



Port Authority of New South Wales

Port Authority of New South Wales manages the navigation, security and operational safety needs of commercial shipping in Sydney Harbour, Port Botany, Newcastle Harbour, Port Kembla, Eden and Yamba.

Around 6,000 commercial vessels visit the working ports of NSW each year, contributing billions of dollars to our economy, creating thousands of jobs and supporting countless businesses. We work 24/7 to ensure safe navigation for these ships, security for our ports and protection for our marine environment.

From land and water, our teams of maritime professionals provide port users with safe, efficient and sustainable marine services: harbour master directions; marine pilotage; vessel traffic services; aids to navigation; emergency response; hydrographic surveying; and port and terminal operations.

Together, we keep the working ports of NSW safe, secure and open to the world.

Find out more at portauthoritynsw.com.au.

Our responsibilities

Port Authority is a statutory state-owned corporation, operating under the *Ports and Maritime Administration Act 1995 (NSW)* to provide safe, efficient and sustainable marine services to NSW.

Appointed under the *Marine Safety Act 1998 (NSW)*, we hold the role of harbour master in all the working ports of NSW and have responsibility for all port safety functions under the Port Safety Operating Licence granted by the NSW Government.

We are the lead agency for responses to maritime incidents in Sydney Harbour, Port Botany, Newcastle, Port Kembla, Eden and Yamba and in coastal waters from Fingal Head, Port Stephens to Gerroa, and three nautical miles out to sea.

As part of the NSW Transport cluster, we work closely with Transport for NSW and State and Federal agencies to support the needs of NSW.

See page 116 for more about our legislative obligations.

Note: Some photos in this document were taken prior to the COVID-19 pandemic.

Port Authority worker being vigilant during a Port Kembla emergency exercise

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Keeping the ports of NSW safe, secure and open to the world

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Letter of submission



Friday, 29 October 2021

The Hon. Matt Kean MP

Treasurer
52 Martin Place
Sydney NSW 2000

The Hon. Damien Tudehope MLC

Minister for Finance and Small Business
52 Martin Place
Sydney NSW 2000

Dear Mr Kean and Mr Tudehope,

Report on operations for the year ending 30 June 2021

We are pleased to submit Port Authority of New South Wales' annual report detailing performance, operations and financial results for the year ending 30 June 2021.

The report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984 (NSW)*, and the applicable provisions of the *Public Finance and Audit Act 1983 (NSW)* and the *State Owned Corporations Act 1989 (NSW)*, and is submitted for presentation to Parliament.

Yours sincerely,

Handwritten signature of Mr Robert Dunn in black ink.

Mr Robert Dunn

Chair

Handwritten signature of Mr Philip Holliday in black ink.

Mr Philip Holliday

Chief Executive Officer and Director

Our role

How we keep ships and the ports of NSW safe and secure

Our primary role is to ensure safe navigation and berthing for commercial vessels in the ports of NSW. We also own and operate key port infrastructure across NSW including Sydney’s Overseas Passenger Terminal and White Bay Cruise Terminal; port facilities at Glebe Island and White Bay; and the Eden Welcome Centre and cruise wharf in Eden.

Our key roles in the ports of NSW



Our ports

Where we work

At the heart of our coastal communities, our ports have shaped our past, support our present and will help create our future. Our gateways to the world, the working ports of NSW are some of the most economically significant in Australia.



SYDNEY HARBOUR

The world-famous working harbour

One of the most beautiful natural harbours in the world, Sydney Harbour is a working port where iconic sights and spectacular shorelines sit alongside a thriving maritime industry. Australia's busiest waterway, thousands of recreational, passenger and working boats share the harbour with the trade vessels supporting the state's growth and the cruise ships bringing millions of tourists to NSW. And at its heart is Glebe Island, a working port that's provided Sydney with a vital maritime supply route for over 100 years.

portauthoritynsw.com.au/sydney-harbour



PORT BOTANY

Delivering for NSW and beyond

Port Botany is one of Australia's largest container ports and one of its most vital maritime assets. Every year, around 1600 ships bring over 2.5 million containers into Port Botany to provide the country's largest population centre with essential goods and valuable resources including petroleum and natural gas. Port Botany is home to Sydney's vessel traffic services which provides safe navigation for mariners in Sydney Harbour, Botany Bay and beyond. Port Botany's landside port operations are managed by NSW Ports.

portauthoritynsw.com.au/port-botany



NEWCASTLE HARBOUR

The Hunter's historic trading gateway

The largest port on the East Coast and Australia's oldest export port, Newcastle Harbour is a vital trading gateway for the resource-rich Hunter Valley and north and northwest NSW. With around 2,200 trade vessel visits each year, Newcastle Harbour is one of the country's largest tonnage throughput ports exporting valuable bulk cargo such as coal, grain, vegetable oils, alumina, fertiliser and ore to markets overseas. Newcastle's landside port operations are managed by Port of Newcastle.

portauthoritynsw.com.au/newcastle-harbour



PORT KEMBLA

Connecting the Illawarra's industries with the world

One of NSW's key economic assets, Port Kembla sees around 800 commercial vessels visit each year to connect the industries of the Illawarra with the world. Port Kembla is the largest motor vehicle importation terminal in NSW, the principal grain export port for southern and southwestern NSW and provides the region's significant steel and mining industries with the marine capabilities at the centre of their supply chain. Port Kembla's landside port operations are managed by NSW Ports.

portauthoritynsw.com.au/port-kembla



PORT OF EDEN

Serving the South Coast economy

The southernmost deep-water harbour in NSW, Port of Eden serves the South Coast's key fishing, forestry and tourism industries. Home to one of NSW's largest fishing fleets, Eden is also a regular port of call for recreational vessels and has fast become a popular cruise destination as a tourism gateway to the stunning Sapphire Coast. Each year, around 100 commercial vessels visit Eden's privately owned woodchip terminal, the multi-user Royal Australian Navy wharf, and Port Authority's Eden Cruise Wharf.

portauthoritynsw.com.au/port-of-eden



PORT OF YAMBA

Supporting the needs of Northern NSW

Australia's easternmost port, the Port of Yamba in northern NSW serves the Northern Rivers and New England regions and the towns of Grafton, Maclean, Ballina, Lismore, Casino and Coffs Harbour. Supporting the import and export needs of the region, Yamba is the home of NSW's second-largest fishing fleet and supports a vibrant shipbuilding and repair industry. Overseen by the Newcastle harbour master, around 40 commercial vessels visit Yamba each year.

portauthoritynsw.com.au/port-of-yamba

Our Vision and Strategic Plan 2020–25

Our plan for a successful, sustainable future

Launched in 2020, our plan defines our vision, values and purpose and identifies the strategic goals and priorities that will guide Port Authority forward.

For the next five years, our teams have a clear and meaningful framework to align their work with our long-term objectives and drive initiatives that deliver better outcomes for our customers, stakeholders, port communities and people.

 <p>Our vision Navigating a safe and prosperous future together</p>  <p>Our values Care Accountability Integrity Collaboration</p>  <p>Our purpose To provide safe, efficient and sustainable maritime services and port assets for our customers and stakeholders.</p>	<p>Our strategic goals The key to our future success</p> <p>Our plan sets out our long-term objectives essential for a successful and sustainable future.</p> <ul style="list-style-type: none"> – One Port Authority – A professional and engaged workforce – A consistent and strong safety track record – Efficient, growing, commercial ports that support engaged customers – A focus on embedding sustainability across our organisation – Recognised by customers, stakeholders and communities as ethical, responsive and collaborative – A strong balance sheet, strengthening our return on assets.
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Our strategic priorities

Delivering initiatives to secure our strategic goals.

Our five strategic priorities are a framework to align our work and drive initiatives that contribute to our strategic goals.

<p>One team, one culture, one Port Authority Creating a connected and collaborative culture that aligns our ways of working across our ports</p> <p>This strategic priority will:</p> <ul style="list-style-type: none"> – Foster a ‘one-port’ approach – Support employee health and safety – Develop our professional and engaged workforce – Exhibit strong personal leadership – Progress our customer-focused service culture. 	<p>Commitment to customer service delivery Adding value to our services and building long-lasting and sustainable relationships with our customers</p> <p>This strategic priority will:</p> <ul style="list-style-type: none"> – Maintain a defined customer value proposition – Enhance our customer experience – Invest in service delivery – Grow customer relationships and revenues. 	<p>Operational excellence Increasing the quality, efficiency and reliability of our service delivery</p> <p>This strategic priority will:</p> <ul style="list-style-type: none"> – Embed clear accountabilities aligned to customer and stakeholder needs – Create visibility of performance through measurement – Optimise service delivery through continuous improvement.
<p>Optimised and sustainable port assets Ensuring our port assets are safe, efficient, sustainable and optimised to capitalise on future opportunities</p> <p>This strategic priority will:</p> <ul style="list-style-type: none"> – Provide safe, reliable and efficient assets in our ports – Embed sustainability in the management and development of our assets – Develop our land assets for future growth and viability. 	<p>Stakeholder and community engagement Strengthening our relationships to promote our role and foster support for the working ports of NSW</p> <p>This strategic priority will:</p> <ul style="list-style-type: none"> – Develop and grow the Port Authority brand – Partner with and advocate for our customers – Collaborate with our stakeholders – Work to build stronger relationships with our port communities. 	<p>Sustainable business governance</p> <p>To realise our Vision and Strategic Plan, our activities are guided by sustainable business governance practices and procedures that ensure:</p> <ul style="list-style-type: none"> – Financial sustainability – Business continuity – Regulatory compliance – IT resilience and integrity – Contract management – Risk mitigation and control.

Our sustainability plan
Committing to a sustainable future

Underpinned by a commitment to sustainability, our Vision and Strategic Plan 2020–25 was developed in tandem with a plan to embed sustainable initiatives across our organisation.

Our Sustainability Plan identifies four focus areas for us to define, develop and deliver initiatives that support a sustainable future and improve social, environmental and economic outcomes in and around our ports. More on page 55.

Chair's report

With a vision of a successful and sustainable future, Port Authority is ensuring its ports will continue delivering prosperity to NSW

Robert Dunn, Chair



\$59.1m
EBITDA

To prepare for a growing population, the NSW Government is developing its infrastructure, transport and freight capabilities and the ports of NSW are pivotal to supporting this continued growth.

In a difficult year, Port Authority's people have performed commendably to ensure our ports continued delivering for NSW. They've adapted to significant changes and overcame immense challenges over the past twelve months, and their efforts have been outstanding. These contributions have kept shipping and the supply chain safe to the benefit of everyone in NSW and I'd like to personally acknowledge and thank them for this immeasurable achievement.

Financial resilience

Despite COVID's ongoing impacts to global shipping, reflected in a slight decrease in NSW vessel visits, Port Authority's financial performance has shown impressive resilience. Port Authority achieved earnings before interest, taxes, depreciation and amortisation (EBITDA) of \$59.1 million this reporting period, exceeding the \$27.3 million budgeted in its 2020/21 Statement of Corporate Intent – a positive result that will put the organisation in good stead for the coming years. (Refer to page 117)

Port Authority accomplished these strong financial results through risk mitigation strategies including business interruption insurance, stringent cost controls and savings measures. Port Authority's business interruption insurance claim included the loss of revenue resulting from continued Federal restrictions to cruise activity, as well as loss of events revenue and rent revenue due to abatements provided to retail tenants at the Overseas Passenger Terminal and White Bay Cruise Terminal.

Managing operational impacts

In addition to managing COVID's financial impacts, Port Authority performed exceptionally in its duty to ensure the ports of NSW continued essential operations. Port Authority's operational response to the pandemic was thorough and robust, overcoming significant challenges through practical and procedural measures that facilitated the safe and efficient movement of almost 5,000 commercial trade vessels (page 15). It is imperative for port operations to continue uninterrupted and I commend Port Authority's diligence in ensuring the safety of its people and the security of the supply chain through this challenging time.

Plans for a safe return of cruise

In the years preceding COVID, cruise was Port Authority's fastest-growing business sector. Around 1.6 million cruise passengers visited NSW on an average year, generating around \$2.75 billion, so the loss of cruise visitation has been felt across many sectors of the NSW economy. The cruise industry is focusing on operational plans for a 'cruise restart' when the situation allows and Port Authority is working with stakeholders to prepare for a safe and managed return that will bring the economic benefits of cruise back to NSW at the earliest opportunity (page 42). While uncertainty remains, bookings for upcoming seasons indicate cruise demand is still strong and activity is likely to recover within two to three years from restart.

Meanwhile, Port Authority continues to improve cruise infrastructure: opening the Eden Welcome Centre to drive cruise tourism to regional NSW (page 35) and progressing the Berthing Infrastructure Project delivering a long-term engineering solution to the OPT seawall infrastructure to continue providing safe berthing facilities for ships visiting Sydney (page 37).

Delivering prosperity to NSW

Surrounded by sea, we depend on our maritime capabilities to drive our economy, support our businesses, and sustain our way of life. In NSW alone, around 212 million tonnes of cargo and \$100 billion in trade pass through our ports each year. To enable this trade with the world and continue delivering prosperity to NSW, we must ensure our ports are safe, secure and sustainable.

This year, with the support and guidance of the Board, Port Authority launched its Vision and Strategic Plan 2020-25 (page 05) setting a clear course to ensure its ports continue adapting and delivering in an ever-changing environment, now and long into the future. Finally, I would like to extend a warm welcome to David Marchant, Kirsten Molloy and Andrew Scipione who joined Port Authority's Board this year (page 52). Their wealth of knowledge and experience will be an asset to Port Authority and I look forward to working with them as we navigate a safe and prosperous future together.

Robert Dunn
Chair

CEO's report

From our ongoing resilience and response to COVID-19 to the launch of our strategic vision for the ports of NSW, it's been a year of meaningful change

Philip Holliday, Chief Executive Officer and Director



4,903

Commercial vessels visited NSW

The working ports of NSW are our trading gateways to the world, vital to our ongoing prosperity and of immense value to our society. The need to ensure they continue delivering for the nation has never been more apparent than during the global pandemic and our people have gone above and beyond to keep ships and trade moving safely in NSW.

Strategic and sustainable change for the ports of NSW

Embracing change has enabled us to successfully navigate a challenging year, and to plan for a sustainable future through the launch of our five-year Vision and Strategic Plan (page 05). Our plan defines five strategic priorities that guided our work to 2025 as we strive to deliver positive outcomes for our customers, stakeholders, port communities and our people.

Our strategic plan initiated our transition to a unified one-port operating model. This significant cultural shift is aligning how we work across our ports to produce more efficient, consistent and reliable services while embedding continuous improvement across our operations. In support of this, we also launched a Sustainability Plan to give our people the agency to define, develop and deliver sustainability initiatives that can be embedded into our business and create positive environmental, economic and social outcomes (page 55).

Supporting our customers

Our plan also highlights our commitment to place a very clear focus on our customers, aiming to build lasting relationships, add value to our services and develop opportunities that benefit us both. This year we worked with customers to develop a customer service charter for launch in FY 22, setting commitments and actions to improve service delivery.

In support of our cruise customers, we've been working to ensure NSW is ready to welcome the return of cruise when restrictions are lifted. We have developed plans to prepare for a safe and controlled resumption of cruise and consulted with stakeholders so these processes will be effective and workable.

