
BA, LLB
DIRECTOR

Mr McClintock was a Director of MSB Sydney Ports Authority and, subsequently, Sydney Ports Corporation from 1993 to 3 December 1995.

Mr Peter Reynolds
BCOM, FCPA, FAIM, FAICD
DIRECTOR

Mr Reynolds was a Director of MSB Sydney Ports Authority and, subsequently, Sydney Ports Corporation from 1993 to 3 December 1995.

96 **Our Mission**

A Significant Turning Point

1995/96 was a landmark year for the Corporation and represents a year of progress, changes in the structure of the organisation and, most importantly, an increased customer focus which resulted in a further reduction in port charges following consultation with port users.

Our Mission

Sydney Ports Corporation is in business to manage the State's investment in the ports of Sydney Harbour and Botany Bay and to provide the leadership necessary for ensuring the availability of port facilities and services which meet the requirements of port dependents, particularly cargo interests.

As such, the Corporation is committed to fostering a world class port operation and, in carrying out its mission, aims to provide and incorporate:

- A leadership role in the Sydney Ports community
- Customer focus - with an emphasis on working for the benefit of those we serve by providing timely, professional and courteous attention
- Best Practice - which embraces continuous improvement to achieve a culture of excellence within the Corporation and international competitiveness for Sydney Ports
- Commercial decision making - exhibiting the value conscious, target oriented characteristics expected of commercial organisations
- Communication - uniting the members of the port industry through information and consultation networks
- Community service - supporting the public interest through conscientious regard for our neighbours and other users of Sydney Ports
- Staff excellence - by providing a working environment and conditions which ensure that staff are suitably motivated, skilled and rewarded to perform in accordance with the Corporation's objectives and are thus able to deliver quality service
- Competition reform - by observing the spirit and letter of competition policies by creating opportunities for true competition
- Environmental concern - by caring for the quality of the environment in which port activities are conducted
- Heritage - maintaining historic links of maritime interest
- Olympics - cooperating toward the success of the Games in Sydney in the year 2000
- Pricing - offering excellent value for the prices we charge
- Safety - providing protection against hazards and rapid response in the event of mishaps
- Trade development - promoting the ports of Sydney and providing an operating climate conducive to trade growth

Sydney Ports Corporation

Management Review

Titles and Names of Principal and Senior Officers and their Qualifications

A new management structure was approved on 26 April 1996.

Recruitment to the new executive positions is proceeding and the new structure will be implemented progressively as appointments are made but, as most positions were vacant at 30 June 1996, the organisation structure referred to in this report is the interim structure adopted in January 1996.

CHIEF EXECUTIVE'S UNIT		
Chief Executive Officer	Gregory Martin Appointed 15 April 1996	BE(Civil), BCOM, ASIA
POLICY & PLANNING		
Executive Officer, Policy & Planning	John Hayes Acting Chief Executive Officer from 1/7/95 to 14/4/96. Appointed on 1/5/96 as Executive Officer, Policy & Planning	BE, DIP T&CP, MIEAUST, CP.ENG
CORPORATE SECRETARY		
Secretary and Acting General Manager, Finance and Administration	Terry Page	B BUS, DIP TECH. (PUB ADMIN), CPA, FCIS, BA,
Acting Deputy Secretary & Legal Counsel	Anthony Morrison	LLM, DIP SHIPPING LAW, FCIS, AAII
FINANCE		
Finance Manager	Denis Dillon	CPA, FCIS
Acting Management Accountant	David Kenny	MNIA
Acting Information Technology Manager	Stephen Wood	
HUMAN RESOURCES		
Corporate Services Manager	Trevor Craft	BEc (HONS), MPP
SHIPPING & SAFETY SERVICES		
Acting General Manager, Shipping & Safety Services	Murray Fox	BSc (ENG), M.ENG. Sc., Grad. AICD
Safety, Environment & Quality Manager	Shane Hobday	BE (MECH)
Marine Operations Manager	Reginald McGee	MASTER CLASS 1
Marine Manager	Christopher Alsop	
Shipping Manager	Liam Gavin	MASTER CLASS 1
LOGISTICS & TRADE DEVELOPMENT		
Acting General Manager, Cargo Facilitation	Roger Webster	BA (HONS), MBA
Business Development Manager	Andrew Gibson	BA, LLB
PORT PROPERTY		
Acting General Manager, Port Property	John Huckson	BE, BCOM, MIEAUST
Acting Technical Services Manager	Graeme Alley	BE (ELECT)
Acting Property & Survey Manager	Stephen Potter	BE (MECH)
Coastal Manager	Maxwell Willoughby	BE (CIVIL-HONS), MIEAUST, P.ENG
Acting Maintenance Manager	Robert Stock	BE (MECH) (HONS)

Number of employees by category

from 1 July 1995 to 30 June 1996

Classification	
Executive Management	10
Professional Employees	21
Engineering Employees	11
Technical Employees	27
Information Technology Employees	5
Administrative Employees	61
Marine Employees	96
Total	**231**

Note: *Staff numbers include employees seconded from the Office of Marine Safety and Port Strategy.*

Veronica Rossetto, Rehabilitation Co-ordinator/Staff Counsellor, advises David Wilson, Port Officer, of the Corporation's occupational health and safety practices in the workplace.

Sydney Ports 96

Customers are provided with the following range of services:

Navigation

Shipping channels and navigation aids

Port communications and vessel traffic management

Emergency response and harbour control

Berth Services

Safe and secure berths, including anchorages

Common-user cargo wharves

Leased cargo wharves

Passenger terminals

Cargo movement facilitation

Monitoring of port security

Shipping

Berth allocations

Advice on berthing requirements, e.g. pilots, tugs, line handling

Advice on dangerous goods procedures

Port Assets

Port estate management

Cargo handling and transit storage sites

Developmental planning

Port access coordination

Safety and Environment

Safe transfer of bulk liquids and dangerous goods

Emergency response to marine incidents

Management of the port environment

Commercial Development

Port promotion and marketing

Property management

Trade logistics facilitation

An Overview

The ports of Sydney play an important role in the development and growth of the State of New South Wales and the nation as a whole.

In essence, Sydney Ports Corporation is the major landlord for the substantial container, cargo and bulk cargo shipping operations flowing through New South Wales.

Sydney is the nation's largest centre for commerce and industry, contributing over a third of the nation's Gross Domestic Product (GDP).

Shipping activity through the ports of Sydney, comprising Botany Bay and Sydney Harbour, produces one of the busiest concentrations of port activity in Australia with some 4,550 ship movements in 1995/96.

During the 1995/96 financial year 20.9 million mass tonnes of cargo passed through the ports, including 698,648 TEUs of containerised cargo.

With more than 80 shipping lines using the ports, Sydney Ports is able to provide exporters and importers with the opportunity to transport their cargo to or from any destination on the eastern coast of Australia within 15 hours.

Corporate Objectives

Our aim is to be successful in business and, to this end we strive:

- to operate at least as efficiently as any comparable business,
- to maximise the net worth of the State's investment in the Corporation,
- to exhibit a sense of social responsibility by having regard to the interests of the community in which we operate, and we endeavour to accommodate these when able to do so,
- to promote and facilitate trade through our port facilities,
- to ensure that port safety functions are carried out properly.

Key Corporate Functions

- to establish, manage and operate port facilities and services in our ports, and
- to exercise port safety functions in accordance with our operating licence.

With assets totalling $333 million, an annual revenue of $84.2 million and equivalent full time establishment of 231, it is vital that the Corporation is a forward thinking organisation able to achieve premier status among Australia's ports and improve its international ranking. Our attention to costs and efficiency addresses the total cargo movement chain and concentrates on actions required to position Sydney among the leading ports in the world.

Nature and Scope of Activities

The Corporation is the central infrastructure provider and manager for the commercial ports of Sydney Harbour and Botany Bay. The Corporation also supplies various services to shipping under its Port Safety Operating Licence.

20.9 million mass tonnes of cargo passed through the ports during 1995/96.

Commercial Development

Sydney Ports' trade highlights for 1995/96 are summarised here.

Container Trade by TEU

	Exports		Imports		Total		
	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	%Variance
Full	206,105	224,583	348,660	349,392	554,765	573,979	3.46%
Empty	100,009	106,815	14,895	17,858	114,904	124,669	8.50%
TOTAL	**306,114**	**331,398**	**363,555**	**367,250**	**669,669**	**698,648**	**4.33%**

Total Trade by Major Commodity Groupings
(000s mass tonnes)

	EXPORTS			IMPORTS			TOTAL		
	1994/95	1995/96	% Variance	1994/95	1995/96	% Variance	1994/95	1995/96	% Variance
Oil (Crude and Refined)	1,030	792	-23.1	10,423	10,173	-2.4	11,453	10,965	-4.3
Containers	3,146	3,445	9.5	3,537	3,876	9.6	6,683	7,321	9.5
Bulk Liquids and Gas	110	128	17.0	691	702	1.6	801	830	3.7
Dry Bulk	0	0	0.0	858	859	0.1	858	859	0.1
General Cargo	145	117	-19.3	945	784	-17.0	1,090	901	-17.3
TOTAL	**4,431**	**4,482**	**1.2**	**16,454**	**16,394**	**-0.4**	**20,885**	**20,876**	**0.0**

Container Contents by Commodity

Top 10 Exports	mass tonnes
Non Ferrous Metals	489,404
Chemicals	359,869
Iron & Steel	287,807
Meat	202,805
Cereals	202,659
Cotton	164,482
Paper & Paper Products	161,468
Wool	151,788
Machinery	88,779
Beverages & Tobacco	54,986