Significant achievements across our ports

Behind each of our achievements this year, has been our most important asset – our people. Particular highlights include the completion and opening of the Eden Welcome Centre and Newcastle's revitalised Macquarie Pier walkway (page 36); the launch of our community-focused Port Noise Policy for Glebe Island – the first of its kind in Australia (page 57); the success of our Female Maritime Traineeship and Sponsored Deck Cadet programs (page 49); the expansion of the Seafarer Connect project to support seafarer welfare through free WIFI in port (page 62); the implementation of a new port-wide marine asset management plan (page 28); AMSA accreditation for Port Kembla's vessel traffic services (page 19); and of course, the ongoing work of our marine operations teams who facilitated the safe movement of 4,903 commercial vessels visiting our ports and swiftly responded to 287 marine incidents (page 15).

We also invested in our future operational and emergency response capabilities through a contract with NSW-based shipbuilders Birdon to build two new multipurpose firefighting vessels for Sydney Harbour and Port Botany, expected for delivery in 2022-23 (page 28).

Safety outcomes for our people

The safety of our people is always our priority and this year we continued implementing and adapting rigorous control measures to maintain a COVID-safe environment for our essential workers (page 49).

Minimising the risk of exposure has been a key focus and our COVID Advisory Team worked closely with NSW Health and our maritime industry colleagues to safeguard our people, provide priority access to vaccinations, and ensure business continuity.

I'm pleased to report our continued efforts to maintain a safe working environment have resulted in no serious injuries or dangerous incidents this financial year. Our people work in an industry with inherent risks so we must never take these positive results for granted, which is why we continue investing in measures to improve safety outcomes, including this year's implementation of a new port-wide incident management system (page 48).

Staff engagement

And as the centre of our success, our people signalled increasing levels of job satisfaction in a staff engagement survey completed in June – an 85 per cent engagement rate, 7 per cent above the benchmark – shows positive and progressive improvements for our people. I would like to personally thank them all for their professionalism, resilience and continued contributions during a trying year.

As CEO, my focus is to ensure Port Authority provides safe, efficient and sustainable maritime services and port assets for our customers and the people of NSW. On that front, the past year put us to the test, and it's shown we're a resilient organisation with resilient people who embrace change and move forward together.

Philip Holliday
Chief Executive Officer and Director

The year in numbers

How we kept our ports safe and secure



4,903

Commercial vessels visited NSW

325

Sydney Harbour

1,388

Port Botany

2,227

Newcastle

830

Port Kembla

112

Eden

21

Yamba

We conducted



9,344
Marine pilotage movements

154
Port safety surveys

1,619
Dangerous goods audits

We responded to



287
Marine emergencies
and pollution incidents

- 157 Pollution incidents
- 74 Emergency towage and vessel assists
- 41 Booming operations
- 8 Firefighting operations
- 7 Medical emergencies

We operated

31
Specialised vessels

254
Navigation aids

We had

143
Workplace safety
inspections

Zero
Dangerous incidents
or serious injuries



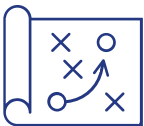
Port Authority Port Officer looking out over Port Botany

Annual highlights



Our key achievements

Reflection of a cargo ship in Port Botany



Our plans for a successful and sustainable future

Our Vision and Strategic Plan 2020-25

We launched our Vision and Strategic Plan 2020-25 to identify the strategic goals and priorities that will guide us forward for the next five years and drive initiatives that deliver better outcomes for our customers, stakeholders, port communities and people. Created in collaboration with our people, our plan sets out five strategic priorities to align our work with the strategic goals identified as key to a successful and sustainable future (page 05).

Our Sustainability Plan

We launched our Sustainability Plan to embed sustainable initiatives across our organisation and improve social, environmental and economic outcomes in and around our ports. Our Sustainability Plan was developed with our people and identifies four focus areas to define, develop and deliver initiatives that support a sustainable future: our people, operations and ways of working, environment and places, communities and partnerships (page 55).



Our marine operations

Safe navigation for 4,903 vessels

4,903 commercial vessels visited NSW's six working ports, resulting in 9344 marine pilotage movements to provide safe navigation through port. This is a 13% decrease from the previous year, attributed to the ongoing impacts of COVID (page 15).

Port Kembla achieves VTS accreditation

Our Port Kembla vessel traffic service team was accredited as an authorised VTS provider by the Australian Maritime Safety Authority having met internationally recognised navigational measures (page 19).

Increased operational safety standards

We implemented initiatives to improve helmet safety for our marine pilots and developed detailed training documents and videos to support pilot ladder training (page 48).

Marine technology improvements

We implemented several systems to improve our marine operations technology, including a dynamic under keel clearance system, a pre-arrival vessel declaration system and an improved electronic master pilot exchange system (page 17).

154 port safety surveys

Our hydrographic survey team conducted 154 port safety surveys of berths and channels across our ports to ensure safe navigation for ships. This is compared to the 54 surveys required by our Port Safety Operations License over the previous year (page 20).

Managing floods impacts in Newcastle

Record rainfall had a significant impact on port operations in Newcastle and we worked with port stakeholders to minimise operational impacts and facilitate 188 ship movements across the two-week flooding event (page 18).

New and upgraded met-ocean sensors

We commissioned and installed 10 new met-ocean sensors across our ports and upgrade a further nine to provide vessels with measurements of water currents, wind and weather conditions (page 20).

Safe management of dangerous goods in our ports

Across the year, we processed 1672 vessels lodging dangerous goods notifications, conducted 1619 dangerous goods audits, and issued 376 penalty infringement notices for breaches of requirements (page 21).



Overview of the Port Kembla layout



Our emergency responses

Responding to 287 marine incidents

We responded to 287 marine emergencies and pollution incidents across NSW. There were no major marine incidents during the year and only two required an ongoing response and Incident Management Team, both at Port Botany (page 23).

Eight major emergency response exercises

We took part in eight major emergency response exercises to practice plans and test capabilities with stakeholders and emergency agencies, including Transport for NSW's annual State Exercise, this year in Narooma (page 24).



Our port assets

New firefighting vessels confirmed for Sydney

We signed a contract for two new multipurpose firefighting vessels for Sydney Harbour and Port Botany to conduct on-water operations and respond to maritime incidents. Built by Birdon in Port Macquarie, the first vessel is expected to arrive in October 2022 and the second in January 2023 (page 28).

New emergency response vessel for Port Kembla

Our new vessel *Elourie* joined our Port Kembla fleet in December 2020 to respond to marine incidents (page 28).

New port-wide plan for managing marine assets

We implemented a new centralised marine assets plan to align and standardise our vessel management and maintenance practices across our ports (page 28).

Single port management system in development

We began work on a major IT project to consolidate Port Authority's three port management systems into a unified and consistent platform. The One Port project will develop a single system for all port users, service providers and operations teams across all six working ports in NSW (page 31).

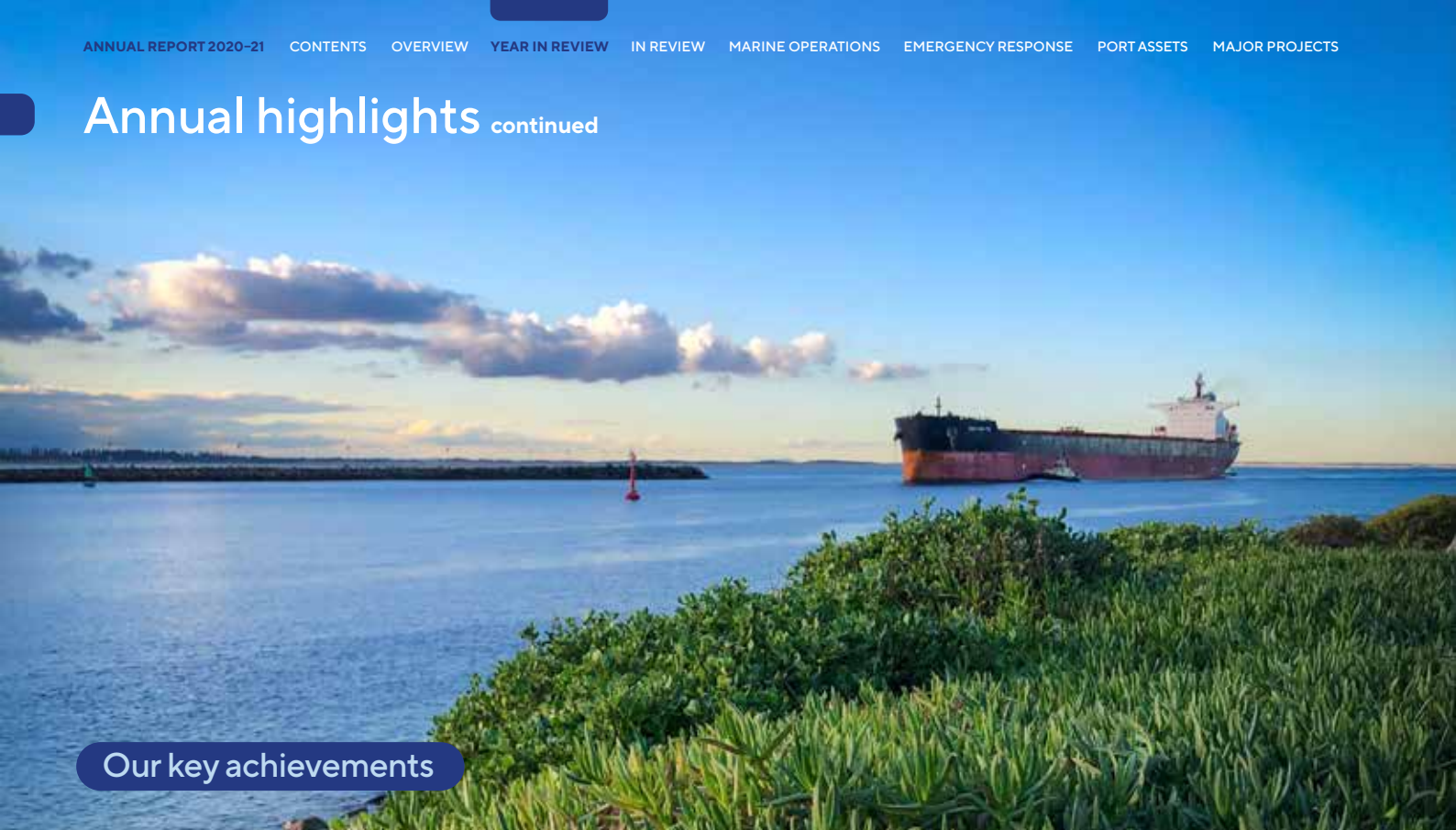
Maintaining our network of navigation aids

We implemented a port-wide management and maintenance plan for our network of buoys, marks, beacons and lighthouses and undertook a capital works program for our aids to navigation on Goat Island in Sydney Harbour, and a port-wide improvement program for our aids to navigation in Yamba (page 30).

Port security

We collaborated with NSW Police in two operational security exercises at Sydney's Overseas Passenger Terminal and White Bay Cruise Terminal; implemented and updated security deployment plans for both terminals; and revised our Port Kembla Port Operator Plan (page 33).

Annual highlights continued



Our key achievements

Vessel *Seamate* arriving into Newcastle Harbour



Our major projects

Opening of the Eden Welcome Centre

We officially opened the Eden Welcome Centre to provide maritime, cruise and tourism facilities for the far south coast of NSW and the Sapphire Coast. The Eden Welcome Centre also provides Port Authority, Transport for NSW and NSW Police with a hub at the water's edge (page 35).

Macquarie Pier Revitalisation

We revitalised Newcastle's iconic Macquarie Pier and its historic 900m harbourside walkway in a \$3 million project that constructed an improved pathway with sandstone seating, fencing, lighting and a paved area for visitors to enjoy views of Newcastle Harbour (page 36).

Berthing Infrastructure Project

We began a major improvement project at Sydney's Overseas Passenger Terminal to clear seabed material, strengthen the seawall and ensure it continues providing a safe berth for ships (page 37).



Our people

A solid safety record

We undertook 143 workplace safety inspections and reported no serious injuries or dangerous incidents (page 47).

Keeping our people COVID safe

We continued our stringent response to COVID-19 and developed workable COVID-safe measures to safeguard our people and ensure business continuity. We worked with NSW Health to include our operations teams in Phase 1a of the vaccine rollout, which saw an estimated 95 per cent uptake (page 48).

Employee satisfaction

We conducted an Employee Engagement Survey to hear their opinions on leadership, progress, teamwork, job satisfaction and overall effectiveness of our organisation. The results showed an overall increase in levels of job satisfaction since our last full survey in 2018, with an overall employee engagement rate of 85% – 7% above the benchmark (page 49).

New safety-management system

We launched a new single-platform incident management system for reporting and managing safety incidents across our ports (page 48).

Maritime training for Indigenous women in NSW

We secured trainees for our unique maritime training program that gives Indigenous women in NSW an opportunity to set their careers on a new course and train to become a ship's master (page 49).

Supporting young seafarers on our cadet program

Our program to help young seafarers start their maritime career saw two cadets gain valuable sea-time experience on vessels in Australian waters and beyond (page 49).



Aerial view over Pyrmont and Glebe Island



Our customers

Preparations for the return of cruise

Our cruise operations team worked with contractors and our cruise line customers to develop effective and workable plans and procedures to prepare for a safe, managed and controlled return of cruise to Sydney and regional NSW (page 42).

Setting new standards for customer service delivery

We developed a *Customer Service Vision, Promise and Charter* to set out our commitment to providing the highest levels of service delivery standards, and began work on a new CRM system to better manage our customer relationships across ports (page 44).



Our communities

Improved seafarer welfare at our ports

We continued our support for seafarer welfare by expanding the Australian-first project to provide high-speed Wi-Fi units to ships at berth in our ports, now in Port Botany, Newcastle and Port Kembla (page 62).

Port Noise Policy for Glebe Island

We launched our Port Noise Policy – a first of its kind in Australia – to manage port noise at Glebe Island and balance the needs of the local community and port users. We also continued our Noise Attenuation Program, with 51 properties fully attenuated and 106 properties offered treatment as of 30 June 2021 (page 57).

Partnership with the Australian National Maritime Museum

We partnered with the Australian National Maritime Museum this year for a permanent exhibition that reveals the inner workings of Sydney's working harbour above and below the water (page 62).

Events at our venues

Our venues were used for 63 filming, commercial and community events, including productions for major Hollywood movies, Sydney's most celebrated community events and Vinnies CEO Sleepout 2020 at White Bay Cruise Terminal (page 62).



Our financial performance

We favourably met our financial targets for 2020/21, achieving earnings before interest, taxes, depreciation and amortisation (EBITDA) of \$59.1 million. This positive result exceeded the \$27.3 million budgeted in our 2020/21 Statement of Corporate Intent, attributed to business interruption insurance payments offsetting losses from the budgeted activity.

The continued financial impacts of COVID-19 in 2020/21 were significant, most notably through the interruption to cruise activity and rent abatements provided to our retail tenants at the Overseas Passenger Terminal and White Bay Cruise Terminal.

Our 2020/21 financial targets anticipated that impacts from Federal and State Government cruise restrictions would continue until September 2020. These COVID restrictions have been extended several times, and we have mitigated the significant financial impacts through risk mitigation strategies such as business interruption insurance, stringent cost controls and savings measures (page 65).