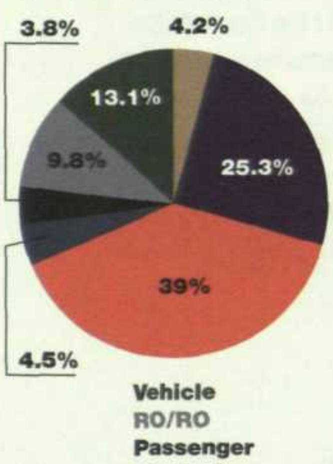
Top 10 Imports	mass tonnes
Chemicals	578,326
Paper & Paper Products	418,224
Machinery & Electrical Equip	372,330
Fruit & Vegetables	139,815
Textiles, Yarns & Fabrics	124,655
Iron & Steel	96,835
Beverages & Tobacco	91,256
Non Ferrous Metals	78,702
Timber	50,685
Fish & Seafood	49,621

Container Trade by Country in TEUs

Country	Exports		Imports		Total Trade 1995/96	
	Full	Total	Full	Total	Total TEUs	% Change*
China/Hong Kong	29,612	40,563	50,465	52,165	92,728	5.06%
United States	12,817	32,588	58,399	59,139	91,727	12.37%
New Zealand	32,872	42,237	24,388	26,194	68,431	13.66%
Japan	28,789	34,673	24,882	26,716	61,389	-5.76%
Singapore	13,091	24,445	18,096	18,937	43,382	2.36%
Taiwan	10,619	17,379	18,844	19,075	36,472	-2.53%
Great Britain	4,994	7,719	18,137	18,284	26,003	5.45%
Italy	5,799	6,507	17,061	17,079	23,586	-6.11%
South Korea	7,109	8,444	14,597	14,900	23,344	0.19%
Indonesia	12,265	12,880	8,549	8,638	21,518	-5.04%
Malaysia	8,778	9,634	10,591	10,798	20,432	9.44%
Netherlands	1,981	8,941	10,633	10,736	19,677	11.97%
Germany	2,098	4,353	13,333	13,518	17,871	-18.41%
Thailand	6,623	6,802	9,998	10,009	16,811	6.87%
South Africa	3,363	4,694	7,020	7,274	15,331	17.86%
Belgium	1,833	5,398	7,849	8,054	13,452	-3.26%
Philippines	5,923	6,007	2,517	3,849	9,856	8.74%
Papua New Guinea	4,117	4,349	4,319	4,944	9,293	17.71%
Spain	989	1,427	3,119	3,119	4,546	20.62%
Canada	1,533	1,534	2,920	2,921	4,455	-11.99%
Other	29,378	50,824	23,675	30,901	78,344	8.34%
TOTAL	**224,583**	**331,398**	**349,392**	**367,250**	**698,648**	**4.33%**

* % change compared to 1994/95
Total includes empty containers

Vessel Calls - 1995/96



Vehicle
RO/RO
Passenger
General
Containers
Bulk Liquids/Gas
Bulk Carriers

Vessel Visits

	Sydney Harbour		Botany Bay		Sydney Ports	
Years	Vessel Tonnage*	No. Visits	Vessel Tonnage*	No. Visits	Vessel Tonnage*	No. Visits
1994/95	20.4	999	25.1	1,209	45.5	2,208
1995/96	20.0	979	26.3	1,187	46.3	2,166
% Change	-1.7%	-2.0%	4.8%	-1.8%	1.9%	-1.9%

* In million gross registered tonnes

Cruise Industry

Sydney is the cruise shipping capital of Australia and during the year Sydney Ports Corporation continued to position Sydney Harbour as the 'Cruising Gateway to Australia'.

Sydney retained its position as Australia's largest cruise port, handling a total of 73 cruise vessel calls by 23 vessels, equating to more than 100,000 passengers and 101 passenger terminal berth days at Sydney Cove and Darling Harbour Passenger Terminals and No.9 Berth Darling Harbour.

Sydney's most frequent cruise vessel visitor was P&O Holiday's "Fairstar" - making 30 calls - followed by CTC Cruises' "Southern Cross" and "Kareliya".

A number of the most impressive cruise liners in the world made their first call to Sydney Harbour during the year. These included:

'Golden Princess'	December 1995	(Princess Cruises)
'Crystal Symphony'	December 1995	(Crystal Cruises)
'Southern Cross'	December 1995	(CTC Cruises)
'Oriana'	February 1996	(P&O Cruises London)

In line with our commitment to foster cruise shipping in Australia, Sydney Ports Corporation continued to be involved in a number of activities designed to improve Sydney's cruise shipping facilities and services, and to promote Sydney as a viable international cruise destination.

Sydney Cruise Industry Forum

This was formed at the instigation of the former MSB Sydney Ports Authority during 1993, and met in December 1995 and May 1996 to discuss a number of Sydney cruise industry operational and promotional issues. The only port-based body of its type in Australia, the Forum involves more than 20 Sydney cruise vessel operators, agents, stevedores and tourism bodies.

Cruise Industry Conferences

Sydney Ports Corporation was represented at premier cruise industry conferences, in Cairns in December 1995 and Miami 1996, on a joint promotional basis with Tourism NSW. The promotion in Miami - as part of the Australian Tourism Commission 'Cruising Down Under' regional cruise promotion - in particular, helped the Corporation to generate a strong international profile as an attractive cruise destination.

Meet and Greet Program

With tourism a key to economic development in New South Wales, the Sydney Passenger Terminal 'Meet and Greet' Program, developed several years ago and run in conjunction with Tourism NSW and Sydney City Council's City Host Program, has proved to be a success. It aims to provide international cruise passengers with relevant Sydney tourism information. During the 1995/96 cruise season 13 international cruise vessel calls, carrying about 15,000 cruise passengers, were provided with the program.

Sydney Cruise Industry Statistics

	91/92	92/93	93/94	94/95	95/96
Total Vessel Calls	95	88	85	79	73
Number of Vessels	16	17	18	22	23

Calls by Vessel

1995/96

Vessel	No. of Calls
Fairstar	30
Southern Cross	14
Kareliya	8
Golden Princess	4
Mikhail Sholokhov	3
Crystal Symphony	1
Asuka	1
Rotterdam	1
Albatross	1
Royal Odyssey	1
Regent Sea	1
Queen Elizabeth II	1
Oriana	1
Canberra	1
Fuji Maru	1
Europa	1
Kazavhstan II	1
Marco Polo	1
Shirase	1
TOTAL	**73**

Sydney Ports, Australia's largest cruise port, welcomed P&O Cruises' 'Oriana' on her inaugural visit to Sydney in February 1996.

Advancing the Ports

As a key player in the development of shipping services in Australia, Sydney Ports Corporation is mindful of the need to monitor the ever changing needs of the commercial community. With this in mind we have developed a number of ways to improve our services.

Port Operating Model

Recognising the need to monitor Sydney Ports' cargo flows and benchmark operational efficiencies, during 1996 Sydney Ports Corporation developed and implemented the Sydney Port Operating Model.

Designed by Sydney Ports Corporation staff in conjunction with external consultants, and based on information provided by port facility operators, the Sydney Port Operating Model replicates the movement of cargo between vessels and the Corporation's port facilities.

It also delivers the key benefit of enabling the Corporation to identify efficiency and cost barriers to the seamless integration of cargo movements within the ports. In addition, it will provide us with a model of the port operating environment to enable us to consider a number of operational and commercial port management scenarios quickly and accurately.

SISCOM - The Sydney Ports Import Logistics Tool

Conscious of the need to provide more than just a port facility for our customers, Sydney Ports Corporation commissioned logistics consultants, Symonds Henderson, to develop a state of the art warehousing and distribution cost comparison software model program for existing and potential importers using Sydney Ports.

Known as SISCOM (Simulated Import Supply Chain Operating Model), the software provides importers with a cost and efficiency comparison for warehousing and distribution operations in Brisbane, Melbourne, Adelaide and Sydney and allows them to identify the optimum warehousing location for their product.

SISCOM allows Australian importers to make informed decisions concerning their particular logistics chain structure and location.

With information based on actual, current warehousing and intrastate/interstate transport costs, SISCOM enables importers to compare costs between capital cities and/or regional centres, as well as examining a variety of scenarios, including a centralised warehouse operating in conjunction with one or more satellite warehouses.

Information from SISCOM is provided by the Corporation's Business Development team to importers on a complimentary basis.

Sydney Ports Corporation "is mindful of the need to monitor the ever changing needs of the commercial community".

Customer Contact Program

Sydney Ports Corporation's Business Development section undertook a planned program of customer contact during the year.

This program groups Corporation customers by business category and allocates a member of the Business Development team to each key customer.

The key benefits of this program include an improved level of service for all Corporation customers, an improved Corporation understanding of customer businesses and identification of issues affecting commercial activities within Sydney Ports.

As part of this program, Business Development staff undertook a number of visits to regional New South Wales including the Riverina, the North West and Dubbo/Central West.

Sydney Ports Handbook

A key tool to doing business with Sydney Ports Corporation is the *Sydney Ports Handbook*, produced and released by the Corporation during December 1995.

The *Handbook* has been designed to provide all existing and potential port customers and port community members with all relevant operational information and details for doing business with over 2,000 relevant Sydney services in a user friendly format.

It is distributed on a complimentary basis and, to date, more than 3,500 customers and port community members have been provided with this important reference tool.

Sydney Ports 'One Goal' Forum

In December 1995, the Corporation hosted the 'One Goal' forum. This function was aimed at bringing all sections of the Sydney Ports community and the New South Wales logistics chain together to provide an overview of the Ports' achievements during 1995 and to identify key issues to be addressed during 1996.

The forum also provided the venue for the launch of the *Sydney Ports Handbook* and introduction of the Corporation's new Directors.

NSW Rural Field Days Marketing Program

The rural community is a vital force in the growth of New South Wales and Australia. Recognising the importance of this market, the Corporation initiated and coordinated a Sydney Ports community presence at major regional New South Wales agricultural field days in 1995 at Gunnedah, Henty and Orange.

The Corporation's Rural Field Days Marketing Program has been designed to build closer links between the Sydney Ports community, New South Wales primary producers and rural based trading companies.

The Corporation's presence at the 1995 field days - which attracted a total of about 160,000 visitors - included an exhibition produced on a joint basis with Freight Rail. The Sydney Ports/Freight Rail promotion was themed 'International Trade & Transport'.

This provided a venue for representatives from Sydney shipping lines, stevedores and Austrade to assist rural exporters and importers with professional advice on how to manage their particular international trade and shipping tasks cost-effectively.

1995 Exporter of the Year Award

Sydney Ports Corporation, through the Australian Institute of Export (NSW Division), was again a sponsor of the NSW Exporter of the Year Awards. The Corporation's ongoing involvement with the NSW Exporter of the Year Awards demonstrates our commitment to the development of exports through Sydney Ports.

Sydney Ports Corporation congratulates Questa Pool Cleaners Pty Ltd, the winner of the award for the largest increase in exports through Sydney Ports during 1995/96.

1995/96 Promotional Exhibition Program

The Corporation participated as an exhibitor in annual industry conventions with a number of industry organisations including The Australian Meat Council and The Australian Horticultural Corporation.

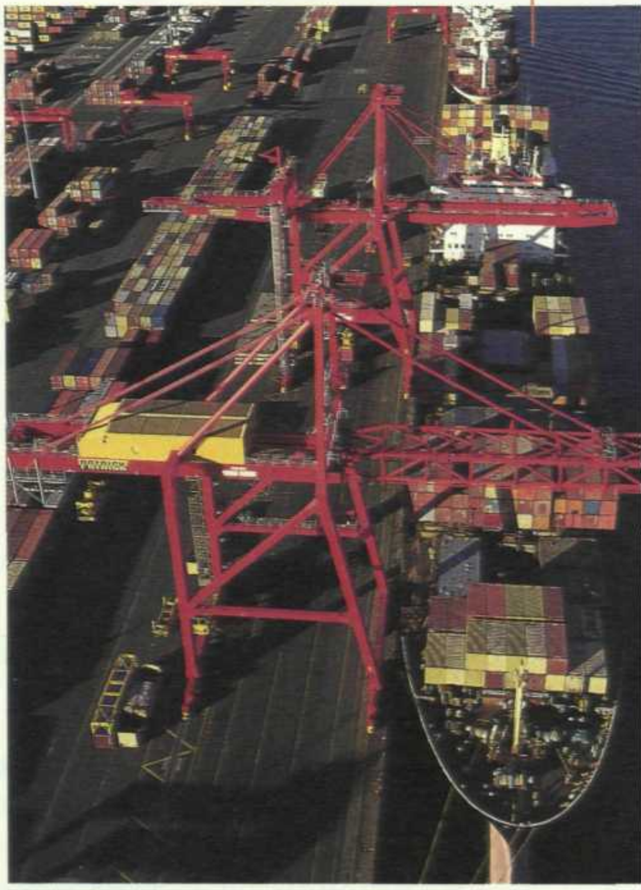
Botany Rail Study

During the year, Sydney Ports Corporation coordinated the Port Botany Rail Infrastucture Task Force. This Task Force was set up with the broad objective of developing improved rail infrastructure practices and systems to serve the two Botany Bay container terminals and related container handling facilities, thereby improving rail access and efficiency to Port Botany.

The Task Force is made up of Sydney Ports Corporation, Freight Rail, National Rail Corporation, Patrick - The Australian Stevedore and Container Terminals Australia Limited (CTAL).

A study due to be finalised in 1996 will identify infrastructure developments and appropriate commercial arrangements.

Patrick The Australian Stevedore, Port Botany.



Port Planning Study

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

A review of this Strategy was initiated by the Corporation in May 1996. The aim of the review, in which the Corporation is being assisted by Maunsell Pty Ltd, is to refine the strategy to ensure consistency with the Corporation's commercial objectives and to advance to a series of master plans to guide development of key port precincts, looking ahead to the year 2020.

The engineering feasibility of a number of options has been assessed by Connell Wagner for the Corporation.

Financial Highlights 96

Investment and Management Performance

Funds held for working capital purposes are invested in short term securities such as Commercial Bills, Negotiable Certificates of Deposit, Interest Bearing Deposits and Fixed Term Deposits.

During the 1995/96 financial year investments were managed in-house by Corporation officers and, as is required by clause 12 of the Annual Reports (Statutory Bodies) Regulation 1995, the following comparison is made with the New South Wales Treasury Corporation's 'Hour Glass' Cash Facility:

Sydney Ports Corporation
8.21% p.a.

NSW Treasury Corporation
7.68% p.a.

Liability Management Performance

Section 13 of the Annual Report (Statutory Bodies) Regulation 1995 requires the Corporation to report its debt management performance measured in accordance with guidelines issued by the Treasurer.

During the 1995/96 financial year the Corporation's debt management policy had the following broad objectives:

- Minimise interest rate risk
- Satisfy liquidity requirements
- Monitor credit exposure to the Treasury Corporation.

On 1 July 1995 the borrowings of the Maritime Services Board of New South Wales attributable to the MSB Sydney Ports Authority as at 30 June 1995 were vested in the Corporation by Ministerial Order.

On 27 June 1996 the Corporation's capital was restructured with the repayment of Maritime Services Board borrowings, the drawdown of $150 million debt and a return of capital to shareholders.

An external debt manager will be appointed to manage the Corporation's borrowings in 1996/97.

Container Terminals Australia Limited, Port Botany.

Inaugural Financial Highlights for the year ended 30 June 1996

	1995/96 $000
INCOME	
Port Revenue	79,424
Interest on Deposits	2,633
Other	2,152
Total Operating Income	84,209
EXPENDITURE	
Total Operating Expenditure	41,308
OPERATING PROFIT	
Operating Profit Before Income Tax-equivalent	42,901
Less Income Tax-equivalent Attributable to Operating Profit	(16,080)
Operating Profit After Income Tax-equivalent	26,821
Less Dividends Provided For	(15,142)
Retained Earnings as at 30 June 1996	11,679
CAPITAL AND RETAINED EARNINGS	
Net Assets Acquired on Corporatisation on 1 July 1995	225,067
Less Return of Capital	(99,525)
Capital as at 30 June 1996	125,542
Retained Earnings as at 30 June 1996	11,679
Total Capital and Retained Earnings as at 30 June 1996	137,221

Financial statements, prepared in accordance with the applicable legislation, are contained in a separate insert to this Annual Report. The insert is located in the back cover of this Report. Should you require a copy or additional copies of the financial statements, please contact the Chief Financial Officer or Secretary of the Corporation.

Consultants

Total fees paid or becoming payable to consultants engaged by the Corporation for the period 1 July 1995 to 30 June 1996 amounted to $0.855 million. Consultants worked on the following capital and operational projects:

Consultant	Project	Cost $
AWACS	Lady Robinsons Beach Restoration	41,101
CMPS & F	Glebe Island Master Plan Study	75,502
Connell Wagner	Port Botany Reclamation	40,000
Dames and Moore	Lady Robinsons Beach - EIS	74,776
Dames and Moore	Spit Island - EIS	30,845
Department of Planning	Cumulative Risk Study - Port Botany Stage 2	30,000
Gary Hanley & Associates	Darling Harbour - Expressions of Interest	36,895
MacKnight Pty Ltd	FAC - Monitoring Dredging for the Parallel Runway	78,450
MacKnight Pty Ltd	Spit Island Design	43,901
Roads & Traffic Authority	Pavement Monitoring & Assessment - Cargo Areas Sydney	34,000
Southern Aerial Surveys Pty Ltd	FAC Coastal Process Monitoring - Parallel Runway	45,000
Other Projects (less than $30,000)		324,360
TOTAL		**854,830**

Payment Performance

The Sydney Ports Corporation has an objective to pay all trade and other creditors within their terms of trade.

There were no penalty interest payments to suppliers recorded for the year.

Risk Management and Insurance Activities

Sydney Ports Corporation adopts an integrated approach to risk management comprising key risk identification and control programs. The overall objective of this approach is to identify and minimise those risks which could jeopardise the achievement of the Corporation's financial and operating performance targets.

One of the Corporation's fast response vessels located at Moore's Warehouse, Sydney Harbour.

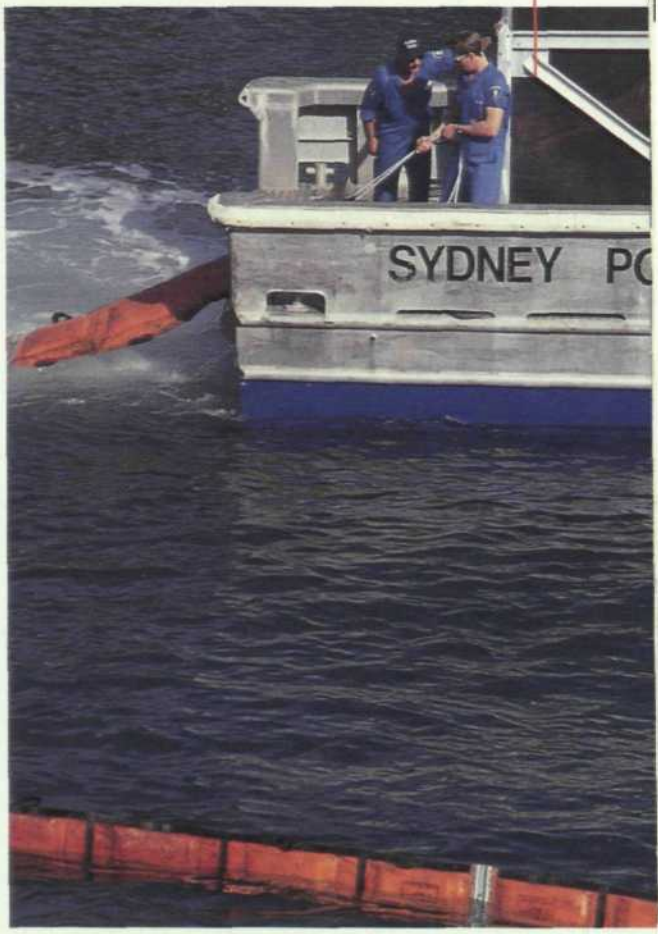
The areas identified as having the most potential to significantly impact upon the Corporation's performance targets are environmental, financial/commercial, occupational health and safety, operational/technology and design/construction.