Marine operations

Safe and efficient marine services for the ports of NSW

Every year, thousands of commercial vessels visit the ports of NSW: Sydney Harbour, Port Botany, Newcastle Harbour, Port Kembla, Eden and Yamba.

Led by our Harbour Masters, Port Authority's highly skilled marine operations teams work 24/7 to ensure safe navigation for these ships, efficient marine services for port users and security for our working ports.

Working together from land and water, our marine operations teams provide marine pilotage, vessel traffic services, navigational assistance, hydrographic surveying, emergency response, dangerous goods management and port security.



Port Authority Marine Pilot climbs a ladder aboard a ship © Luc Rémond

Vessel visits to NSW

Marine operations

We assist thousands of commercial vessels visiting NSW to deliver the goods we depend on and take our exports overseas.

Over 2020–21:



4,903

Commercial vessels visited NSW

325

Sydney Harbour

1,388

Port Botany

2,227

Newcastle

830

Port Kembla

112

Eden

21

Yamba

Commercial vessel visits to NSW 2020–21

A total of 4,903 commercial vessels visited NSW’s six working ports over 2020–21. This is down from a total of 5,642 in 2019–20 – a 13% decrease that can be attributed to the loss of cruise vessel activity in NSW due to cruise restrictions and, to a lesser extent, the reduction in container vessels visiting Port Botany, caused by a progressive conversion to larger-size vessels capable of carrying more containers.

The 8% decrease in overall trade vessel activity for 2020–21 was driven by a reduction in smaller vessels, such as bunker vessels, visiting Sydney Harbour to provide services and support to cruise activity, and thus a knock-on effect of COVID-19 cruise restrictions.

In contrast, vessel visitation was up by 10% in Port Kembla, as grain exports re-emerged following a solid crop season after a long drought period, with vessels now moving from both Grain Corp and Quattro terminals; and strong and steady visitation from car-carrier vessels.

No cruise ships visited NSW during 2020–21 due to Federal Government restrictions to cruise ships implemented on 15 March 2020 in response to COVID-19. See more information about the impacts to cruise in NSW on (page 41).

Total commercial vessel visits to NSW by port (trade and cruise)

	2016–17	2017–18	2018–19	2019–20	2020–21	Variance from previous year
Sydney Harbour ¹	1,206	1,256	1,130	931	325	-65%
Port Botany	1,774	1,678	1,660	1,531	1,388	-9%
Newcastle	2,369	2,283	2,312	2,290	2,227	-3%
Port Kembla	883	838	796	754	830	+10%
Eden	95	116	104	106	112	+6%
Yamba	26	54	38	30	21	-30%
Total	6353	6225	6040	5642	4903	-13%

Note: Includes visits to Port Authority’s berths and privately owned terminals.

1) Includes commercial and service provider vessels (such as bunker vessel ICS Reliance).

Total commercial vessel visits (trade and cruise) to NSW by port and month: 2020–21

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Sydney Harbour ¹	25	29	25	25	35	29	27	33	22	28	20	27
Port Botany	116	118	100	109	120	119	123	119	121	114	118	111
Newcastle	158	215	172	193	165	217	195	195	160	191	167	199
Port Kembla	65	60	69	67	67	66	64	67	75	82	65	83
Eden	15	7	13	11	12	11	7	6	12	3	8	7
Yamba	2	5	0	0	3	3	1	1	1	1	3	1
Total by month	381	434	379	405	402	445	417	421	391	419	381	428

Note: Includes visits to Port Authority’s berths and privately owned terminals.

1) Includes commercial and service provider vessels (such as bunker vessel ICS Reliance).

Vessel visits to NSW continued

Marine operations

Trade vessel visits to NSW 2020-21

Total trade vessel visits to NSW by port

	2016-17	2017-18	2018-19	2019-20	2020-21	Variance from previous year
Sydney Harbour	862	904	807	654	325	-50%
Port Botany	1,774	1,678	1,660	1,531	1,388	-9%
Newcastle	2,364	2,272	2,297	2,278	2,227	-2%
Port Kembla	879	836	795	748	830	11%
Eden	81	101	89	88	112	27%
Yamba	26	54	38	30	21	-30%
Total	5986	5845	5686	5329	4903	-8%

Note: Includes visits to Port Authority's berths and privately owned terminals.

Trade vessel visits to Port Authority's berths at Glebe Island and White Bay, Sydney

	2016-17	2017-18	2018-19	2019-20	2020-21
Glebe Island	102	110	106	89	52
White Bay	518	511	441	295	136
Total	620	621	547	384	188

Cruise ship visits to NSW 2020-21

More information about cruise in NSW on (page 41).

Cruise ship visits to NSW by port

	2016-17	2017-18	2018-19	2019-20	2020-21	Variance from previous year
Sydney Harbour	344	352	323	277	0	-100%
Newcastle	5	11	15	12	0	-100%
Port Kembla	4	2	1	6	0	-100%
Eden	14	15	15	18	0	-100%
Total	367	380	354	313	0	-100%

Cruise ship visits to Sydney Harbour by terminal

	2016-17	2017-18	2018-19	2019-20	2020-21	Variance from previous year
OPT	213	219	214	165	0	-100%
White Bay ¹	117	121	95	81	0	-100%
Other	14	12	14	31	0	-100%
Total	344	352	323	277	0	-100%

1) Includes visits at both White Bay Cruise Terminal and White Bay.

Pilotage and operations

Marine operations

Our marine operations teams work to the highest standards to provide NSW with safe and efficient marine services.

Over 2020–21, our operations teams provided:



Port Authority’s operational capability is integral to our ability to deliver safe, efficient and sustainable marine services for the ports of NSW.

Our operational functions are underpinned by rigorous processes and procedures that maintain our high safety and performance standards, and our operational capabilities are enabled by our technology, marine assets and highly skilled maritime professionals. This commitment to operational excellence ensures our teams provide reliable and consistent services for port users and strong safety outcomes for our people and port environments.

Operational activities 2020–21

Marine operations activities 2020–21

	Pilotage movements	Work permit audits	Bunker permits (refuelling)
Sydney Harbour	243	172	127
Port Botany	2729	1165	151
Newcastle	4502	31	588
Port Kembla	1761	139	105
Eden	65	17	20
Yamba	44	0	1
Total	9344	1524	992

Note: Pilotage movements include vessel arrivals and departures and vessel movements within port.

Meeting performance standards

All ports

Port Authority holds a Port Safety Operating Licence (PSOL) that sets out key safety and performance standards for port operations. The PSOL is issued by the Minister, with compliance monitored by the State Regulator (Transport for NSW) and Port Authority is audited against its standards each year.

In June 2021, the audit focused on our risk management and operational processes through desktop reviews and site-based visits. The audit confirmed we meet all statutory operational obligations, relevant performance standards and quality assurance undertakings.

Improving our marine technology

Sydney Harbour, Port Botany, Port Kembla, Newcastle

This year we implemented several in-house projects to improve our marine operations technology, service delivery and safety outcomes for ships and the port environment, including:

Dynamic Under Keel Clearance System (DUKC)

Under Keel Clearance is the vertical distance between the lowest part of a ship’s hull and the seabed and is a key factor for safe navigation. This year, we ran an open-market process for the delivery of a DUKC system to provide improved data for our marine pilots and vessel operators to plan the safe passage of vessels in our port locations.

This initiative provides us with a single source and state-wide solution that provides real-time UKC data such as tide levels, tidal streams and vessel speed, manoeuvrability and dynamic motions. In support of our strategic objectives, the system provides an improved, consistent and streamlined solution for port users and contractor management. The procurement process was completed at the end of the 2020/21 financial year and the system will be implemented across our ports.

Pre-arrival vessel declaration system

Following a review of our vessel pre-arrival process, an improved smart-form system was implemented for vessels submitting their declarations of information. Another outcome was an alignment of our vessel pre-arrival process across our ports for a more consistent service in line with our one-port strategy.

Electronic Master Pilot Exchange (eMPX)

Our Sydney marine operations team introduced an improved Electronic Master Pilot Exchange system for sharing port-related information, requirements and passage plans between our marine pilots and ship masters prior to vessels arriving at port.

Developed in-house, the system also replicates passage plans on our Vessel Traffic Service Centre’s monitoring software and our marine pilot’s Portable Pilotage Units. Industry feedback indicates the system improves passage plan awareness for vessel bridge teams. A similar system is under development for Port Kembla.

Pilotage and operations continued

Marine operations



Pilot vessel travelling alongside the *Hamburg Süd* ship in Port Botany

Managing impacts to port operations

All ports

In early 2021, flooding from record rainfall in Newcastle had a significant impact on port operations and interactions with ships. The influx of fresh water from the Hunter Valley catchment area into Newcastle Harbour impacted water movement and caused changes to water salinity affecting ship buoyancy, propulsion and steerage and making them harder to manoeuvre.

In these challenging conditions, our marine pilots' expertise enabled the continued movement of shipping with minimal impacts to port operations and the supply chain. In close consultation with port stakeholders, we were able to minimise the operational impacts and facilitate 188 ship movements across the two-week flooding event.

Across all our ports, marine related incidents were managed in accordance with port processes and procedures and there were no significant impacts to port operations within the year.

New marine pilot ladder training facility in Sydney

Sydney Harbour

On 24 May 2021, we began a new pilot ladder training program in Sydney for marine pilots and other staff required to board vessels. The ladder climb from our high-speed cutter vessels up and onto a large ship at sea is a high-risk activity and the facility provides hands-on training to develop trainee pilots' skills, build experience and improve safety outcomes for our people.

Partnering with 5th Point Rope Access and Training Solutions, the facility at its Brookvale venue features a training ladder and safety harnesses for trainees to practice climbing techniques in a safe environment. Experienced marine pilots, cutter crew and a climbing and harness specialist are on hand to provide guidance and share experience. After passing the practical training course, our trainees undertake several pilot transfer observations before undertaking a real pilot-ladder transfer in calm conditions at sea.

Pilot ladder training resources

All ports

Our Newcastle team developed detailed training documents and videos to support pilot ladder training. Combined with practical training courses, these new visual learning resources provide a more comprehensive and consistent training program for our marine operations teams.

Helmet safety for marine pilots

All ports

The safety of our operations teams is paramount and helmets are now compulsory for all marine pilot operations in NSW. This year, we sought subject-matter expertise from Westpac Rescue to identify suitable headgear and best practice for our port-wide marine pilots.

Reviewing the NSW Marine Pilotage Code

All ports

Our marine pilots operate in accordance with the NSW Marine Pilotage Code which this year was subject to a five-year review. The review was led by Transport for NSW as the Marine Pilotage Regulator with active participation from Port Authority representatives, including marine pilots, harbour masters and our executive team. Recommendations for amendments will be presented to the NSW Minister for Transport and Roads and the updated code is expected to be published by the end of 2021.

Updating our operational procedures

All ports

We undertook a comprehensive review of our procedures for all our operational functions, including marine pilotage, marine operations, and vessel traffic services in alignment with our document management requirements.

The Sydney Pilots Group developed and finalised key changes for our marine pilot training procedures, including induction manuals and training record books, and our competency-based annual assessment.

In Port Kembla, all procedures for pilotage, marine operations, and Vessel Traffic Services were reviewed and promulgated through our document management system, including standard operating procedures, work instructions, forms and checklists, and emergency response procedures.

Vessel traffic services

Marine operations



A Vessel Traffic Services Operator keeps watch at Port Kembla

Our vessel traffic services teams keep watch 24/7 to manage the safe movement of ships in the ports of NSW.

Over 2020–21, our VTS teams responded to:

1,110

Marine incidents

15

On-board medical emergencies

Port Authority’s vessel traffic service (VTS) teams work 24/7 to keep watch over ship movements, manage maritime traffic and provide navigational instructions to vessels within our ports.

From their control centres in Sydney, Newcastle and Port Kembla, our highly trained VTS operators communicate with vessels, coordinate operations with marine pilots; advise ships of dangers, sea and weather conditions; and support the safe movement of ships through port.

Connected to a network of radars, CCTV, navigation aids and ship-tracking technology, our VTS teams also provide frontline communication and coordination for responses to marine incidents and emergencies.

Vessel Traffic Services activities 2020–21

Achieving VTS accreditation from AMSA Sydney, Port Botany, Newcastle, Port Kembla

This year, our Port Kembla vessel traffic service team was accredited as an authorised VTS provider having met internationally recognised navigational

measures set out in the *International Convention on the Safety of Life at Sea 74/78*. VTS providers in Australia are authorised and audited by the Australian Maritime Safety Authority (AMSA) under Commonwealth legislation.

Port Kembla joins our Sydney and Port Botany teams as an accredited VTS. Newcastle, currently a vessel traffic information centre, is in the process of obtaining VTS accreditation, expected during 2021–22. Vessel traffic in Eden and Yamba is managed from our teams in Port Kembla and Newcastle respectively.

Standardising VTS systems across our ports

Sydney, Port Botany, Newcastle, Port Kembla

In support of our one-port strategy, groundwork began to streamline and standardise our VTS systems in Sydney, Port Kembla and Newcastle. Each centre uses a variety of radar, AIS, radio and camera systems and the program will align these technologies over the next three years.

Our VTS port channels

VHF 13

Sydney Harbour

VHF 12

Port Botany

VHF 11

Port Kembla

VHF 09

Newcastle

Hydrographic survey

Marine operations

Our hydrographic survey team measures and maps the seafloor to help ships navigate safely through the ports of NSW.

Over 2020-21, our hydrographic survey team conducted:



154

Port safety surveys

4

Whole-of-port surveys

35

Contract surveys

10

New met-ocean sensor installations

9

Met-ocean sensor upgrades

Port Authority's hydrographic survey team ensures the waters of Sydney Harbour, Port Botany, Port Kembla, Yamba and Eden are safe for shipping. Using our purpose-built survey vessel, Port Explorer, the team use state-of-the-art soundwave technology to search for hazards and monitor changes to depths of berths and shipping channels.

From this data, they create bathymetric charts and high-resolution 3D images to show what's under the water so ships can navigate safely. This information is used to create pilotage plans, promulgate port depths, assist marine construction, and create nautical charts for the Australian Hydrographic Office.

The team also conducts surveys for external clients, carries out engineering, monitoring and environmental surveys; deploys and calibrates wave measuring buoys; maintains our met-ocean sensors and manages wave, wind, current and tide data at wavewindtide.portauthoritynsw.com.au.

Hydrographic survey activities 2020-21

Port safety surveys across our ports

Sydney, Port Botany, Port Kembla, Eden, Yamba

In support of Port Authority's PSOL, our hydrographic survey team conducts regular surveys of our port's berths and channels to ensure safe navigation for ships. The year, the team conducted 154 port safety surveys across NSW:

- 46 surveys of PSOL areas in Sydney Harbour
- 34 surveys of PSOL areas in Port Botany
- 2 whole of port surveys in Port Kembla (56 PSOL areas)
- 1 whole of port survey in Eden (11 PSOL areas)
- 1 whole of port survey in Yamba (7 PSOL areas).

Charts produced for the Australian Hydrographic Office

All ports

Electronic navigational charts (ENCs) are official nautical charts used in digital displays to provide vessels with precise navigational data. This year, our hydrographic survey team became the first in Australia conducting a regular survey program to create bathymetric ENCs for the Australian Hydrographic Office.

New and upgraded met-ocean sensors Sydney, Port Botany, Newcastle, Port Kembla, Eden

Our met-ocean sensors take measurements of water currents, wind and weather conditions and relay the information to marine pilots and ship captains to assist with safe navigation and berthing in port.

Management and maintenance of our met-ocean sensors is now conducted by our hydrographic survey team and, this year, they worked with our marine operations teams to commission and install 10 new sensors across our ports and upgrade a further nine.

Sydney Harbour

Upgrades:

- Glebe anemometer upgraded to a solar-powered system
- Fort Denison BoM wind telemetry.
- Fort Denison tide gauge intake pipe and stilling well.

Port Botany

Commissions:

- Tide gauge installed in Brotherson Dock
- Waverider buoy base station at La Perouse, Botany Bay
- Secondary waverider buoy base station at New Molineaux Point.

Upgrade:

- Captain Cook waverider buoy.

Port Kembla

Commissions:

- Anemometer systems at the Eastern Breakwater
- Anemometer systems at the Western Basin
- Directional waverider buoy site offshore north of Tom Thumb Island
- Directional waverider buoy site 400m inner east of the eastern breakwater
- Waverider buoy base station at Port Kembla VTS tower.

Upgrades:

- East Channel ADCP cable
- East Channel ADCP electronics enclosure
- East and West Channel road pit junction
- BoM tide and wind electronics enclosure.

Newcastle

Commission:

- Wind site on Steelworks Channel to provide wind information.

Upgrade:

- Nobbys Head anemometer upgraded to VMT703 to align with WMO standards.

Eden

Commission:

- Tide gauge in Snug Cove to provide tide readings in near real-time.

Contract surveys

Over the year, our Hydrographic Survey team conducted 35 contract surveys for clients and stakeholders across our ports, including:

Ampol (formerly Caltex) Port Botany

Ampol commissioned our team to conduct a hydrographic survey to help establish a location for their pipelines in Port Botany. The team also conducted a sub-bottom survey to give Ampol a baseline to monitor future scour and siltation around their assets.

Australian Industrial Energy Port Kembla

Australian Industrial Energy commissioned our team for hydrographic survey work across their site and a shallow area of the outer harbour between Jetty No.4 and Gateway, as well as sub-bottom survey.

Dangerous goods

Marine operations

We enforce the safe storage and handling of dangerous goods in the ports of NSW.

Over 2020–21:



13,837,327

Tonnes of dangerous goods cargo transited Sydney's ports



Port Botany operations



Port Botany operations

Our dangerous goods team processed, conducted and issued:

1,672 Vessels lodging dangerous goods notifications

1,619 Dangerous goods audits

376 Penalty infringement notices

To ensure the safety and security of our ports, Port Authority has the legislative responsibility to control how dangerous goods such as chemicals and explosives are stored and handled in operational port areas.

Our dangerous goods team is advised of all dangerous goods imports and exports transiting our ports and oversees the regulation that determines how long they can remain within port areas. Our team members have the delegation to inspect dangerous goods in our ports and can issue penalty notices when regulations are breached.

To assist vessels, port users and terminal operators, we publish the *Dangerous Goods Management Guidelines for Ports in NSW* and provide a dangerous goods lookup function on our website.

Dangerous goods activities 2020–21

Over 2020/21, almost 14 million metric tonnes of dangerous goods cargo transferred through Port Botany and Sydney Harbour alone. Across the year, we processed 1672 vessels lodging dangerous goods notifications, conducted 1619 dangerous goods audits, and issued 376 penalty infringement notices for breaches of requirements.

Dangerous goods activities 2020–21

	Vessels lodging dangerous goods notifications	Dangerous goods audits conducted	Penalty infringement notices issued
Sydney Harbour	36	36	0
Port Botany	1414	1400	376
Newcastle	168	151	0
Port Kembla	49	32	0
Eden	5	0	0
Yamba	0	0	0
Total	1672	1619	376

Updating the Dangerous Goods Regulation

All ports

We supported the consultation for the development of the new part within the updated *Ports and Maritime Administration Regulation 2021* which is absorbing Part 11 of the repealed *Dangerous Goods Regulation 1999* and is preserved by the *Work Health and Safety Regulation 2011* (NSW).

Recording a process for penalty notice collection with Revenue NSW

All ports

Dangerous goods penalty notices have historically been administered and collected by Revenue NSW on Port Authority's behalf. This year, we entered a Memorandum of Understanding (MoU) with the Commissioner of Fines Administration to formally record the process and set agreed charges for the services performed under legislation.

Emergency response

Protecting our coastline and port environments

Maritime incidents and marine pollution have the potential to put our environment, infrastructure, industries and communities at risk.

Port Authority is ready to respond to these incidents 24/7. Our skilled emergency response teams operate specialised equipment and a fleet of purpose-built vessels equipped for firefighting, oil spill containment, and vessel assistance.

We provide emergency response capabilities across Sydney Harbour, Port Botany, Newcastle, Port Kembla, Eden and Yamba and are the lead emergency response agency in coastal waters from Fingal Head, Port Stephens to Gerroa, south of Port Kembla.



Sydney Operations team assist a sinking vessel in Lavender Bay

Emergency responses 2020–21

Emergency response

Our emergency response teams respond to hundreds of small-scale marine incidents each year.

Over 2020–21:



287

Emergency responses

157

Pollution incidents

74

Emergency towage and vessel assists

41

Booming operations

8

Firefighting operations

7

Medical emergencies

Port Authority responded to 287 marine incidents across NSW during 2020–21. There were no major marine incidents during the year and only two incidents required an ongoing response and the establishment of an Incident Management Team, both at Port Botany.

Emergency responses by port: 2020–21

Incidents	Sydney Harbour	Port Botany	Newcastle	Port Kembla	Eden	Yamba	Total
Booming operations	36	4	0	1	0	0	41
Pollution incidents	104	40	6	7	0	0	157
Firefighting operations	7	0	0	1	0	0	8
Emergency vessel assists	60	11	0	3	0	0	74
Medical emergencies	0	2	0	5	0	0	7
Total	207	57	6	17	0	0	287

Significant emergency responses 2020–21

Containers secured after fall from ship

Port Botany, 4 November 2020

A stack of five containers fell overboard from the vessel *Northern Jaguar* at Brotherson Dock. The containers remained connected together and buoyant, floating 50m from the side of the ship.

We initiated an immediate response and sent our tug *Ted Noffs* to secure the container stack and took it under tow to Brotherson Dock 6 where it was held fast with heavy securing lines. Our team established a 100-metre exclusion zone and deployed a containment boom in case of pollutants. No dangerous goods were involved and the containers were removed from the water by crane the following day.

Vessel towed from path of ship

Port Kembla, 8 November 2020

As the car carrier vessel *Northern Highway* departed berth B106 at 19:56 hours, our onboard marine pilot spotted a small boat in the path of the ship's intended track. The pilot immediately reported the situation and requested assistance to avoid a potential incident. Our cutter vessel *Kestrel* was called to the scene and quickly provided safe towage clear of the oncoming vessel.

Diesel spill contained

Port Botany, 11–13 November 2020

Our Sydney VTS team received reports of a strong diesel smell as vessel *Celsius Everett* was berthing at Bulk Liquids Berth 2 (BLB2). Port Authority teams investigated, located a sheen and began monitoring and readying pollution response equipment while *Celsius Everett* stopped cargo operations.

At the earliest opportunity, our team deployed a containment boom to protect the area as the ship resumed operations under close monitoring. The ship engaged divers to assess the vessel and, once cargo was complete, the ship was directed to depart port to rectify an issue with its inert gas system at sea.

Crew member rescued after fall from height

Port Botany, 1 April 2020

During an outbound escort, our team onboard one of our marine operations vessels were alerted to a person hanging over the side of the ship, attached by a safety harness 2–3m above the waterline.

The marine operations vessel carefully manoeuvred alongside to assist the crew member, freed them from their harness and brought them safely on deck. Our team rendered first aid, thankfully there was no serious injury, and the crew member was safely assisted back onto the ship's gangway.

Kayakers rescued from treacherous conditions

Port Botany, 11 April 2020

Our cutter crew spotted a kayaker struggling against waves and 35-knot winds pushing them towards rocks. The crew manoeuvred to intercept, retrieve the kayaker from danger and were advised of other kayakers needing assistance. Our team continued their search and rescued two other kayakers in distress. All three kayakers were thankful and able to be returned safely to shore without injury.

Emergency response exercises

Emergency response

Ensuring we're ready to respond when our ports and coastline need protecting

Over 2020-21:



8

Major emergency response exercises

3

Sydney

3

Newcastle

1

Port Kembla

1

Narooma

75

Port Authority people involved

Each year, Port Authority plans and takes part in exercises to practice and refine our emergency response procedures across our ports. The exercises enable our emergency response teams to test our capabilities, put our plans into action and coordinate real-time operations in the field.

Through these exercises we also develop our important working relationships, improving how we communicate, collaborate and cooperate with emergency response agencies including Fire and Rescue NSW, NSW Police and Marine Rescue NSW; Government agencies, including Transport for NSW and National Parks and Wildlife Service; and key port stakeholders, operators and service providers.

This year, our teams played a large role in assisting with the planning, development and facilitation of Transport for NSW's annual State Exercise in Narooma and assisted the Department of Defence with planning and facilitating a large field and desktop exercise at Garden Island, Sydney Harbour.

Emergency response exercises 2020-21

Newcastle: annual exercise

December 2020

Our teams conducted an oil-spill equipment familiarisation and desktop discussion to examine procedures and response options for an oil spill within Newcastle Harbour. The exercise reviewed the formation of an Incident Control Centre and Incident Management Team to simulate the management of resources on-water and port functions.

Port Kembla: Exercise Leaky Barrel

16 April 2021

A multi-agency exercise to practice an operational response to a tanker accidentally discharging hydrocarbons in the port's outer harbour. We set up an incident management team to coordinate the booming of the vessel at the berth. Several terminal and berth operators were also a part of the exercise. In all, 75 participants were involved in the exercise.

Newcastle: shift exercise

May 2021

Our team undertook an oil-spill equipment exercise to practice procedures, dynamic risk assessments, equipment deployment, operations and recovery for a response within Newcastle Harbour.

Narooma: NSW State Exercise Barunguba

12-13 May 2021

We played a major role in assisting the planning, development and implementation of Transport for NSW's annual State Exercise in Narooma – the largest marine pollution emergency exercise conducted in NSW this year.

The two-day operation put around 120 emergency response specialists to the test by simulating a real-time oil spill response to practice and refine NSW's emergency management plans.

The exercise focused on establishing an Incident Management Team within an Incident Control Centre and coordinating operational activities that included aviation response (aerial observation and dispersant spraying), wildlife decontamination and shoreline response.

Sydney Harbour: Exercise Casper, Gore Cove

1 June 2021

Together with Viva Energy, we conducted an annual exercise at Gore Cove Terminal to test operational roles and responsibilities responding to and containing an oil spill and ship fuel fire, managed by an Incident Management Team at our Moores Wharf site. The multi-agency exercise involved 45 responders from Fire and Rescue NSW, NSW Police, Transport for NSW.

Port Botany: Exercise Airdrop II

28 October 2020

We took a key role in Sydney Airport's annual emergency exercise which tested response arrangements to an on-water aircraft incident in Port Botany.

This exercise practiced interagency coordination across operations that included a mass water rescue by vessel and helicopter, establishing a medivac forward operating base at Foreshore Rd Boat Ramp, and operating Incident Control Centres by Port Authority and Sydney Airport. Over 100 participants from the emergency services, aviation and maritime sectors.

Emergency response training

Emergency response



Oil boom training in Port Botany



Port Authority NSW working together with Fire & Rescue NSW

Developing skills to respond to marine emergencies and pollution

Port Authority develops the specialised emergency-response skills of its marine operations teams through accredited and nationally recognised courses. This year, our people completed COVID-safe courses using online, face-to-face and field-training methods and collaborated with response agencies including Transport for NSW, NSW Police, Australian Border Force and Fire and Rescue NSW to support our capability for multi-agency incident management.

Emergency response training 2020–21

International Maritime Dangerous Goods Training (IMDG)

August 2020

Our marine operations teams conducted a two-day course as part of ongoing training for auditing, overseeing and managing emergency responses to incidents involving dangerous goods. The training highlights the importance of understanding specialised dangerous goods codes to ascertain appropriate management and response measures.

Australasian Inter-service Incident Management AllIMS (AMSA)

8-9 March/8-9 June 2021

Sixteen of our team undertook AMSA-accredited AllIMS training – the nationally recognised system for incident management. AllIMS training provides the principles of incident management and is vital knowledge for our emergency response teams.

Marine Pollution Response: Planning and Logistics (AMSA)

21-25 June 2021

Two of our team from Sydney participated in the ASMA-accredited week-long Marine Pollution Response training. The training provides participants with a certification in planning and logistics, two key areas for a successful Incident Management Team.

Basic Equipment Operators Course (Transport for NSW)

Various throughout year

Thirty-two of our people completed the AMSA-accredited Basic Equipment Operators course. The intensive two-day training is the foundation for our marine pollution response capabilities and ability to deploy equipment across NSW.

Firefighting training: ComSafe (Fire and Rescue NSW)

Various throughout year

Twenty team members completed ComSafe-accredited firefighting training. The course, developed by our Response Coordinators in collaboration with ComSafe, is specifically tailored to the unique requirements of our specialised on-water firefighting responsibilities. We plan to have all our port officers in the Sydney area participate in this training.

Port assets

Our port assets provide NSW with world-class maritime capabilities

Port Authority's port assets give our teams the tools and technology to deliver safe, efficient and sustainable marine services for NSW.

Our vessels and equipment enable our operational on-water capabilities; our navigation aids assist the safe movements of ships; our IT systems share critical information with port users; and our terminals, berths and port facilities provide NSW with crucial maritime infrastructure.



Hornby Lighthouse in Watsons Bay, sits at the entrance to Sydney Harbour

Glebe Island and White Bay

Port assets

A working port for over 100 years, Glebe Island and White Bay provide the last deep-water wharves for commercial shipping in Sydney Harbour.

Over 2020–21:



188

Trade vessels visited Glebe Island

Owned and operated by Port Authority, the deep-water berths at Glebe Island and White Bay give Sydney a low-cost, low-impact and sustainable maritime supply route for bringing dry bulk materials directly into the city.

A working port since 1901, Glebe Island and White Bay remains a vital maritime asset and the heart of Sydney Harbour’s maritime industry. Operating 24/7, Glebe Island provides Sydney with essential construction and manufacturing supplies; logistical support for major infrastructure projects; a staging ground for the city’s celebrated harbour events and a filming location for Australia’s film industry.

Glebe Island and White Bay: trade vessel visits by year

	2016–17	2017–18	2018–19	2019–20	2020–21
Glebe Island ¹	102	110	106	89	52
White Bay ¹	518	511	441	295	136
Total	620	621	547	384	188

1) Includes commercial and service provider vessels (such as bunker vessel ICS Reliance).

See all commercial vessel visits to NSW on page 15.

Port activities 2020–21

Glebe Island

Work on Glebe Island’s multi-user facility progressed with works commencing in August 2020 following the completion of site establishment works in June 2020. More on page 38.