Effective programs are in place to minimise risks and these include:

- an environmental management system;
- value management studies, hazard and operability studies, hazard analysis studies, and risk management guidelines for asset management;
- integrated emergency plans, regular training exercises and debriefing following significant and major incidents;
- budget review process and capital investment review mechanisms;
- Board of Directors' approved investment credit limits and delegated transaction limits;
- insurance management provisions;
- identification of actual and contingent legal liabilities relating to financial exposure and due diligence (both environmental and general);
- occupational health and safety management system and safety alerts; and
- a certified quality assurance system for the Port Safety Operating Licence and ongoing review of performance against best practice.

Sydney Ports Corporation evaluates and treats each identified risk to minimise or eradicate the threat before damage, accident or injury occurs. In the event of an incident occurring, the circumstances are analysed and the causes reviewed and catalogued to prevent further occurrences. Sydney Ports Corporation appointed Jardine Australian Insurance Brokers Pty Limited to provide insurance brokerage for the 1995/96 financial period.

Insurance premiums including brokerage for 1995/96 totalled $0.874 million with the largest premium being for workers compensation insurance which amounted to $0.407 million. The cost per employee of the workers compensation insurance was $1,818. There were 17 workers compensation claims in 1995/96.



Sydney Ports 96

Our People

Employee Relations

Negotiations for a new Sydney Ports Enterprise Agreement continued throughout the year without industrial disputation. The new Agreement aims to build on the cooperative and flexible approach introduced in the Maritime Services Board's 1993 Enterprise Agreement while enhancing productivity and a customer focus.

The consolidation of office and operations accommodation was completed with staff relocating from Eastgardens, Pagewood to Kent Street and Moore's Warehouse.

Absenteeism

Sick leave as at 30 June 1996 was 1393.75 days, a total average of 6.23 days per employee for the year. Of this amount 502.5 days (36%) were taken by 16 employees in 17 significant absences of 10 or more continuous days.

Service Awards

During the year, one employee, Ken Goldman, was presented with an award for 40 years continuous service with the Maritime Sevices Board and Sydney Ports. A further three employees received awards for 25 years service. They were Mary Glen, Administrative Officer; Terry Walsh, Port Officer; and Steve Catto, Surveyor Technician.

Occupational Health & Safety

The Occupational Health and Safety Committee formed in 1995 under the aegis of the Maritime Services Board continued its operations in the new Corporation. The major focus is the promotion of a safer work environment and hazard reduction. Following the signing of the 1996 Enterprise Agreement the Committee will be involved in the development of indicators to measure occupational health and safety performance.

During the reporting period 17 claims were received, 9 of which resulted in lost time totalling 217.75 days. 76.5% of days lost related to one claim. Emphasis was placed on incident/accident reporting to ensure all hazards are investigated and eliminated. Staff continue to undergo training and receive professional counselling in various workplace and lifestyle issues including:

- accident investigation
- back care
- skin cancer
- physical fitness
- first aid
- smoking in the workplace

Staff Development

The Corporation spent 1.63% of total salaries on training in 1995/96 with 16 staff members undertaking part-time studies under study leave provisions.

Internal training courses were organised and computer training programs expanded to enable staff to develop skills in a number of computerised training packages.

Competency standards for the Corporation are being developed. A system of assessment is being developed to provide staff with portability of skills across a number of industries under the Accreditation and Skills Formation Assessment System.

Code of Conduct

The Corporation has a Code of Conduct which is currently being revised.

Equal Employment Opportunity

The Spokeswomen's Program has continued to provide a focus between women and management, together with a forum for the dissemination of information for women in the Corporation. Spokeswoman, Ms Leticia Rodriguez, and Ms Elizabeth Gollan, Personnel Officer, Training & Systems, were invited by the Central Coordinating Committee for Spokeswomen to participate in Women's Information Days, conducted at Sydney, Tamworth and Albury.

Details of a staff survey were used to update voluntary Equal Employment Opportunity data which was used for reporting to the Office of the Director of Equal Opportunity in Public Employment for the period ended 31 March 1996.

A review of position descriptions has been undertaken to ensure compliance with Equal Employment Opportunity guidelines.

A strategy for the Corporation will monitor the representation of Equal Employment Opportunity target groups in order to develop and deliver specific programs and endeavour to ensure equity of access to training for all.

Jenny de Wit, Central Booking Officer, Sydney Ports Corporation and Peter Cox, Operations Manager, P&O Ports White Bay. Sydney Ports Corporation maintains close links with its customers.

The Environment

Due to the close proximity of its facilities to residential areas and the Central Business District, Sydney Ports Corporation is conscious of the need to carefully manage the environment in which we operate.

In line with this, the Corporation has developed an Environmental Management Plan which represents the first comprehensive approach to managing the environmental issues associated with a port in Australia.

Sydney Ports Corporation investigates and, where necessary, cleans up marine pollution.

Sydney Ports Corporation has emergency response facilities and equipment located at Botany Bay and here at Moore's Warehouse, Sydney Harbour, with trained personnel on duty 24 hours a day.

The Corporation maintains an emergency response unit on call 24 hours a day and capable of dealing with major incidents within the port environment.

The Corporation's Emergency Response Centre is the central coordinating facility for maritime incidents not only in the immediate region but also along the New South Wales coast. The Corporation's clean up equipment includes 10 kilometres of floating oil spill containment booms and seven mechanical skimmers.

Coastal management and the need to preserve often fragile areas in and around Sydney Ports play a vital role in the continued development of the organisation. During the year the Corporation played an important role at Lady Robinsons Beach where we undertook the investigation, design and documentation of a groyne construction and beach nourishment project to restore severely eroded sections in the south of Lady Robinsons Beach on Botany Bay. At Towra Spit Island in Botany Bay a mobile sand island has been identified by the Federal Airports Corporation as an alternative bird habitat for Little Terns and Waders alienated from habitats destroyed by the parallel runway. During the year the final design and documentation of the mobile sand island were completed and the Environmental Impact Statement finalised.

Cumulative Risk Study - Port Botany

Over the past 18 months a cumulative risk study of Port Botany has been undertaken by the Department of Urban Affairs and Planning in conjunction with Sydney Ports Corporation.

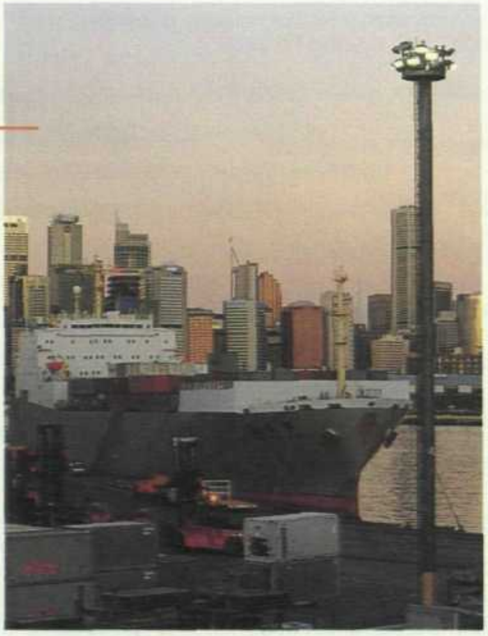
The study was undertaken in three stages.

1. A detailed hazard audit of all sites.
2. The preparation of individual and cumulative risk contours for the existing port development.
3. Modelling of probable future development consistent with the Port Land Use Strategy to represent a fully developed port.

'SS Universe Explorer', operating the 'Semester at Sea' program for the University of Pittsburgh, berthed at Darling Harbour Passenger Terminal during June 1996.

The results of the study confirm that all surrounding residential areas are beneath the risk criteria used by the Department of Urban Affairs and Planning.

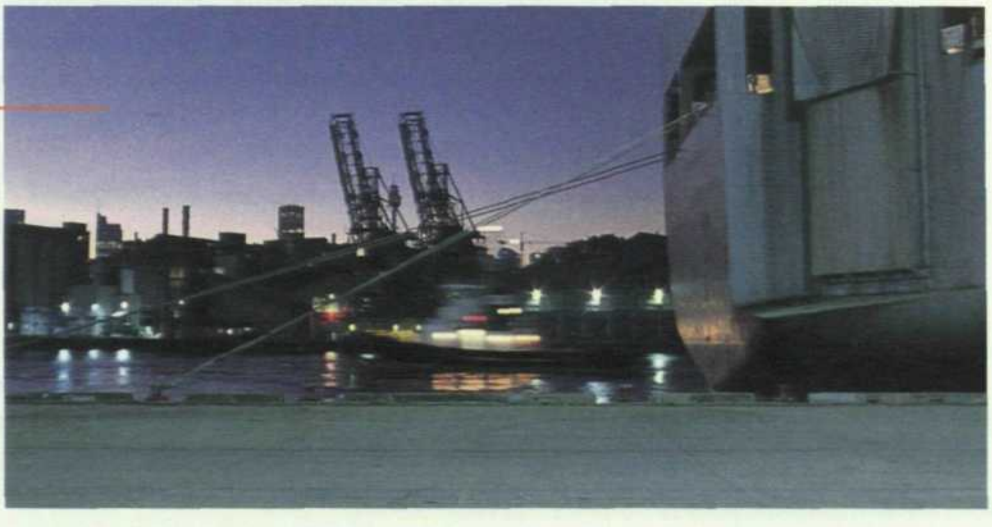
With respect to future development, the study results indicate that there is some capacity for expansion of the Port's bulk liquids and container facilities. This is predicated on the preservation of the existing buffer zones between port and residential areas, and it is essential that these buffer zones remain.



The container and general cargo facilities of P&O Ports Conaust Ltd at White Bay, Berths 3-6.

Noise Management

For over 100 years White Bay has been an integral part of Sydney's port operations. Over the years the population spread has brought houses and people closer to the port facilities located there. To address the concerns of some residents, some 18 months ago a Noise Management Plan was implemented and the White Bay/Glebe Island Noise Management Committee established with representation from the Environment Protection Authority, local councils, the wharf operator P&O Ports Conaust Ltd, community representatives and Sydney Ports Corporation. During the year, this Committee examined noise complaints and considered both short and long term proposals to reduce the noise from port activities.



P&O Ports Conaust's Glebe Island Vehicle Terminal.

Shipping and Safety Services

Sydney Ports Corporation is responsible for the safe navigation of vessels, port environment matters and emergency response and plays a vital role in ensuring the ports of Sydney operate efficiently around the clock.

Port Operating Licence

On 1 July 1995 the Corporation was granted a Port Safety Operating Licence for a five year period. This requires the Corporation to undertake six safety functions:

- The maintenance of appropriate channel and berth box depths
- Monitoring compliance with relevant dangerous goods codes
- Responding to port related emergencies
- Ensuring that navigation aids operate within performance standards
- Contracting for the provision of pilotage and exemptions from pilotage
- Maintaining an efficient port communication system

Each function requires the achievement of performance targets included in the Licence, and the Corporation has met or exceeded these requirements during the year.

Quality Certification

A key feature of the legislation and the Licence was the obtaining of Quality Certification to AS/NZS ISO 9002.

Attainment of this certification will lead to continuous improvement in the provision of navigation services and ensures a consistent level of quality service to port customers.

Pilotage

A new pilotage contract was let in October 1995 following the calling of tenders. The contract was awarded to Sydney Sea Pilots Pty Ltd, a consortium of marine pilots, and savings were delivered to the shipping industry.

Oil Spills

During the year specialist staff applied their skills and expertise in dealing with a number of oil spills. Two requests for assistance resulted in key roles for Sydney Ports Corporation specialists outside the ports of Botany Bay and Sydney.

In the first instance, off the coast of Launceston in Tasmania, Sydney Ports staff provided guidance in cleaning up a serious oil spill which endangered wild life in the region.

In another incident, near Yass in southern New South Wales, Sydney Ports assisted in an oil spill following a road incident.

Marine Pollution

During the 1995/96 financial year Sydney Ports received 248 reports of marine pollution throughout Sydney Harbour and Botany Bay.

Reports were received from a number of sources including commercial shipping, charter vessels, ferries, terminals, aircraft and the general public, reflecting the heightened awareness within the community of marine pollution and the method of reporting incidents.

All reports were investigated and every attempt was made to identify the source and polluter.

Of the investigations, 93% required no clean-up action. All except three incidents were not port related, being related to road run-off and other land based pollution or recreational craft.

Prosecutions were initiated in relation to three port related incidents.

Four marine pollution prosecutions were determined in the Land and Environment Court during the year. These prosecutions resulted in the owners and masters of the vessels being fined a total of $270,000.00.

Training and Co-operation with Other Agencies

Co-operation with regulatory and industry agencies is essential to achieving a comprehensive approach to port protection.

During the 1995/96 financial year Sydney Ports conducted and participated in 10 major emergency exercises with oil terminal operators, the Federal Airports Corporation, the New South Wales Police Service, New South Wales Fire Brigades and other emergency services organisations, honing the response to emergencies on Sydney Harbour and Botany Bay.

Through education of the wharf operators, revised wharf management practices, silencing of equipment, landscaping and other joint initiatives, the number of noise complaints has dropped significantly. Further proposals to reduce noise levels, including shielding, are currently being considered by the White Bay/Glebe Island Noise Management Committee.

Integrated Vessel Surveillance - Increased Safety for Sydney

1996 saw the design and award of a contract for the installation of a new Integrated Vessel Surveillance System in Sydney Harbour and Botany Bay. Due for completion towards the end of 1996, the new system will include, among other things, full radar coverage of both ports. This sophisticated system - one of the first of its kind in the southern hemisphere - provides the best possible coverage of vessel movements and will enhance port efficiency.

Central Booking, No More Waiting

The Corporation's Central Booking Service, a major component of the Harbour Management System, underwent further development providing port users with an integrated vessel booking service to improve the efficiency of coordination of ship movements in the ports.

Realtime Oceanographic Data Information System

Sydney Ports has developed Realtime Oceanographic Data Information System (RODIS) to provide realtime information on wave conditions, water levels and wind in and off the ports of Sydney. The data is used by Sydney Ports to assist in safe navigation of vessels and is archived and available as legally admissible evidence in the event of a maritime incident. The system is also a valuable tool for port development and design purposes.

On the Drawing Board

The following activities are planned for the near future:

- Upgrading Sydney Ports Environment Management Plan to conform with the interim Australian and International Standard AS/NZS ISO 14000 series
- Further development of landscaping around Sydney Harbour and Botany Bay
- Implementation of the new Australian Standard for 'The Storage and Handling of Goods in Port Areas' and the ISGOTT4 Ship/Shore Safety Checklist for bulk liquid transfers

Port Property and Planning

Transport Plan

A comprehensive plan is being prepared for the Glebe Island/White Bay port area in order to enhance its potential as a premier dry bulk and multipurpose cargo facility. The plan will address:

- the inadequacy of road access
- the need for rationalising rail access
- the scarcity of land for future expansion
- the need to manage the environmental impact of increased port activities

A road and rail transport study, carried out by consulting engineers CMPS&F, has identified the need to provide additional road access, from the intersection of the City West Link Road and The Crescent through the Rozelle Railway Yard, and to replan rail access following the former State Rail Authority's move from the Rozelle Yard to Enfield.

It is proposed that master planning of port development options for Glebe Island/White Bay will be undertaken in 1996/97 to complement the master planning study in progress for Port Botany.

Land Holdings

On 1 July 1995, with the establishment of Sydney Ports Corporation, significant land holdings of the former Maritime Services Board were transferred by Ministerial Order to the Sydney Ports Corporation.

In summary, the land holdings under Sydney Ports Corporation ownership and their book valuations as at 1 July 1995 are set out below.

Precinct	Area (ha)	Value ($M)
Sydney Cove Passenger Terminal	1.71	1.45
Darling Harbour Berths 3 to 8	20.74	14.66
Glebe Island Berths 1 to 8 (inc. silos)	18.50	19.81
White Bay Berths 1 to 6	15.50	9.07
Port Botany	176.00	75.62
Total	**232.45**	**120.61**

Sydney Ports Structures Over Wetland

Sydney Ports owns structures which overhang or are founded on the bed of the waters of Sydney Harbour or Botany Bay - that is, they are on Marine Ministerial Holding Corporation (MMHC) land. A Memorandum of Understanding between Sydney Ports and MMHC will be entered into to reflect this wetland occupation. The Memorandum will eventually be replaced by formal leases.

Port Property and Planning

One of the Corporation's emergency response fire tugs, the 'Shirley Smith', together with a fast response vessel located at Moore's Warehouse, Sydney Harbour.

Management of MMHC Properties

A number of properties in use in conjunction with commercial shipping as at 1 July 1995, and vacant sites earmarked for port related use, were retained by MMHC but are being managed by Sydney Ports under the terms of a draft Management Memorandum.

These properties include:

- Darling Harbour Berths 9 and 10
- Blackwattle Bay - Pioneer South tenancy
- Rozelle Bay - Conaust (Hobbs Bros) tenancy
- Gore Cove - Shell tenancy
- CSR - Pyrmont
- Snails Bay mooring dolphins
- Port Botany - Vacant sites
  - Alcatel tenancy
  - Ampol tenancy - Kurnell

Sydney Ports Corporation is paid an annual fee by MMHC for the provision of these property management services.

New Tenancies

New leases have been entered into between Sydney Ports and various parties as follows:

Tenant	Property	Area (ha)	Commencing Date
Patrick Stevedores No.2	Darling Harbour Berths 3 to 8	20.623	1 March 1996
Elgas Ltd	Lot 2, Port Botany	7.1	8 March 1996

Capital Works and Major Maintenance 1995/96

Sydney Ports Capital Works Program in 1995/96 totalled $8.474m, with expenditure being incurred on 17 major projects and 18 minor projects.

Projects involving significant expenditure included:

- Berths 7 and 8 Glebe Island Upgrade - progressive development for centralising the dry bulk trade in Sydney Harbour. This project involved the refurbishment of the berth 8 Glebe Island backup area including the demolition of the wharf sheds, installation of a new seawall and stockpile area to allow berths 7 and 8 Glebe Island to have the capacity to handle the current and predicted dry bulk trade through Sydney Ports.

- Integrated Vessel Surveillance System - components including radar and microwave links were installed to cover Sydney Harbour, Botany Bay and their approaches with the latest radar/vessel tracking technology.