In addition to ongoing port operations, this year Glebe Island provided logistical land and maritime support for the major infrastructure projects such as WestConnex and Sydney Metro. Land at Glebe Island is also being licenced to assist in logistics and project delivery for the Bays West Precinct, with Infrastructure NSW using 6,000m² of port land for up to three years to support the redevelopment of Sydney Fish Market, a state-significant development. Over the year, we continued discussions with Hanson for leasing a section of Glebe Island to receive, store, handle and dispatch aggregate for the commercial production and distribution of concrete.

Continuing our ongoing partnership with the NSW Government, Glebe Island was used as one of the operational locations for staging preparations and maritime activities related to New Year’s Eve and Australia Day celebrations.

White Bay

The common user berth at White Bay offers port facilities through short- and long-term leases. In April 2021, the Royal Australian Navy commenced a short-term lease for the HMAS Supply in preparation for new vessel commissioning.

White Bay 4 is one of Sydney’s key filming locations and this year was used in the production of major releases including Marvel’s *Shang-Chi and the Legend of the Ten Rings*, independent film productions, as well as television commercials for major brands. More on page 32.

Port maintenance and development

Wharf restoration and repair

Glebe Island 1

Settling of the wharf pavement at Glebe Island 1 over time had reduced its capacity to support loads, resulting in approx. 100 metres of berth quay line unable to be fully utilised. This year, we undertook works to repair and restore the wharf to its maximum load capacity and provide structural integrity for the next 30 years. Completion of the project is anticipated in August 2021 and a return to operations by September 2021.

Structural upgrade project

Glebe Island 8

Constructed between 1919 and 1930, the wharf at Glebe Island 8 is one of the last commercially operational timber wharf structures in Sydney Harbour. In 2018, detailed inspections determined upgrade works were required to bring the berth back to its original load of 22kPa. Structural works commenced in May 2020 to restore the aging berth and prevent the need for ongoing maintenance for the next 10 years. Works were carried out while the berth remained operational and included repairs and protective coatings for piles, the installation of new girder supports and pile-strengthening sleeves; and capwale and bracing replacements. Works were completed in April 2021.

Utilities and ancillary items

Two substations at Glebe Island reached the end of their serviceable life and were removed during August–October 2020. To serve current power needs and ready the precinct for future developments, work was undertaken to provide power through two pre-existing modern electrical kiosks. The Electrical upgrade works were completed in October 2020.

Vessels and equipment

Port assets

Our vessels and equipment give our teams the on-water capabilities to keep our ports safe and secure.



31

Vessels operating across our ports

Port Authority’s highly specialised vessels and maritime equipment give our marine operations teams the capabilities to provide marine services for the ports of NSW.

Our fleet of distinctive vessels includes powerful cutters to transfer our marine pilots to ships at sea; firefighting tugs to combat on-water and shoreline fires; emergency and oil spill response vessels to deploy booms and manage marine incidents; survey vessels to scan the seafloor for hazards and operations vessels to allow our teams to manage our marine infrastructure.

Port Authority vessel numbers by port

Sydney and Port Botany	19
Newcastle	5
Port Kembla	4
Eden	1
Yamba	2
Total	31

Vessels and equipment activities 2020-21

New firefighting vessels confirmed

Sydney, Port Botany

In May 2021, we signed a contract for two new multipurpose firefighting vessels for Sydney Harbour and Port Botany. The two new vessels will provide our Sydney teams with greater agility, flexibility and capability in conducting on-water operations and responding to on-water fire and other maritime incidents. The new vessels will replace our two firefighting tugs (*Shirley Smith* and *Ted Noffs*) which, after 40 years of service, have reached the end of their working life.

In coordination with our marine operations team, the vessels will feature two fire pumps, 360-degree visibility from the wheelhouse and an open deck for ease of movement for crew. The 17.8 metre alloy vessels will provide greater tow capacity and performance characteristics in a variety of sea states and restricted areas of navigation. Built by Birdon in Port Macquarie, the first vessel is expected to arrive in October 2022 and the second in January 2023.

New emergency response vessel for Port Kembla

Port Kembla

We added a new emergency response vessel to our Port Kembla fleet in December 2020 to deliver a faster and more effective response to large-scale marine incidents. The 5.9m-long *Elourie* was built by local contractors H Solutions and carries pumps and a floating boom to help contain and remove spills.

New port-wide plan for managing marine assets

All ports

We implemented a new centralised marine assets plan to align and standardise our vessel management and maintenance practices across our ports. The marine assets plan provides a proactive and structured framework to ensure the fleet remains fit-for-purpose and continues providing our teams with the ability to deliver efficient marine services for port users. Following our ‘one-port’ strategy and forming part of the wider Strategic Asset Management Plan, the marine assets plan replaces the port-based management of vessels with a more consistent approach to the management of our marine assets.

Newly formed Marine Assets Team

All ports

The Marine Assets team was formed to bring enhanced and central oversight to our fleet, providing a pathway to ensure marine assets are maintained to a consistent standard across all ports. The Marine Assets Team oversee the operational upkeep of all vessels and equipment, identify opportunities for vessel efficiencies and review vessel capabilities, capacity and utilisation to ensure short- and long-term business continuity.



Port Authority vessels docked at Moors Wharf

Port Authority vessels by name and function

Vessel name	Vessel function
Sydney and Port Botany	
Alvina III	In-harbour transfers, emergency response
Botany Punt	Survey work, shallow water inspections
Brian Cecil	Survey work
FRV2	Oil spill response, crane operations
Manns Point	Crane operations, oil spill response
Millers Point	In-harbour transfers, emergency response
OSV Banks	Oil spill response
OSV Denison	Oil spill response
Port Explorer	Survey work
PV Sever	Pilotage
PV Sharp	Pilotage
PV Sinclair	Pilotage
Response I	Oil spill response, boom deployment
Response II	In-harbour transfers, emergency response
River Truck 1	Oil spill response
River Truck 2	Oil spill response
River Truck 3	Oil spill response
Shirley Smith	Firefighting
Ted Noffs	Firefighting
Newcastle	
Governor Macquarie	Pilotage
Henry Newton	Pilotage
PT1	Pilotage transfer
Response 1	Pilotage transfer, oil spill response
Riverkeeper	Oil spill response
Port Kembla	
Dinghy (flat bottom)	Marine operations, emergency response
Elourie	Marine operations, emergency response
Kestrel	Pilotage
Shearwater	Pilotage
Eden	
Quintrex Bayhunter	Marine operations, emergency response
Yamba	
Flat Punt	Marine operations, response vessel
Gov King	Pilotage

Port Authority vessel in Newcastle



Port Authority vessel at sea

Aids to navigation

Port assets

Our navigational aids guide vessels safely through the ports of NSW.



254

Navigation aids across our ports

86

Floating buoys

156

Fixed structures

12

Lighthouses

Port Authority's network of buoys, marks, beacons and lighthouses provides navigational information to assist the safe movement of ships, goods and people through our ports. From the smallest buoy to Sydney's heritage-listed Hornby Lighthouse, our aids to navigation are a guiding light for ships in NSW.

Located on land and in the water, our aids to navigation (AtoNs) face harsh conditions in challenging environments. In accordance with our Port Safety Operating Licence, our teams manage and maintain this important marine infrastructure to ensure safe passage for ships and protection for the port environment.

Aids to navigation owned by Port Authority by type and port

Port	Floating buoys	Fixed structures	Lighthouses	Total
Sydney Harbour	37	32	11	80
Port Botany	23	59	1	83
Newcastle ¹	0	0	0	0
Port Kembla ¹	11	20	0	31
Eden	2	13	0	15
Yamba ¹	13	32	0	45
Total	86	156	12	254

1) Aids to navigation in Newcastle are owned and operated by Port of Newcastle. Lighthouses in Newcastle (Nobbys Head) and Yamba are owned and operated by the Australian Maritime Safety Authority. Aids to navigation in Port Kembla are owned by Port Authority and maintained by NSW Ports.

Aids to navigation activities 2020-21

Developing a port-wide plan for managing our aids to navigation

Sydney Harbour, Port Botany, Newcastle, Port Kembla, Eden, Yamba

We developed and implemented a port-wide management and maintenance plan for our aids to navigation (AtoNs) in line with our one-port strategy. The plan provides broad oversight of our AtoNs, increasing their reliability and reducing the risk of operational downtime. A baseline survey and condition assessment of 200+ AtoNs was conducted in early 2020 to develop the port-wide plan which identifies six core objectives:

- Implement urgent works to repair/upgrade over 40 AtoNs
- Undertake audits of our ports to ensure compliance with our Port Safety Operating Licence (PSOL)
- Maintain safe and efficient operations.
- Develop new maintenance contracts focussing on responsibility and liability
- Maximise the use of systems and tools and develop procedures for AtoN management
- Use risk-based predicative modelling for future asset management and maintenance.

Over the past 12 months, all urgent works have been completed, PSOL compliance audits have been undertaken in all ports, and a new five-year AtoN maintenance contract for all Sydney and Botany AtoNs is in place. The Assets team is now working on optimisation of systems; data collection and analysis; and establishing risk-based modelling to improve efficiency in AtoN management.

Upgrades for Goat Island's aids to navigation

Sydney Harbour

Goat Island houses the main leading marks for vessels navigating into Sydney Harbour and the location of 10 AtoNs. Port Authority's asset team conducted a capital works program on the Goat Island AtoNs to ensure operational safety and undertook a complex regulatory approval process and consultation with stakeholders including councils, local aboriginal landowner groups, Transport for NSW, National Parks and Wildlife Services, the Office of Environment and Heritage, the Department of Planning Industry and Environment, and Port Authority's internal divisions. The program involved the upgrade of four of the ten AtoNs. Works were completed between July and December 2020.

Comprehensive improvements for Yamba's aids to navigation

Yamba

We own and operates 45 AtoNs in Yamba (with an additional number owned by Crown Lands) that support safe transits for vessels entering/exiting the harbour. In April 2020, we engaged Royal HaskoningDHV to conduct a structural inspection of every AtoN in Yamba to produce a risk-assessment report and recommendations for urgent, future, and regular maintenance works. The report found seven AtoNs in need of urgent repair and identified accessibility issues for maintenance to AtoNs located on private land.

Following the structural inspection, an operational review was conducted to assess the AtoN's current and expected future use and consider if alternative systems could be utilised. The operational review recommended replacing the affected AtoNs with a system of nine channel marker buoys, except for two large entry leads (ID 14 & 21) that were critical to operations and required urgent remediation.

Of the remaining AtoNs, a number required minor repairs and a scheduled maintenance works program was developed. Key ongoing and future activities include the remediation of two large entry leads (ID 14 and 21) and two small near-shore AtoNs (ID 37 and 40); installation of nine new channel marker buoys; and the removal of four redundant AtoNs.

IT infrastructure

Port assets

Our technology systems provide the code for efficient port operations.



Vessel Traffic Service operations in Port Kembla

Port Authority’s specialised IT systems are critical to efficient operations and the safe movement of ships in the ports of NSW. From shipping schedules to booking functions, permit applications and wind, weather and tide data, our systems provide the functionality that enables shipping customers, port operators and service providers to conduct their business and the information that gives our stakeholders and communities visibility into port activities.

Our systems are also central to the safety of shipping in our ports, enabling our operations teams to make informed navigational decisions based on real-time data captured from our network of radars, CCTV, navigation aids and met-ocean sensors.

Our IT team develops and delivers our technology capabilities and protects these critical port systems through stringent cyber security measures.

IT infrastructure activities 2020–21

Single port management system for all NSW in development

All ports

This year, we began work on a major IT project to consolidate Port Authority’s three port management systems into a unified and consistent platform. The One Port project will develop a single system for all port users, service providers and operations teams to manage and monitor ship movements, arrivals and departures across all six working ports in NSW. In line with our one-port strategy, the system will align and standardise language, terminology and procedures for more consistent customer service and effective port-wide operations.

Developed in-house by our IT team, the system is being designed in consultation with our marine operations teams and maritime stakeholders to best meet their operational requirements and will be implemented in a phased rollout. Delivery for Port Kembla and Eden is expected by the end of 2021, Newcastle and Yamba by mid-2022, and Sydney Harbour and Port Botany by the end of 2022.

New safety-management system

All ports

Our IT and WHS teams worked together to implement a new port-wide incident management system. MYOSH replaces several WHS systems to deliver a consolidated single platform for reporting and managing safety incidents. More on page 48.

IT fit-out for the Eden Welcome Centre

All ports

Our IT team developed and delivered the information and communication technology infrastructure for the new Eden Welcome Centre. The centre’s systems will support the management of cruise passenger operations, port functions and capabilities managed in its maritime hub. More on page 35.

Terminals and venues

Port assets

World-class cruise facilities welcoming people to NSW.

Events at our venues 2020-21

Despite ongoing lockdowns, our terminal venues hosted:



63

Filming, commercial and community events

33

movie, TV and advertising productions

16

brand launches and activations

14

community and charity event

Port Authority's world-class cruise facilities have welcomed millions of passengers to NSW and provide safe berths for ships visiting our ports.

We own and operate the Overseas Passenger Terminal and White Bay Cruise Terminal in Sydney and cruise facilities in Eden on the NSW South Coast, including the new Eden Welcome Centre. Our terminals provide the maritime capabilities to safely accommodate some of the world's biggest passenger vessels and the infrastructure to safely transfer passengers from ship to shore.

Set in iconic waterfront locations, our terminals and their port precincts provide sites for major film shoots, offer venue space to host commercial and community events and take the centre stage for some of Sydney's biggest celebrations.



Terminal and venue activity 2020-21

Overseas Passenger Terminal and White Bay Cruise Terminal

Sydney Harbour

The historic Overseas Passenger Terminal located in world-famous Circular Quay is Australia's premier cruise destination and has been welcoming cruise passengers for over half a century. White Bay Cruise Terminal in Rozelle was opened in 2013 as Sydney's second dedicated cruise terminal and is one of Australia's most popular departure and arrival points for domestic cruises.

This year, due to ongoing cruise restrictions in response to the COVID pandemic, neither terminal hosted visits from cruise ships. More on page XX. We also provided rent abatements to our retail tenants at the Overseas Passenger Terminal and White Bay Cruise Terminal to mitigate the impacts of COVID restrictions.

In January 2021, we began a major project at the Overseas Passenger Terminal to prevent sediment movement around the wharf, clear material from the berthing area, and protect the seawall from future erosion. More on page XX.

Opening of the Eden Welcome Centre Eden

On 30 April 2021, we opened the Eden Welcome Centre to provide maritime, cruise and tourism facilities for the Sapphire Coast on the far south coast of NSW. Eden is an increasingly popular cruise destination and following the completion of our Eden Cruise Wharf project in 2019, ships over 300m in length can now berth in port. More on page 35.

Movie and TV filming

Our venues were used as filming locations for 33 major motion pictures, TV series and commercials over 2020-21. This included filming for international productions by Marvel Studios, Netflix and Warner Bros., most notably for Marvel's *Shang-Chi and the Legend of the Ten Rings*.

Independent film makers and media companies also took advantage of the break in cruise to use White Bay Cruise Terminal to film several domestic and international television series. The terminal was also used for photo shoots and filming for commercials for major brands including Toyota, Lexus, Volkswagen, Telstra and Fijian Tourism.

Brand launches and activations

Our venues were used for 16 corporate events, high-profile launches and brand activations over 2020-21. This included launches at the Overseas Passenger

Terminal for the Australian Olympic Team Tokyo 2020 uniform; the 2021 NRL Season; and for TrueGreen and Nexport's electric vehicles and new NSW manufacturing facility. The terminal also hosted major brand activations by LEGO, Kathmandu, Woolworths and Bondi Born for Fashion Week, with many live streamed to audiences.