- Bulk Liquids Berth Refurbishment - extensive pile and concrete refurbishment was completed on the 19 year old berth to extend its economic life and to allow it to handle larger LPG and petroleum vessels of up to 90,000 dead weight tonnes.

- Consolidation of the offices at the Maritime Centre when staff located at Pagewood relocated to the Kent Street office.

Other projects included the extension of services in the Port Botany estate to cover the Elgas Sydney LPG Cavern and Van Ommeren petroleum developments, further development of Port Botany road and rail, and Glebe Island/White Bay developments.

Lessee Developments

Van Ommeren Petroleum Terminal

Van Ommeren Tank Terminals Australia lease a 6.05 hectare site at Port Botany and are constructing a bulk liquids terminal for the storage of predominantly petroleum products. Stage 1, comprising 12 large tanks with a storage capacity of 94,600 cubic metres and a truck loading facility, is due for completion in August 1996. Van Ommeren's first shipment of product through Sydney Ports' Bulk Liquids Berth is programmed for August 1996. Preliminary planning for a Stage 2 development by Van Ommeren has already commenced.

Elgas Sydney LPG Cavern Development

Elgas Ltd lease a 7.11 hectare site at Port Botany. The Elgas Sydney LPG Cavern project was officially launched on 19 March 1996 and is due for completion in mid 1998. The project comprises an LPG cavern storage development between 130 metres and 140 metres below ground level with a storage capacity of 65,000 tonnes. The product will be delivered to the site from vessels discharging at Sydney Ports' Bulk Liquids Berth.

Freedom of Information (FOI)

The Sydney Ports Corporation is required to report annually on its administration of FOI enquiries. The following tables detail statistics required to be reported under the Act for the period 1 July 1995 to 30 June 1996:

During the reporting period no requests were transferred to another organisation or agency. No requests were carried forward to the reporting period 1996/97.

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

MSB Sydney Ports Authority did not produce a report for 1994/95. Its report was included with its parent organisation, the Maritime Services Board of New South Wales. Figures do not exist for 1994/95 to compare with the statistical information below.

FOI Applications and Applications Determined

	Personal	**Other**	**Total**
New	2	2	4
Completed	2	2	4
Granted in full	2	2	4
Total processed	**2**	**2**	**4**

Days to Process FOI Applications

Elapsed time	**Personal**	**Other**
0 - 21 days	2	2
Total	**2**	**2**

Processing Time

Processing Hours	**Personal**	**Other**
0 - 10 Hours	2	2
Total	**2**	**2**

No FOI requests were granted in part, refused or deferred.

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

Assessed costs for the four FOI requests were $30.00 each, for which a total of $120.00 in fees was received. No applications were made for a reduction in fees.

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

The Corporation is preparing an FOI Act Statement of Affairs and Summary of Affairs and these will be published separately in the near future. These documents will be available through the Sydney Ports Corporation's FOI Coordinator.

Overseas Visits & Participation in External Committees

Overseas Visits

Name and Title	Country	Purpose
J Hayes Acting Chief Executive Officer	Los Angeles and New York, USA	WORLDPORT LA, Shipping Lines and IAPH/IMO Interface Group, New York
J Hayes Acting Chief Executive Officer	Geneva, Switzerland and Singapore	Chair at UNCTAD Intergovernmental Group of Experts on Ports, and attend meetings in Singapore with shipping lines and Austrade
A Morrison Acting Deputy Sectretary & Legal Counsel	Indonesia	Attend Executive Committee Meeting of the International Association of Ports and Harbours
J Huckson Acting General Manager, Port Property	New Zealand	Attend meeting of Chartered Institute of Transport, NZ and port inspection of Auckland

Participation in External Committees

Representative	Committee
G Martin Chief Executive Officer	Trustee, Committee for Economic Development of Australia NSW Ports Productivity Working Group Port Corporatisation Steering Committee (J Hayes held these responsibilities until 14/4/96)
J Hayes Executive Officer, Policy and Planning	Australian Transport Council - Marine and Ports Group International Association of Ports and Harbors (IAPH) - Executive Committee IAPH / IMO Interface Working Group Sydney Ports User Consultative Group Association of Australian Ports and Marine Authorities (AAPMA) Executive Committee
A Morrison Acting Deputy Secretary & Legal Counsel	IAPH - Legal Counsellor
M Fox Acting General Manager, Shipping & Safety Services	Sydney Ports User Consultative Group Port Botany Rail Infrastructure Task Force Sydney Cruise Industry Forum
R Webster Acting General Manager, Cargo Facilitation	NSW Cargo Facilitation Committee NSW Transport Task Force Sydney Cruise Industry Forum Sydney Ports User Consultative Group
D Dillon Finance Manager	Sydney Sea Cargo Automation/Planning and Implementation Committee

Participation in External Committees

Participation in External Committees (continued)

J Huckson Acting General Manager, Port Property	International Cargo Handling Coordination Association, Australian Executive Association of Chief Engineering Managers of NSW Government Authorities Committee Maritime Panel, Institution of Engineers Australia NSW Chamber of Commerce Transport Committee
S Hobday Safety, Environment & Quality Assurance Manager	Botany Local Emergency Management Committee Bulk Liquids Berth Users Committee Marine Emergency Committees - Sydney, St George, Sutherland Port Botany Emergency Response Committee Shell Community Consultative Committee State Committee of the National Plan to Combat Pollution of the Sea by Oil Sydney City Zone Emergency Management Committee White Bay Noise Management Committee Eastern Suburbs District Emergency Management Committee
R McGee Marine Operations Manager	Navigation Committee (Pilotage) Malabar Patrol Customer Service Council Special Events Committee State Marine Committee Navigators Committee Sydney Ports Sydney Zone Emergency Management Committee Australia Day Committee Pilotage Productivity Committee Ausgroup Consulting Committee
S Potter Acting Property & Survey Manager	Bulk Liquids Industry Association - Operations Committee M5 East Project Team Port Botany Rail Operators Committee RTA Sydney Region Road Freight Group Randwick Community Consultative Committee Sydney Cargo Security Committee Better Cities Program Sydney South Emergency Management Committee Botany Community Consultative Committee
M Willoughby Coastal Manager	Maritime Panel, Institution of Engineers Botany Bay Coastal Management Committee
D Yau Senior Project Engineer	La Perouse Precinct Committee

Sydney Ports 96

General Information

Waratah Towage Pty Ltd provides services for both Sydney Harbour and Botany Bay.

Technical Committees

Sydney Ports Corporation was represented on numerous technical committees covering quality assurance, paint, concrete, navigation and contract issues. The input from the Corporation staff helped maintain high standards in the marine environment. The committees on which Sydney Ports technical staff are members include:

- Concrete Quality Assurance Board
- NSW Division of Government Paint Committee
- Permanent International Association of Navigation Congresses
- CSIRO - Steering Committee on Concrete Research
- Concrete Institute of Australia
- AS2124 Contract Committees
- RTA Crane Assessment Committee

Corporate Office

Sydney Ports Corporation's headquarters are situated in the Maritime Centre, and strategically located next to Sydney Harbour. The Maritime and Emergency Response Operations section is located at Moore's Warehouse in the Rocks area of Sydney and also at the container port at Botany Bay.

Principal Office and Address

Level 12, 207 Kent St, Sydney, NSW 2000, Australia.

Postal Address

PO Box 25, Millers Point, NSW 2000, Australia.

Telephone 61 2 9296 4999
Facsimile 61 2 9296 4742
Office Hours 8.30 am to 5.30 pm
Monday to Friday.

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Sydney Ports Corporation
Financial Statements
for the year ended 30 June 1996

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Sydney Ports Corporation

Financial Statements

For the Year Ended 30 June 1996

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SYDNEY PORTS

Sydney Ports Corporation

Directors' Statement

In accordance with a resolution of the directors of the Sydney Ports Corporation, clause 14 of the Public Finance and Audit (General) Regulation 1995, and pursuant to section 41C(1C) of the Public Finance and Audit Act 1983, in the opinion of the directors:

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Corporation as at 30 June 1996 and transactions for the year then ended.

2. The statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Public Finance and Audit (General) Regulation 1995 and the Treasurer's Directions.

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

T B Finn, AO
Chairman

G J Martin
Chief Executive Officer

BOX 12 GPO
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT
SYDNEY PORTS CORPORATION

To Members of the New South Wales Parliament and Members of the Corporation

Scope

I have audited the accounts of the Sydney Ports Corporation for the year ended 30 June 1996. The preparation and presentation of the financial report consisting of the accompanying balance sheet, operating statement and statement of cash flows, together with the notes thereto and the information contained therein, is the responsibility of the Board of the Corporation. My responsibility is to express an opinion on these statements to Members of the New South Wales Parliament and Members of the Corporation based on my audit as required by section 24A of the *State Owned Corporations Act 1989* and sections 34 and 41C(1) of the *Public Finance and Audit Act 1983.*

My audit has been conducted in accordance with statutory requirements and Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and statutory requirements so as to present a view which is consistent with my understanding of the Corporation's financial position, the results of its operations and its cash flows.

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

Audit Opinion

In my opinion, the financial report of the Sydney Ports Corporation complies with statutory requirements and presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the Corporation as at 30 June 1996 and the results of its operations and its cash flows for the year then ended.

Inherent Uncertainty Regarding Superannuation

Without qualification to the opinion expressed above, attention is drawn to the following matter. As indicated in Note 7 to the financial statements, it is disclosed that uncertainty exists concerning certain taxation allocations that may impact virtually all the individual employer reserve balances of the State Authorities Superannuation Board - Pooled Fund. Until resolution of this uncertainty, the quantum of the financial effect on the individual reserves is unclear.

E. Lumley

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

SYDNEY
25 October 1996

96 Sydney Ports Corporation

Income and Expenditure Statement

For the Year Ended 30 June 1996

	Note	1996 $000
INCOME		
Port Revenue		79,424
Interest on Deposits		2,633
Other		2,152
TOTAL OPERATING INCOME		**84,209**
EXPENDITURE		
Salaries, Wages and Related Costs		12,543
Superannuation and Other Employee Entitlements		2,439
Service Contractors		4,536
Materials		550
Utilities and Communications		1,551
Administration		6,837
Consultants	15	597
Audit Fees		95
Depreciation	8	5,053
Interest Expense		6,927
Other		180
TOTAL OPERATING EXPENDITURE		**41,308**
OPERATING PROFIT BEFORE INCOME TAX-EQUIVALENT		**42,901**
Income tax-equivalent attributable to operating profit	3	(16,080)
OPERATING PROFIT AFTER INCOME TAX-EQUIVALENT		**26,821**
Dividends provided for	10	(15,142)
RETAINED EARNINGS AT THE END OF THE FINANCIAL YEAR		**11,679**

The accompanying notes form an integral part of these financial statements

Sydney Ports Corporation

Balance Sheet as at 30 June 1996

	Note	1996 $000
CURRENT ASSETS		
Cash	16(A)	981
Receivables	4	6,616
Investments	5	42,051
Inventories	6	155
TOTAL CURRENT ASSETS		**49,803**
NON-CURRENT ASSETS		
Receivables	4	3,797
Property, Plant and Equipment	8	275,317
Other	7	4,916
TOTAL NON-CURRENT ASSETS		**284,030**
TOTAL ASSETS		**333,833**
CURRENT LIABILITIES		
Creditors and Borrowings	9	161,869
Provisions	10	27,969
TOTAL CURRENT LIABILITIES		**189,838**
NON-CURRENT LIABILITIES		
Provisions	10	6,774
TOTAL NON-CURRENT LIABILITIES		**6,774**
TOTAL LIABILITIES		**196,612**
NET ASSETS		**137,221**
CAPITAL AND RETAINED EARNINGS		
Capital	11	125,542
Retained Earnings		11,679
TOTAL CAPITAL AND RETAINED EARNINGS		**137,221**

The accompanying notes form an integral part of these financial statements

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Sydney Ports Corporation

Statement of Cash Flows

For the Year Ended 30 June 1996

	Note	1996 $000 Inflow/ (Outflow)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations		81,599
Cash payments in the course of operations		(22,480)
Interest received		2,408
Interest paid		(6,577)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**16(B)**	**54,950**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment		(8,272)
Proceeds from sale of property, plant and equipment		572
NET CASH USED IN INVESTING ACTIVITIES		**(7,700)**
CASH FLOWS FROM FINANCING ACTIVITIES		
New borrowings		150,000
Repayment of borrowings		(60,676)
NET CASH PROVIDED BY FINANCING ACTIVITIES		**89,324**
CASH FLOWS TO GOVERNMENT		
Income tax-equivalent paid		(4,117)
Return of capital	11	(99,525)
NET CASH TO GOVERNMENT		**(103,642)**
Net increase in cash held		32,932
Cash on corporatisation 1 July 1995		10,100
CASH AT THE END OF THE FINANCIAL YEAR	**16(A)**	**43,032**

The accompanying notes form an integral part of these financial statements

1. SYDNEY PORTS CORPORATION CHARTER

On 1 July 1995 the Sydney Ports Corporation was constituted by section 8 of the Ports Corporatisation and Waterways Management Act, 1995 (No.13) as a statutory State owned corporation in accordance with the State Owned Corporations Act, 1989 (No.134). Consequently there are no comparable prior year's figures provided in these financial statements.

The principal functions of the Corporation are:

- to establish, manage and operate port facilities and services in its ports (Sydney Harbour and Botany Bay), and
- to exercise the port safety functions for which it is licensed in accordance with its operating licence.

Certain assets, rights and liabilities of the former Maritime Services Board of New South Wales were transferred to the Sydney Ports Corporation by Ministerial Order dated 30 June, 1995 (refer note 11).

2. SUMMARY OF ACCOUNTING POLICIES

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

Basis of Accounting

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

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

The financial statements have been prepared on the basis of full accrual accounting using historical cost accounting conventions except for non-current physical assets which are shown at valuation and superannuation which is shown at actuarially assessed present value.

Statement of Accounting Policies

(a) Cash in the Statement of Cash Flows

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks (net of any outstanding bank overdraft) and short term investments in money market instruments which are classified under Current Assets. Cash at the end of the period as shown in the Statement of Cash Flows is reconciled to the relevant items in the Balance Sheet (refer note 16(A)).

(b) Bad and Doubtful Debts

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

(c) Inventories

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

(d) Operating Leases

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

(e) Valuation of Property, Plant and Equipment

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

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

Refer note 8.

In accordance with these guidelines a recoverable amount test was performed to ensure asset carrying values did not exceed recoverable amounts. AAS10 defines "recoverable amount" in relation to an asset as "the net amount that is expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal". Forward estimates were used to determine cash inflows and outflows arising from the continued use of the Corporation's assets. Cash inflows arising from the subsequent disposal of the Corporation's assets were estimated by extrapolating projected cash inflows and outflows for 2009/10, the final year of the estimate period, into perpetuity and discounting them at the Corporation's weighted average cost of capital.

Asset carrying values were adjusted down to recoverable amounts where necessary. As the valuation exercise provided an initial valuation of the Corporation's non-current assets, no asset revaluation reserve was created as at 1 July 1995.

(f) Capitalisation of Property, Plant and Equipment

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

(g) Depreciation of Property, Plant and Equipment

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

(h) Employee Entitlements

Benefits for long service leave, annual leave and superannuation have been provided on the basis of emerged entitlements for recognised service for long service leave (five years and over) and quantum due at balance date for annual leave. During the year ended 30 June 1996, the Corporation continued to provide fully for all employee entitlements in accordance with Australian Accounting Standard AAS30, Accounting for Employee Entitlements. The long service leave nominal undiscounted provisions method presently used is in line with Treasurer's Directions. The average sick leave taken by employees based on past experience is less than the entitlement accruing each period. It is considered improbable that existing accumulated entitlements will be used and therefore no liability has been recognised.

(i) Taxation Equivalent Regime

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

The financial statements apply the principles of tax-effect accounting. The income tax-equivalent expense in the profit and loss account represents the tax-equivalent on the pre-tax accounting profit adjusted for income and expenses never to be assessed or allowed for taxation equivalent purposes. The provision for deferred income equivalent tax liability and the future income tax-equivalent benefit include the tax-equivalent effect of differences between income and expense items recognised in different accounting periods for book and tax-equivalent purposes, calculated at the tax-equivalent rates expected to apply when the differences reverse. The components of the provision for deferred income tax-equivalent and future income tax-equivalent benefit are shown in Notes 10 and 7 respectively.

(j) Dividend

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

(k) Rounding Amounts to Nearest $000

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

3. TAXATION

(A) Income tax-equivalent expense

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

	Note	1996 $000
Operating profit before income tax-equivalent		42,901
Prima facie tax thereon at 36%		15,444
Add/(less) tax effect of permanent and other differences:		
Entertainment expenses		15
Legal expenses		15
Depreciation not deductible		646
Other		(40)
Total income tax-equivalent attributable to operating profit		**16,080**
Total income tax-equivalent comprises movements in:		
Provision for income tax-equivalent		14,889
Provision for deferred income tax-equivalent		1,560
Future income tax-equivalent benefit		(369)
		16,080
(B) Provision for income tax-equivalent	10	
Income tax-equivalent paid		(4,117)
Income tax-equivalent payable on operating profit		14,889
		10,772
(C) Future income tax-equivalent benefit	7	
Attributable to timing differences:		
Provisions and employee entitlements		2,563
Accrued expenditure		151
Other		40
		2,754
(D) Provision for deferred income tax-equivalent	10	
Attributable to timing differences:		
Depreciation		628
Income receivable		432
Prepaid expenditure		849
		1,909

4. RECEIVABLES

	1996 $000
Current	
Trade debtors	2,614
Other debtors	2,856
Accrued income (a)	1,303
	6,773
Less: Provision for doubtful debts (b)	(157)
	6,616
Non Current	
Trade debtors	3,871
Less: Provision for doubtful debts (c)	(74)
	3,797

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

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

(a) Accrued income comprises:	
Operating income	1,270
Interest from investments	13
Bank interest	20
	1,303

(b) Provision for doubtful debts - current receivables	
Opening balance	480
Less: write back	(285)
	195
Less: bad debts written off	(38)
Closing balance	**157**

(c) Provision for doubtful debts - non-current receivables	
Opening balance	311
Less: write back	(237)
	74
Less: bad debts written off	-
Closing balance	**74**

5. INVESTMENTS

Investments at 30 June 1996, consisting of securities with banks and the NSW Treasury Corporation, are in the form of:

	1996 $000 Market Value	1996 $000 At Cost
Bank accepted commercial bills	18,693	18,691
Negotiable certificates of deposit	17,160	17,160
Fixed term deposits	6,214	6,200
	42,067	**42,051**

Market value interest rates have been obtained from the AAP screen on the last working day for the year ended 30 June 1996 for such securities.

6. INVENTORIES

	1996 $000
Store Items	**155**

Progressive stocktakes of all store items have been carried out during 1995/96 to determine stock obsolescence and stock on hand adjustments.