Community and charity events

Our venues were used for 14 community and charity events over 2020-21, once again playing a major role in staging and holding Sydney's New Year's Eve and Australia Day celebrations. We also partnered with Sculpture by the Sea to use the Northern Wharf of the Overseas Passenger Terminal as part of the Sculpture Rocks exhibition showcasing Japanese sculptors.

Beamed from the Overseas Passenger Terminal, projections on the Opera House sails kept Sydney's spirit up in visual celebrations for the National Film & Sound Archives, NSW Police, 200 years of Greek settlement, Italian National Day, World Oceans Day, Remembrance Day and Diwali.

In June 2021, White Bay Cruise Terminal held the Vinnies CEO Sleepout 2021 for the third time to raise millions for Australians experiencing homelessness. More on page 62.

Port asset security

Port assets

Maritime security for the working ports of NSW.



Vessel boarding exercise in the Western Channel of Sydney Harbour

Port Authority provides maritime security in the ports of NSW to maintain the safety of port users, the public, our people and our port assets.

Our security team develops proactive measures that identify and mitigate risks to our ports and keep them secure through a security network that continually monitors shipping channels, facilities and marine infrastructure.

We work alongside port stakeholders to strengthen our security measures and facilitate joint security exercises with Australian and NSW Government agencies to build strong working relationships and effective responses to threats to port security.

Port security activities 2020–21

Collaborating with NSW Police on terminal security

Sydney Harbour

We facilitated and took part in two operational security exercises with the Department of Defence and the NSW Police Force Counter Terrorism & Special Tactics Command at Sydney's Overseas Passenger Terminal and White Bay Cruise Terminal. The crime prevention exercises focused on the operational response to an armed active offender incident.

Port Authority also joined the NSW Police Force at a counter terrorism briefing for NSW Government agencies. The forum covered security matters related to right-wing activism, improvised explosive devices, active armed offenders, hostile vehicles and deterrent communications.

Updating security measures across our ports

Sydney Harbour, Port Kembla

In Sydney we implemented updated security deployment plans at the Overseas Cruise Terminal and White Bay Cruise Terminal to ensure security measures remain effective and meet operational expectations. In January, we also completed an update of the access control systems at both terminals.

In Port Kembla our revised Port Operator Plan, which outlines port security measures, was approved by the Department of Home Affairs.

In both Sydney and Port Kembla, we hosted Port Security Committee meetings to strengthen security measures and foster effective communication and collaboration between port 1stakeholders.

Designated port areas reviewed by the ABF

All ports

This year, the designated port areas of Sydney Harbour, Port Botany, Newcastle, Port Kembla, Eden, Yamba were reviewed and re-issued by the Australian Border Force under Section 15: appointment of ports of the *Customs Act 1901*.

Major projects

Developing infrastructure to support the maritime needs of NSW

Across our ports, we develop, build and maintain port and marine assets that contribute to our economy, our communities and the ongoing maritime needs of NSW.

Our major projects maintain critical port infrastructure, increase our maritime capabilities, drive the growth of cruise tourism and ensure our ports provide safe berths for ships.

Berth Infrastructure Project works at the Overseas Passenger Terminal



Eden Welcome Centre

Major projects



Eden Welcome Centre in the Port of Eden

The opening of a major new maritime and tourism centre in Eden will welcome thousands of cruise ship passengers and tourists to the Sapphire Coast region.

On 30 April 2021, our Eden Welcome Centre was officially opened by NSW Minister for Transport and Roads Andrew Constance MP and Minister for Tourism Stuart Ayres MP, heralding the beginning of a new era for cruising and tourism in Eden and the Sapphire Coast.

Located by the Eden Cruise Wharf, the landmark two-storey building is the new home of the Eden Visitor Information Centre and showcases the region’s attractions, promotes local businesses and offers local arts, crafts and produce to tens of thousands of tourists each year. The Eden Welcome Centre also provides Port Authority, Transport for NSW (Maritime), and NSW Police with a new maritime hub at the water’s edge.

Built from native regional hardwoods and featuring artwork, stories and heritage interpretation throughout, the Eden Welcome Centre is a tribute to the region, celebrating Eden’s maritime and Aboriginal history, wildlife, and the region’s key industries.

With a stunning pitched roof, repurposed timbers, solar power and locally sourced materials, the building is designed with sustainable principals to achieve a 4-star green energy rating.

Project timeline

- April 2020** Completion of final designs
- May 2020** Construction commencement
- March 2021** Completion of the ground floor and market area
- April 2021** Completion of the first floor
- 30 April 2021** Official opening ceremony held
- 1-2 May 2021** Eden Welcome Centre community open days held

Project background

The Eden Welcome Centre was developed as part of the Revitalising Eden Harbour Program, a plan developed by Port Authority and the NSW Government to coordinate the delivery of major projects for the Port of Eden. The program aims to improve port infrastructure to support jobs and economic development in the region by facilitating working-port activity, tourism, improved customer experiences and private-sector investment.

Eden provides cruise ships travelling between Sydney and Melbourne a gateway to the Sapphire Coast and is becoming an increasingly popular destination for cruise tourism. The development of the Eden Welcome Centre sought to build on Eden’s status as a tourism hub and follows the 2019 completion of the Eden Cruise Wharf, a \$44 million project to extend the port’s wharf to allow vessels over 300m in length to berth in Snug Cove.

Project construction

The Eden Welcome Centre was designed by Cox Architects, with the community and local council invited to contribute to the initial planning and design phase. Maximising economic benefit to the region, the building contract was awarded to local construction company Rankin Builders in 2019.

Site establishment and demolition of the old fishermen’s co-op building commenced in early 2020 and construction work began in March 2020, with the Eden Welcome Centre completed in May 2021. More than 10,000 hours were worked on the project by approximately 40 local subcontractors.

Project status

The building is now occupied by the Eden Visitor Information Centre on the ground floor, with Port Authority’s marine operations team, Transport for NSW (Maritime) and NSW Maritime Police operating from the first-floor maritime hub.

Project cost

The Eden Welcome Centre was delivered for the approved budget of \$7.0 million.



\$7.0m

Total project budget

Macquarie Pier Revitalisation

Major projects



Inspecting progress of the Macquarie Pier revitalisation works, Newcastle

A major revamp of the Macquarie Pier pathway along Newcastle’s Nobbys Head takes visitors on a walk through the city’s maritime history.

Newcastle’s iconic Macquarie Pier and its historic harbourside walkway were revitalised in a major improvement project to complement the City of Newcastle’s Bathers Way coastal walk and create a destination at the foot of the Nobbys Headland.

Port Authority’s \$1.8 million Macquarie Pier Revitalisation Project constructed an improved and widened 900m pathway, complete with sandstone seating, maritime-style fencing, upgraded lighting and a new paved area for visitors to relax and enjoy the views and activity of Newcastle Harbour.

Reopened to the public on 21 December 2020, the revitalised Macquarie Pier gives the community a place to connect with Newcastle’s significant maritime history and discover the story through heritage interpretation signs due for installation along the route in late 2021.

Project timeline

August 2020	Award of construction contract
September 2020	Construction commencement
21 Dec 2020	Official opening ceremony and path reopening
February 2021	Completion of new pathway lighting
H2 2021	Installation of heritage interpretation signs

Project background

Open to the public year-round, Macquarie Pier provides a public walkway and cycle path that extends 900m north along the route from Nobbys Beach to the Newcastle Breakwater. A popular destination for tourists and the local community, the ageing path provided a low level of amenity to users, with deteriorating, uneven and segmented surface treatments, and limited areas for seating.

The paths surrounding Macquarie Pier had been upgraded by Newcastle City Council to create the 6km Bathers Way coastal walk as part of the Newcastle Coastline Revitalisation Masterplan. As owner of Macquarie Pier, Port Authority recognised its immense value to Newcastle and aimed to build on these surrounding upgrades to ensure the iconic location would be enjoyed by visitors and the community for years to come.

Project construction

Construction for the Macquarie Pier Revitalisation was awarded to Devcon following an open tender process for contractors established within the Newcastle and Hunter Valley Region.

Works began in August 2020, necessitating the closure of the path for public safety. Consultation took place with the Australian Maritime Safety Authority and Port of Newcastle regarding access to the lighthouse on Nobbys Head and the Newcastle Breakwall respectively, as well as with local history and community groups to meet heritage and environment requirements.

Project status

Construction was successfully completed in December 2020 and the pier reopened to the public on 21 December following an official opening event. The design of the heritage interpretation signs is progressing with completion expected in H2 2021.

Project cost

The Macquarie Pier Revitalisation was delivered at a cost of \$1.8 million, 40% below the approved budget of \$3 million. The total cost included a \$500k grant awarded to Port Authority from the Newcastle Port Community Contribution Fund and a contribution of \$200k from Port of Newcastle in support of the project.



40%

Project 40% below budget

Berthing Infrastructure Project

Major projects



Berthing Infrastructure Project works, Circular Quay

Sydney’s Overseas Passenger Terminal underwent a major improvement project to ensure it continues providing a safe berth for ships.

Over time, natural processes and vessel activity cause changes to the features and depths of the seabed, shipping channels and berths. Port Authority monitors, maps and assesses these changes to ensure ships can navigate and berth safely in port.

Hydrographic surveys conducted in December 2019 indicated deterioration in the integrity of the seabed at the southern end of the Overseas Passenger Terminal wharf. Further investigation revealed that the issue extended to the entire 360m length of the wharf. A detailed options engineering process was undertaken to select a long-term solution to prevent the ongoing movement of sediment, clear accumulated material from the berthing area and protect the seawall from future erosion. Stage one of the two-stage physical works was undertaken from January to March 2021.

Project timeline

- June 2020** Board approval granted
- March 2021** Completion of Stage 1 work
- Q4 2021/Q1 2022** Commencement of Stage 2 (to be confirmed)

Project background

Over time, continued vessel activity in Circular Quay and the increase in vessel size and power have contributed to the movement of materials on the seabed around the OPT’s wharf. In surveys of Circular Quay, Port Authority’s hydrographic survey team identified increased siltation and accumulation of rocks and sediment around the wharf of the OPT posing potential hazards to vessel operations.

While short-term operational measures have been put in place to mitigate any current risks, an engineered solution has been determined that will reduce any long-term risks to vessels and the wharf structure.

Project construction

The works have been planned in two stages.

Stage 1 of the project will prevent the ongoing movement of sediment by installing sheet piles to create an underwater retaining wall along the OPT’s southern embankment. The sheet piles have been installed from the water by a barge alongside the terminal’s wharf.

Stage 2 of the project will remove accumulated seabed material around the OPT wharf to deepen the berth area and provide room for the installation of concrete mattresses along the wharf’s base to protect the seawall from erosion.

Project status

Port Authority is continuing liaison with Department of Agriculture, Water and Environment to facilitate the approval of the offshore disposal permit. Once the permit is granted, the second stage works can be completed over an estimated four months.

Project cost

The total budget for the project is \$22.9 million.



\$22.9m
Total project budget

Multi-user facility

Major projects



The Community Liaison Group (CLG) take a tour of Glebe Island

A new port facility at Glebe Island in Sydney Harbour.

Glebe Island in Sydney Harbour is a vital maritime supply route and has serviced Sydney's supply needs since 1901. The port's berths provide a low-cost, low-impact and sustainable way to bring dry bulk construction materials, including sand and aggregate, directly into the city – a single vessel can keep up to 1,500 truckloads off the roads.

To support NSW Government's major infrastructure projects and Sydney's continued growth, Port Authority is developing a multi-user facility at Glebe Island that will:

- facilitate taking the materials (sand and rock aggregates) off ships
- move the materials via conveyor belts to an enclosed storage building
- feed materials from the storage bays to an internal truck loading area, before being distributed to concrete batching plants in Sydney

Port Authority is undergoing a procurement process to select operators for the site.

Project timeline

October 2017	Board approval of initial business case
June 2018	Board approval of design and construction budget
April 2020	Board approval of construction and visual amenity budget
June 2020	Site establishment and preparation works commence
August 2020	Construction works commence
October 2020	Construction works placed on hold
March 2021	Geotechnical investigation for additional ground works completed
Q3 2023	Resumption of works on site (to be confirmed)
Q1 2025	Completion of works and commencement of operations (to be confirmed)



Bore drilling at Glebe Island for the Multi-User Facility

Project background

Glebe Island is an ideal location for dry bulk trade transferred from interstate or overseas and destined for the Sydney market. Its central location supports an efficient supply chain by carrying dry bulk materials via sea – minimising transport costs, congestion, air pollution and road maintenance costs arising from truck movements on public roads.

The main dry bulk products currently transferred though Glebe Island include cement, gypsum and sugar at berths 7 and 8. Currently, there are no marine imports of sand to Sydney – a key component to concrete production.

There is an increasing demand for sand imports to support Sydney’s growing construction activity. Sydney’s largest sand deposits suitable for concrete production are almost depleted, with the remaining sources outside of Sydney requiring transport into the city by truck and trailer.

The establishment of a dry bulk hub on Glebe Island 1/2 addresses the shortage of local sand and fine aggregates supplies to bring significant economic, environmental and social benefits. The marine importation of dry bulk product directly into central Sydney provides a lower cost, lower impact and more sustainable alternative to road, while the relocation of Hanson Batching Plant to Glebe Island mitigates economic impacts from the closure of its Blackwattle plant.

Glebe Island forms a part of the wider Bays Precinct area, which is earmarked for staged urban renewal, which the port will ultimately integrate into. Glebe Island has also been identified as a temporary construction logistics site for major infrastructure projects, such as Sydney Metro, WestConnex, Sydney Fish Markets and Sydney Harbour Tunnel.

Project construction

The construction of the multi-user facility was granted having followed the NSW Government planning processes under Part 5 of the Environmental Planning and Assessment Act 1979. The 15,000m² facility (equivalent to approx. five tennis courts wide and 20m high) allows for a façade treatment incorporating concepts put forward by the community during consultation in late 2020. Key themes put forward included greenery in the form of a living green wall, links to Indigenous history, maritime and cultural heritage, and colours and features that soften the multi-user facility’s appearance and harmonise with the surrounding area.

Project status

Site establishment works commenced in June 2020 and construction commenced in August 2020. After three months of initial works, the build was paused to allow for design improvements that would strengthen the site’s foundations and improve both capacity and efficiency.

The recommencement of work on site has been forecast to commence in Q3 2023. The scheduled completion date of the facility is early 2025. An ongoing engagement process is anticipated to result in one anchor tenant/operator and a second tenant/operator on ten-year terms.

Project cost

The multi-user facility has an approved budget of \$26.8million.



\$26.8m
Total project budget

Cruise and commercial

Marine services delivering value for our customers and NSW

In addition to our regulatory functions, we provide our maritime expertise and marine assets to around 400 customers ranging from the world's biggest cruise lines to maritime businesses operating in the ports of NSW. As a service provider, we invest in our capabilities and develop our marine infrastructure to add value to our services, increase opportunities for our customers and ensuring our working ports are delivering for NSW.

Hundreds of cruise ships and over 1.6 million passengers visit NSW on an average year, generating around \$2.75 billion for our economy, supporting almost 10,000 jobs and creating around \$800 million in wages¹. We bring these ships to our cruise terminals and facilities in Sydney and Eden and help bring the economic benefits of cruise to regional ports across NSW.

1) CLIA: Economic Impact Assessment of Cruise Tourism in Australia 2017-18.



Aerial of White Bay

Cruise in NSW

Cruise and commercial

Port Authority works with the world’s biggest cruise lines to bring the economic benefits of cruise tourism to NSW – the home of cruise in Australia.



Queen Victoria Cruise ship pulls into Sydney Harbour (pre-COVID)

Cruise in NSW: summary 2020–21

The ongoing impacts of COVID cruise restrictions

Fifty-one ships, totalling 328 visits, were due to arrive in Sydney across the 2020–21 cruise season, bringing hundreds of thousands of local, interstate and international tourists to NSW. Instead, the COVID-19 pandemic continued its sweeping impacts on the cruise industry and tourism market.

Australia’s cruise ship ban, officially the *Biosecurity (Human Biosecurity Emergency) (Human Coronavirus with Pandemic Potential) (Emergency Requirements for Cruise Ships) Determination 2020*, has remained in force throughout the financial year since its enactment by the Federal Government in March 2020.

These restrictions prevent any foreign cruise vessel arriving in Australian waters and prohibit any cruise ship capable of carrying more than 100 passengers from operating cruises in Australia.

During the financial year, the ban was extended on four occasions to the current (as of 30 June 2021) ban period of 17 June–17 September 2021. As a result, there was zero cruise ship activity in NSW, severely affecting the tourism economy in Sydney and regional NSW, particularly Eden where growing cruise visits brought substantial economic benefits.

Extensions to cruise ship restrictions have caused uncertainty within the cruise industry and an inability to finalise plans for a resumption of operations, further impacting businesses that service the cruise ship industry such as providores. With their ships unable to service the Australian market, cruise lines are sustaining high levels of cash burn forcing them to look at other market options while Australia’s borders remain closed.

Cruise ship visits to NSW by port

	2016–17	2017–18	2018–19	2019–20	2020–21	Variance from previous year
Sydney Harbour	344	352	323	277	0	-100%
Newcastle	5	11	15	12	0	-100%
Port Kembla	4	2	1	6	0	-100%
Eden	14	15	15	18	0	-100%
Total	367	380	354	313	0	-100%

See all commercial vessel visits to NSW on page 15.

Cruise in NSW continued

Cruise and commercial



A cruise ship at berth at the OPT, Sydney, prior to COVID. It is unknown when Australia's restriction on cruise will lift

Ruby Princess inquiry

On 14 August 2020, Commissioner Bret Walker released his report on the Special Commission of Inquiry into the Ruby Princess established on 15 April 2020. The Inquiry made a specific recommendation relevant to Port Authority as follows:

“The human health reporting within Maritime Arrivals Reporting System (MARS) be reviewed with a view to improving access to other agencies (such as Port Authority) with a legitimate interest in receiving the data for their own operations.”

As an active member of inter-agency groups in each of our commercial ports, we also participated in working groups to implement the report's recommendations. As a result, the Commonwealth granted us access to MARS on 6 May 2021 and we began developing internal training and procedures for its use.

Planning for the safe return of cruise to NSW

Although it remains unknown when current cruise restrictions will be relaxed, our cruise operations team has been collaborating with our partner contractors and cruise line customers to prepare for a safe, managed and controlled resumption of cruise activity when possible.

Our *Cruise Terminal Operations COVID Plan (CTOC)* contains processes and procedures developed to prepare for the commencement of international and domestic cruise ships operations at our Sydney terminals. It outlines operational health and safety measures within a COVID-19 environment in a framework that can be updated in line with changes to wider COVID mitigations measures. Port Authority's WHS team risk assessed the *Cruise Terminal Operations COVID Plan* for effectiveness against six key principles:

- i. Mitigating the arrival of virus to a terminal – people based
- ii. Mitigating the arrival of virus to a terminal – goods based
- iii. The health and safety of Port Authority staff and terminal stakeholders
- iv. The health and safety of passengers
- v. Maintaining defined sanitary standards within cruise terminals during operations
- vi. Terminal infrastructure preparedness

We are conducting ongoing consultation with stakeholders to ensure processes in the plan are effective, workable and supported by the cruise industry and cruise terminal operators.

To further support the cruise industry, our cruise team have been continually evaluating the ongoing restrictions through the year to assist and advise cruise lines in restarting their operations. This has included the development of a restart concession plan that waives cancellation fees, accepts cruise ship booking slots to move without penalty and allows cruise lines to swap ship deployments.

Regional cruise development

Cruise and commercial

Uncovering the potential for cruise tourism in regional NSW

As the authority on cruise in NSW, Port Authority leads the NSW Government’s Cruise Development Plan to bring the benefits of cruise tourism to regional NSW.

We work with Government agencies, local councils, and communities to identify opportunities for new and existing destinations for cruise itineraries, scope the maritime capabilities required for cruise visitations and develop plans to welcome cruise tourism to our regional ports.

To drive visitation to these destinations, we promote our regional ports to cruise lines and showcase the opportunities they offer through the *Cruise into Sydney and NSW Along the Blue Highway* publication we developed in partnership with Destination NSW.

Regional cruise development activities 2020–21



Building opportunities for Batemans Bay cruise visitation Batemans Bay

Batemans Bay has proven itself as a successful cruise destination with easy access to nature-based experiences and Canberra, with its strong appeal to international passengers. The addition of new anchorages commissioned by Port Authority and a floating pontoon commissioned by Transport for NSW’s Maritime Infrastructure Delivery Office (MIDO) for tender landings within walking distance of the town centre will increase accessibility and appeal as a destination for luxury cruise ship itineraries.

Negotiating incentives for cruise visitations to Newcastle Newcastle

Newcastle has grown steadily as a regional cruise destination with its range of nature-based and wine-tasting experiences on offer. We are in discussions with Port of Newcastle and Destination NSW to support working together to encourage further cruise visitation to the region.



Promoting cruise tourism with Destination NSW Regional NSW ports

We collaborated with Destination NSW in June to create visual content of cruise tourism experiences at regional ports in NSW. The content will be used in Destination NSW’s marketing tools to promote regional ports to cruise lines and encourage visitation when cruise activity resumes.

Supporting regional tourism in Eden Eden

The opening of the Eden Welcome Centre in April 2021 provides further cruise tourism opportunities for the Sapphire Coast region. We worked and consulted with local stakeholders and communities to ensure the centre supports their needs in addition to increasing Eden’s cruise capabilities. As well as providing facilities for visiting cruise passengers, the centre is the new home of the Eden Visitor Information Centre and provides market facilities for local businesses to benefit from cruise visitation. More on page 35.

Customer service delivery

Cruise and commercial



Port Botany

Delivering the goods for our maritime customers

Port Authority is committed to delivering the highest levels of service and building long-lasting, sustainable relationships with our customers.

Our commitment to customer service is embedded across our operations and we measure our performance, innovate to improve our services and collaborate with customers to better understand and meet their needs.

Customer service delivery activities 2020-21

Creating a Customer Service Vision, Promise and Charter

All ports

Our commitment to providing the highest levels of customer service has been defined through the development of a customer service charter. Created in support of our five-year strategic plan, our *Customer Service Vision, Promise and Charter* sets out our service delivery standards and our focus on greater customer engagement to better understand and respond to their needs. Our customer service charter is expected to officially launch in Q3 2022.

Developing a port-wide customer relationship management system (CRM)

All ports

We began the process for procuring a 'single-source-of-truth' CRM system to better manage and provide consistent business-wide interactions with our customers and stakeholders. We consulted with Transport for NSW to assist in scoping options and are progressing with the procurement process, with a system expected for implementation during FY22.

Making meetings more valuable for customers

All ports

Our customer and commercial teams developed a system to measure and report on the attendance, frequency and value derived from customer meetings. The reporting allows us to tailor meeting requirements to better meet customer needs. The solution will serve the team until the arrival of our CRM system.

Tenants

Cruise and commercial

Providing port assets for projects and businesses in NSW

Port Authority’s port assets provide marine infrastructure and operational capabilities to support businesses and project delivery in NSW through short- and long-term leases.

The *Wyuna* ship at Glebe Island



Aerial of White Bay

Tenant activities 2020–21

White Bay 6 Marine Park

Sydney Harbour

We finalised negotiations with boat maintenance business White Bay 6 Marine Park to continue leasing land at their current White Bay location. The ten-year lease allows the business to offer recreational boat services at the site until 21 December 2030. In addition, White Bay 6 Marine Park plan to submit a Development Proposal to develop commercial berthing pens known as the White Bay Commercial Vessel Marina at the eastern end of their leased area.

Cruise terminal tenants

Sydney Harbour

To mitigate the financial impacts from COVID restrictions and loss of cruise activity, we provided rent abatements to our retail tenants at the Overseas Passenger Terminal and White Bay Cruise Terminal.

Glebe Island

Sydney Harbour

Infrastructure NSW licenced a 6000m² area of Glebe Island to support the redevelopment of Sydney Fish Markets, a state significant development. The lease is for a period of up to three years and commenced in May 2021.

We also entered agreements to license land at Glebe Island to support the delivery of major infrastructure projects, including the Western Harbour Tunnel and Sydney Metro West. The land will be used by agencies for construction staging, truck marshalling and handling material. Discussions with Hanson also continued for the lease of a parcel of land for the commercial production and distribution of concrete. Subject to Development Approval, Ooh Media will continue to provide advertising signage on the Glebe Island silos. More on page 27.

Newcastle

We entered an agreement with Whitehaven Coal to continue leasing space for its Newcastle offices on level 4 of our building at 6 Newcomen Street and an additional area on level 2 for a period of four years.

Eden

We finalised a lease agreement with the Eden Visitor Information Centre to occupy the ground level of the newly constructed Eden Welcome Centre. Port Authority will occupy the first floor, with subleases to NSW Maritime and NSW Police. More on page 35.

Our people

Our people keep our ports open to the world

Our people are the port officers and marine pilots operating on the open water; Harbour Masters and navigation experts keeping ships and the marine environment safe; project planners building for the future; teams welcoming cruise tourism to our shores; and the corporate and IT teams working to make it all happen.

As one team, our people ensure the ports of NSW stay safe, secure and open to the world



361¹

People across our ports

1) As at 30 June 2021.

152 Sydney operations

33 Port Kembla operations

5 Yamba operations

65 Newcastle operations

2 Eden operations

104 Corporate support functions



Back on dry land in Port Botany after a day of on-water activities

Safety

Our people

The safety of our people is our number-one priority

Over 2020–21, our safety record reported



143

Workplace safety inspections



0

Dangerous incidents or serious injuries

Maritime is an industry with inherent risks. Working in changing environments in unpredictable conditions presents significant safety challenges and the potential for injury.

Port Authority prioritises the safety of its people above all else. Our Work Health and Safety team provides strategic advice, safety leadership, and practical and technical guidance to improve safety outcomes for our people and achieve a safe working environment across all our ports.

We work with the belief that all injuries are preventable and strive to embed a safety culture built on knowledge, skills, awareness and understanding.

Safety performance 2020–21

There were no serious injuries or dangerous incidents over 2020/21 and two high-potential near misses recorded. Across our teams, there were three medical treatment injuries and two lost-time injuries, down from four the previous year. There was a reduction in incident and hazard reporting on previous years, attributed to the absence of cruise ship operations due to ongoing COVID restrictions. All incidents reported were thoroughly investigated, with actions implemented and lessons learnt shared with teams across our ports.

Port Authority work health and safety statistics

	2018/19	2019/20	2020/21
Serious injuries	1	0	0
Lost time injuries	2	4	2
Medical treatment injuries	4	3	3
Lost time injury frequency rate (LTIFR)	6.25	6.06	3.0
Recordable injury frequency rate (TRIFR)	12.5	10.61	7.6
Dangerous incidents	2	2	0
Incidents and hazards reported	207	149	97
High potential near misses	N/A	4	2
Workplace inspections	174	126	143
Percentage of planned WHS meetings held	100%	100%	100%



Newcastle Marine Pilot on the bridge aboard the LR1 Tanker Lian Shan Hu

Safety continued

Our people



A ship's crew happy to see friendly visitors in our Marine Pilots



Marine Pilot on a ship bridge during COVID-19 pandemic complies with personal protective equipment requirements

Safety activities 2020-21

Measures to keep our people COVID safe

All ports

We continued our stringent response to COVID-19 to safeguard our people and ensure business continuity. In line with the latest Government and NSW Health advice, we worked with our teams to adapt procedures and develop workable COVID-safe measures that included mandatory PPE training for our operations teams with 6-month refreshers delivered by NSW Health and an infectious disease expert to ensure the highest standards.

In July 2020, we entered a planned recovery phase to rollback controls impacting operations and site-based sub-committees undertook detailed risk assessments before any reversals were put into effect. In October 2020, we charted a recovery roadmap and in January 2021, published a *Managed Return to Normal Operations* guideline for employees.

Working from home since March 2020, our office-based teams returned to the workplace in January 2021 for two, then three, days per week, and regular communications ensured staff stayed informed on workplace controls. In February 2021, we replaced our Crisis Management Team with a COVID Advisory Team that worked with NSW Health to include our operations teams in Phase 1a of the vaccine rollout, which saw an estimated 95 per cent uptake.

New port-wide incident management system

All ports

In February 2021, we implemented a new incident reporting system to streamline safety management across our ports. Myosh is an Australian-developed cloud-based platform used to manage and improve workplace safety and replaced the seven separate systems we previously used for reporting WHS events across our functions and locations.

In line with our one-port strategy, the new WHS platform gives us organisation-wide visibility into safety events and reporting to analyse patterns and look for trends across our ports to achieve even better safety outcomes for our people.

Improving safety awareness and outcomes

All ports

To provide our people with greater safety awareness, over the year we undertook training and planning improvements. Our harbour masters and key marine operations staff completed incident lead investigator training, site emergency plans were updated, site inductions were standardised and contractor management processes refined.

Warden training was completed and additional facilities were brought online in Sydney for pilot ladder training, one of our critical risks. We also appointed a return-to-work manager, put greater focus on our fitness-for-work standard and issued a new drug and alcohol procedure across our ports.

Training and development

Our people

We build our people’s skills to build our future capabilities

Port Authority supports the training and development of our people so they can excel in their roles. We ensure regulatory training requirements for our marine operations teams are met and comply with all safety standards.

We also support career development for people starting a career in maritime and work across the industry to provide opportunities and mentorship through innovative training programs.



A Port Authority NSW and Tribal Warrior trainee operating in Sydney Harbour



Our deck cadets program offers vital on-the-job training for entering the maritime industry

Training and development activities 2020–21

Maritime training for Indigenous women in NSW

Sydney, Newcastle, Port Kembla

This year, we secured placements on our unique maritime training program for Indigenous women in NSW to set their careers on a new course and train to become a ship’s master. Our Female Maritime Traineeship Program, developed in partnership with not-for-profit organisation Tribal Warrior, provides trainees with practical on-the-job training, mentoring with our maritime professionals and the qualifications needed to succeed in the maritime industry. Following the paid two-year course, trainees have the skills and sea-time experience to attain the maritime qualification of Master up to 24 metres (near coastal).