7. OTHER

	Note	1996 $000
Non Current		
Future income tax-equivalent benefit	3(C)	2,754
Retirement benefits (superannuation) (a)		2,162
		4,916

(a) Retirement Benefits (Superannuation)

As at 30 June, 1996, Sydney Ports Corporation's superannuation funding exceeded its superannuation liability in each of its defined benefit schemes:

	Total Liability $000	Total Funding $000	Net Asset $000
State Superannuation Fund	12,755	14,105	1,350
State Authorities Superannuation Scheme	5,042	5,199	157
State Authorities Non-Contributory Superannuation Scheme	1,494	2,149	655
	19,291	**21,453**	**2,162**

7. OTHER (continued)

This situation has arisen for the following reasons:

- On 1 July 1995 when the Sydney Ports Corporation came into existence, one of the liabilities vested to it by Ministerial Order was a superannuation liability for contributors who were currently employed by the Corporation. This liability was matched by an equivalent amount of funding, resulting in a fully funded liability at 1 July 1995.
- The predecessor to the Sydney Ports Corporation, the MSB Sydney Ports Authority, accounted for a total liability that included both current contributors and pensioners. Not all of the liability was matched with funding, resulting in an unfunded liability. The liability for pensioners was not carried forward into the new Corporation. It became a liability of the Consolidated Fund Entity.
- Superannuation contributions paid by the former MSB Sydney Ports Authority were required to meet the ongoing liability as well as contribute to the unfunded liability of both pensioners and current contributors.
- The State Authorities Superannuation Board was not in a position, as at 1 July 1995, to determine an adjusted contribution to only meet the ongoing liability for fully funded current contributors. The contribution rate of the former MSB Sydney Ports Authority continued to be paid by Sydney Ports Corporation for the 1995/96 financial year, pending a revised rate being agreed. The contributions were in excess of requirements.

On 1 July 1995 the newly established Sydney Ports Corporation assumed a fully funded superannuation liability for current employees. The liability for employees (pensioners) of the former Maritime Services Board was assumed by the Consolidated Fund Entity from 1 July 1995. The above disclosure reflects a desired outcome of the liability distribution and funding of the Sydney Ports Corporation but is yet to be finally agreed by the State Authorities Superannuation Board. The calculation of the liability distribution and funding for superannuation was made by officers of the Office of Marine Safety and Port Strategy (OMSPS).

The Actuary for the State Superannuation Investment and Management Corporation has assessed the Corporation's liability under the State Superannuation Fund, the State Authorities Superannuation Scheme and the State Authorities Non-Contributory Superannuation Scheme as at 30 June 1996. The assessment is based on the result of the 1994 triennial valuation.

This data was aggregated and recompiled to reflect the assumptions taken by OMSPS management in distributing the liability, in the method described above.

Assumptions reported by the Actuary as having been adopted in the evaluation of the funds were:

	1995/96	**1996/97**	**Thereafter**
	%	%	%
Annual interest rates	9.0	9.0	8.0
Annual consumer price index increase	3.5	4.0	4.5
Annual rate of salary increase	5.0	3.0	6.0

Arising from the Triennial Actuarial Review as at 30 June 1994 of the State Authorities Superannuation Board - Pooled Fund, it has been identified that uncertainty exists in respect of virtually all of the individual employer reserve balances within the Pooled Fund. Until resolution of this uncertainty, which relates to taxation allocations at the employer level, the quantum of the financial effect on individual employer reserves is unclear. This uncertainty has not arisen from inaccuracies in the maintenance of the accounting records of the Corporation.

8. PROPERTY, PLANT AND EQUIPMENT

	1996 $000
Property, plant and equipment (at cost or valuation)	275,000
Accumulated depreciation	(4,941)
Construction in progress	5,258
	275,317

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

Land and Buildings	
At cost	1,132
At valuation	122,135
Sub - total	**123,267**
Roadways	
At cost	467
At valuation	3,379
Sub - total	**3,846**
Wharves, Jetties and Breakwaters	
At cost	9,889
At valuation	130,009
Sub - total	**139,898**
Plant	
At cost	3,490
At valuation	4,499
Sub - total	**7,989**
TOTAL	**275,000**

8. PROPERTY, PLANT AND EQUIPMENT (continued)

	1996 $000
(b) Accumulated Depreciation	
Buildings	
At cost	27
At valuation	519
Sub - total	**546**
Roadways	
At cost	23
At valuation	169
Sub - total	**192**
Wharves, Jetties and Breakwaters	
At cost	137
At valuation	3,008
Sub - total	**3,145**
Plant	
At cost	588
At valuation	470
Sub - total	**1,058**
TOTAL	**4,941**
(c) Construction in Progress	
Land and buildings	861
Roadways	395
Wharves, jetties and breakwaters	723
Plant	3,279
TOTAL	**5,258**
Movement In Property, Plant and Equipment	
Opening balance	264,346
Add: from construction in progress	11,605
	275,951
Less: disposals	(735)
write offs	(216)
Closing balance	**275,000**

8. PROPERTY, PLANT AND EQUIPMENT (continued)

	1996 $000
Movement In Accumulated Depreciation	
Depreciation charge	5,053
Less: write back due to disposals	(77)
write back due to write offs	(35)
Closing balance	**4,941**
Movement In Construction In Progress	
Opening balance	8,820
Add: acquisitions	8,043
	16,863
Less: to property, plant and equipment	(11,605)
Closing balance	**5,258**

(d) A valuation of the Corporation's property, plant and equipment was effected as at 1 July 1995.

The valuation allowed for:

- Ninety five percent of non current assets in total value being valued in line with Australian Accounting Standard AAS5 Materiality. Those assets not valued are recorded at their historical cost.

- Property, plant and equipment purchased within twelve months of the date of the valuation being considered to have "current" values and therefore recorded at their historical cost.

The Valuer General valued land and most buildings. A quantity consultant and construction cost consultant, MDA Australia Pty Ltd, valued the remaining buildings, wharves, jetties and breakwaters. Sydney Ports Corporation technical staff valued other assets.

In accordance with the guidelines listed above, recoverable amount tests have been applied to all valuations as at the date of corporatisation (1 July 1995) and all valuations as at 30 June 1996. Carrying amounts disclosed in the Corporation's financial statements represent the lower of valuation and recoverable amount of each asset class.

9. CREDITORS AND BORROWINGS

	1996 $000
Current	
Trade creditors	281
Other creditors	2,903
Income received in advance	1,071
Accrued expenditure	7,614
Borrowings	150,000
	161,869
Amounts payable in respect of borrowings:	
payable no later than one year	150,000

During 1995/96 a capital structure study was conducted which determined appropriate borrowing levels for the Corporation. The study was commissioned by the NSW Treasury and performed by County NatWest.

In forming an opinion on the most appropriate capital structure for the Corporation the study had regard to:

- five year business plans, as extended for ten years;
- capital expenditure required for existing facilities and future developments;
- capacity to increase existing borrowing levels whilst maintaining key ratios used by Standard & Poor's for "A" rating utility businesses; and
- ability to maintain a dividend payout ratio of 50% of after tax profits to the shareholders.

The appropriate borrowing level for the Corporation was assessed at $150M and on 27 June 1996 the Corporation's existing borrowings were repaid and new borrowings of $150M were drawn down in the form of a seven day fixed term loan. The Directors approved an appropriate term structure for the new borrowings on 28 June 1996 and this was implemented on 2 July 1996 with the result that $15M of borrowings remained current, and $135M became non-current.

10. PROVISIONS

	Note	1996 $000
Current		
Dividend		15,142
Income tax-equivalent	3(B)	10,772
Employee entitlements, including oncosts		2,055
		27,969
Non Current		
Deferred income tax-equivalent	3(D)	1,909
Employee entitlements, including oncosts		4,865
		6,774

Movement in provisions:

	1 July 1995 $000	Current Charge $000	Payment $000	30 June 1996 $000
Current				
Dividend	-	15,142	-	15,142
Income tax-equivalent	-	14,889	(4,117)	10,772
Employee entitlements, including oncosts				
Annual Leave (a)	1,730	1,248	(923)	2,055
	1,730	**31,279**	**(5,040)**	**27,969**
Non-Current				
Deferred income tax-equivalent	349	1,560	-	1,909
Employee entitlements, including oncosts				
Long Service Leave (b)	4,100	827	(62)	4,865
	4,449	**2,387**	**(62)**	**6,774**

(a) Employee entitlements

Annual Leave: The liability for annual leave is calculated at 30 June 1996 wage rates and entitlements of personnel, and is fully provided.

(b) Employee entitlements

Long Service Leave: The liability for long service leave is calculated at 30 June 1996 wage rates and entitlements of personnel, and is fully provided. This figure excludes allowance for personnel still subject to completion of service conditions.

11. CAPITAL

The State Owned Corporations Act, 1989 (as amended), 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.

The Corporation's voting shareholders are the Hon. M R Egan, MLC and the Hon. M S Knight, MP. The Corporation's Memorandum and Articles of Association provide that the Corporation's directors may issue shares to the voting shareholders as the directors think fit. As at 30 June 1996 the Corporation had still to issue shares to the voting shareholders.

	Note	1996 $000
MOVEMENT IN CAPITAL:		
Net assets acquired on corporatisation, 1 July 1995	1	225,067
less Return of capital		(99,525)
Balance 30 June 1996		**125,542**

Additional borrowings resulting from the capital structure study (refer note 9) enabled capital to be returned to shareholders during 1995/96.

12. CAPITAL EXPENDITURE COMMITMENTS

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

13. OPERATING LEASES

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

payable no later than one year	1,121
payable later than one, not later than two years	-
payable later than two, not later than five years	99
payable later than five years	-
Total	**1,220**

14. CONTINGENT LIABILITIES

There are no known liability claims subject to litigation against the Corporation as at 30 June 1996.

15. CONSULTANCY FEES

Total fees paid and payable to consultants engaged in capital and operating projects by the Sydney Ports Corporation during 1995/96 amounted to $0.855M.

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