Since launching the program, we underwent a recruitment process to seek trainees and now have one trainee working alongside our marine operations teams in Port Kembla, and two joining our team in Sydney. Recruitment for a trainee to join the program in Newcastle is underway.

Supporting young seafarers through our cadet program

All ports

Australia depends on shipping but its small merchant fleet makes training opportunities hard to come by for young seafarers starting their maritime career. Our Sponsored Deck Cadet Program was developed to support the next-generation of Australian seafarers by providing cadets with placements on seagoing vessels to build their skills and gain the 18-months of sea-time experience required to achieve a Watchkeeping Certificate. We partner with shipping companies to secure opportunities for our cadets and provide them with a mentor throughout their journey on the two-year program.

This year, we supported two cadets with placements on vessels in Australian waters and beyond, including the Royal Australian Navy’s training ship *MV Sycamore* in Sydney. Since launch, three cadets have completed the program, with the fourth due to finish in September 2021.

Employee Engagement Survey

All ports

In June, we invited our people to take part in an Employee Engagement Survey to hear their opinions on leadership, progress, teamwork, job satisfaction and overall effectiveness of our organisation. The results showed an overall increase in levels of job satisfaction since our last full survey in 2018, with an overall employee engagement rate of 85% – 7% above the benchmark. Awareness of our vision was 68%, a rise of 14%; belief that our Executive team were consistent with our values was 63%, a rise of 11%, confidence in managers was 83%, a rise of 9%; and 89% stated they would still like to be working at Port Authority in two years – a 3% increase since the previous survey and 14% above the benchmark.

Our people also indicated room for improvement, with 36% believing enough time is spent on career planning and 39% indicating our processes are efficient. We invited our people to discuss these results in a webinar held by the CEO and executive team. Actions to address these issues will be prioritised over the coming year.

Developing a single-platform training system

All ports

Work began this year on sourcing a new online training system to simplify and streamline our mandatory and non-mandatory training requirements. This new system will consolidate our training modules that currently sit across several online platforms and will be used to house a library of training resources to assist in professional development.

Mapping plans for learning and development

All ports

Over the year, we ran an initiative to collect the mandatory and recommended qualifications required for all positions to create a base to help map out future learning and development plans for our people’s professional growth.

Diversity and inclusion

Our people

We take active measures to foster a diverse and inclusive workplace

Port Authority is committed to actively supporting and encouraging diversity in all areas of our workplace. Through programs, training, policies and support for representation in our industry, we foster a culture that embraces the benefits of diversity and nurture an inclusive working environment for our people and those seeking a career in maritime.

Diversity and inclusion activities 2020-21

Developing a Reconciliation Action Plan

All ports

Our Sustainability Plan launched in late 2020 and one of its identified actions is the implementation of Aboriginal and Torres Strait Islander culture and awareness initiatives and the development of a Reconciliation Action Plan. We have now established a Reconciliation Action Plan working group to progress initiatives forward and are engaging an external consulting group to help prepare and implement a Reconciliation Action Plan, expected to launch in the second half of 2021.

Communicating our commitment to diversity through recruitment

All ports

In April 2021, our People and Culture team updated Port Authority's messaging in recruitment advertising to communicate and reinforce our commitment to diversity and social inclusion:

'Port Authority of New South Wales is committed to diversity and social inclusion. We actively encourage people of all abilities, culturally diverse backgrounds, people who identify as LGBTIQ, and people of Aboriginal and Torres Strait Islander descent to apply. We are a proud sponsor of Gender Diversity at the 2020 Australian Shipping & Maritime Industry Awards and support indigenous women with a career in maritime through our partnership with the Tribal Warrior organisation.'

First female cutter master and deck cadet

Sydney Harbour, Port Botany

In October 2020, we appointed Sydney and Port Botany's first female cutter master. Joining Port Authority in 2009 as our first female trainee port officer and now holds the role of Relief Cutter Master, operating our pilot vessels to transfer marine pilots to ships in Sydney Harbour and Botany Bay.

In September 2020, our first female cadet joined our Sponsored Deck Cadet Program that helps young seafarers start their maritime careers. A standout applicant, the cadet has now taken placements on a variety of sea-going vessels since joining the two-year program

Webinars and workshops

All ports

For International Women's Day in March 2021, we invited our teams to attend webinars held by our super provider Aware Super about the unique challenges women can face when planning for the future and the practical measures that can help overcome these obstacles.

This year, we also held two workshops by behavioural change and organisational transformation consultancy Tomorrow Architects. The workshops explored developing social reciprocity and understanding and building connectedness between peers.



Our executive team

Our people

Leading our divisions and driving our strategic priorities

Port Authority’s executive team leads our divisions to ensure our achievements align with our long-term objectives and support our five-year strategic plan. This year we welcomed three new members to the executive team: John Finch as Chief Operating Officer; Trent Morosin as Group Executive, Assets and Development; and Kylie Yates as Group Executive, Strategy and Stakeholder Relations.

Our executive team



Philip Holliday
 Chief Executive Officer and Director
 Philip leads Port Authority to ensure we deliver safe, efficient and sustainable maritime services and port assets for NSW and drive the strategies that navigate our way forward.



Amy Beaumont
 Group General Counsel
 Amy leads our legal team to provide legal advice to our divisions and oversees our sustainability, planning, environmental management, WHS and people and culture functions.



John Finch
 Chief Operating Officer
 John leads the management, functions and capabilities of our marine operations teams and the strategies to deliver consistent operational excellence across our ports.



Lawrence Ho
 Chief Financial Officer
 Lawrence leads our finance division and the teams responsible for finance, corporate planning, business analysis, procurement, corporate services, internal audits, and the company secretariat.



John McKenna
 Chief Customer and Commercial Officer
 John leads the development and growth of our commercial and customer divisions and drives commercial projects across services, facilities, property, infrastructure and cruise.



Trent Morosin
 Group Executive, Assets and Development
 Trent leads our Assets and Infrastructure Development teams to oversee the strategic management of all Port Authority assets and the planning, development and delivery of current and future infrastructure projects.



Garry Voutos
 Chief Information Officer
 Garry leads our information technology teams and the strategy, development, implementation, and security of the systems that support our teams and operational capabilities.



Kylie Yates
 Group Executive, Strategy and Stakeholder Relations
 Kylie leads our communications, external relations and venues management teams to support our strategic goals and engage with our port communities and stakeholders.

Leaving the executive team this year were Emma Fensom, Chief Operating Officer (Acting); Kelly Mico, Group Executive, Strategy and Stakeholder Relations (Acting); and Brad Milner, Group Executive, Assets and Development.

Our board of directors

Our people

Ensuring our activities align with our objectives

Port Authority welcomed three new non-executive directors to the board this year. David Marchant, Kirsten Molloy and Andrew Scipione were appointed on 31 March 2021, joining Chair Robert Dunn and fellow board members Philip Holliday, Zorana Bull and Matthew Irwin.



Robert Dunn

Chair
(appointed August 2018)

Robert was a non-executive director of Sydney Ports Corporation from 2012, becoming a non-executive director for Port Authority in 2014 following the amalgamation of Sydney, Newcastle and Port Kembla port corporations. Robert was the global executive director for not-for-profit Opportunity International until August 2020 and was previously CEO for Opportunity International Australia and Finance Director for Patrick Corporation. Robert is the chair of BaptistCare NSW & ACT and former chair of investment company Dia Vikas Capital and director of North East Small Finance Bank. Robert is a member of Chartered Accountants Australia and New Zealand.

Committees: Chair, Nominations; Member, Audit and Risk, People and Culture.



Philip Holliday

CEO and Director
(appointed CEO December 2019)

As CEO and Director, Philip leads Port Authority in managing the navigation, security and operational safety needs of commercial shipping in NSW. Philip joined Sydney Ports Corporation in May 2011 as EGM, Operations and Harbour Master and became Port Authority's Sydney COO and Harbour Master in 2014 following the amalgamation of Sydney, Newcastle and Port Kembla port corporations. Philip began his maritime career as a 16-year-old cadet with Ropner Shipping Services and gained his Class 1 (FGN) Masters certificate with Souter Shipping. In 1998, Philip joined Associated British Ports, the UK's largest port operator, and became Port of Southampton Harbour Master and Marine Advisor for the group's 21 ports. Philip is chair of the Australian Cruise Association and a non-executive director of Ports Australia.



Zorana Bull

Director
(appointed March 2016)

Zorana is a managing director of consulting firm Altura Partners and a non-executive director of HealthShare NSW. Specialising in strategy, restructuring and performance turnaround, Zorana was previously a partner with global consulting firm PA Consulting Group and Chief Operating Officer of its Australian business. Prior board appointments include Moorebank Intermodal Company, AirRoad Pty Ltd, Australian Centre for Eye Health, Fancy Engineering Ltd and Guide Dogs NSW/ACT.

Committees: Chair, People and Culture; Member, Nominations.



Matthew Irwin

Director
(appointed February 2019)

Matthew has over 20 years' experience in infrastructure, utilities and major project delivery. Matthew was chief financial officer for TransGrid until 2018 and has held senior executive positions with Transfield Services (now Broadspectrum), Leighton Group and Deutsche Bank. Matthew is a director of Expressway Spares and chair of the University of New England Smart Regional Incubator Advisory Committee. Prior board appointments include Transfield Services Infrastructure Fund, Macarthur Water and Yan Yean Water.

Committees: Chair, Audit and Risk; Member, Nominations.



David Marchant AM

Director
(appointed March 2021)

David is chair of Queensland Rail and a non-executive director of Airservices Australia. The former managing director and CEO of Australian Rail Track Corporation, David’s previous executive positions include managing director of Lend Lease Engineering and Lend Lease Infrastructure Services, director of the Hunter Valley Coal Chain Coordinator Limited and the deputy director general for the NSW Department of Community Services.

Committees: Member, Audit and Risk.

Dr Kirsten Molloy

Director
(appointed March 2021)

Kirsten has been a non-executive director for commercial and not-for-profit businesses since 2013 and is chair of water engineering consultancy Hunter H2O and a non-executive director of the NRMA and the Hunter Medical Research Institute. Kirsten has been CEO of Hunter Valley Coal Chain Coordinator and held executive commercial and technology roles at global mining supplier, Orica. She provides leadership advisory services, mentoring and coaching via her business Verity Leadership and is a keen advocate for social progress, diversity and inclusion.

Committees: Member, Audit and Risk, People and Culture.

Andrew Scipione AO APM

Director
(appointed March 2021)

Andrew was New South Wales Police Commissioner from 2007 until his retirement in 2017 after serving 37 years with the NSW Police Force. He has previously held non-executive director roles with Crim-Trac Australia, the Australian Crime Commission, the NSW Crime Commission and the Australian Crime Intelligence Commission. Andrew is a non-executive director of World Vision Australia, Special Olympics Australia, Georges River Life Care (a not-for-profit community support service) and is an external strategic advisor to the Strategy and Performance Board, Australian Federal Police.

Committees: Member, People and Culture.

Sustainability and environment

We're securing a sustainable future for the ports of NSW

Port Authority aims to achieve a sustainable future for our working ports, local communities and the environment.

Powered by our people, we're embedding sustainable initiatives across our organisation, developing solutions to minimise the impacts of port operations, and preserving our unique maritime heritage to help secure a sustainable future for the ports of NSW.



A school of Kingfish circle in front of the Ted Noffs tugboat at Brotherson Dock, Port Botany

Sustainability

Sustainability and environment

Our plan for a sustainable future

Port Authority is committed to working towards a sustainable future. Our Sustainability Plan is a framework for embedding sustainable initiatives across our organisation to improve social, environmental and economic outcomes in and around our ports.

The plan will help us improve the efficiency of our operations, reduce impacts to our port environments, work with stakeholders on shared sustainable goals; and nurture a safe, healthy and supportive work environment.

Awarded for outstanding design and innovation, our Sustainability Plan was developed in collaboration with our people and identifies four focus areas to define, develop and deliver initiatives that support a sustainable future.

Our people

Ensuring our people continue to thrive in safe, healthy and supportive work environments.

- Enabling education and training
- Supporting employee health and wellbeing
- Empowering our people to undertake volunteering and advocacy opportunities
- Championing diversity and inclusion

Operations and ways of working

Optimising operations and processes to support the longevity of our business and influence sustainable outcomes.

- Increasing operational efficiency and excellence
- Using data and technology to improve service delivery
- Implementing and improving on policies and guidelines to support our sustainability goals

Environment and places

Furthering our responsibility to the natural environment and improving our working environments and places.

- Reducing carbon emissions, pollution, waste, noise and water usage
- Improving our working environments
- Embedding sustainability in the development and management of our assets

Communities and partnerships

Collaborating with stakeholders to improve social, environmental and economic outcomes.

- Building community support and education
- Developing partnerships with organisations that share strategic objectives to improve collective outcomes
- Sharing knowledge and influencing positive change

Directly supporting our Vision and Strategic Plan 2020–25, our Sustainability Plan aligns with the UN’s Sustainable Development Goals to ensure we contribute to national and international sustainability efforts.

Find out more about our Sustainability Plan at portauthoritynsw.com.au/sustainability.

Sustainability continued

Sustainability and environment

Sustainability activities 2020-21

Launching our Sustainability Plan

All ports

We launched our Sustainability Plan in October 2020 with a toolkit to help our people define, develop and drive sustainability initiatives. The launch was supported by a sustainability hub on our website to showcase the plan and the ongoing development of initiatives.

Our Sustainability Plan wins a Good Design Award

All ports

We received an award at Australia's Good Design Awards 2020 for the development of our Sustainability Plan. Winning in the design strategy category, the plan was recognised for outstanding design and innovation that brings complex systems and stakeholders together into an implementable strategy.

Reducing carbon emissions

All ports

Operations and ways of working

Environment and places

We completed the NSW Government's Net Zero Pathway Pilot program to identify opportunities to reduce carbon emissions, determine a baseline year and develop a roadmap to net-zero emissions. From this, over 2021-22 we will develop our emissions reduction targets, a net-zero target and a plan to meet them.

UN Sustainable Development Goals:

- 12: Responsible consumption and production
- 13: Climate action
- 14: Life below water
- 15: Life on land

Reducing fuel consumption for vessels visiting Newcastle

Newcastle

Operations and ways of working

Environment and places

Communities and partnerships

We reviewed the Vessel Arrival System (VAS) in Newcastle that manages vessel traffic and arrival times more effectively. Pre- and post-VAS comparisons show vessels now reduce their voyage speed by 23% and spend 50% less time in port, with the savings in fuel consumption corresponding to an 18% fall in greenhouse gas emissions. A first of its kind in the world, Newcastle's Vessel Arrival System was nominated for the Environmental Award at the 2020 Australian Shipping & Maritime Industry Awards.

UN Sustainable Development Goals:

- 8: Decent work and economic growth
- 9: Industry, innovation and infrastructure
- 12: Responsible consumption and production
- 13: Climate action
- 14: Life below water
- 17: Partnerships for the goals

Embedding sustainable procurement practices

All ports

Operations and ways of working

Environment and places

We began embedding sustainability into policies and procedures to ensure our procurement of goods and services support positive and ethical environmental, social and economic outcomes. The initiative will help our people make more sustainable choices and encourage suppliers to favour sustainable offerings.

UN Sustainable Development Goals:

- 8: Decent work and economic growth
- 10: Reduced inequalities
- 12: Responsible consumption and production
- 13: Climate action
- 16: Peace, justice and strong institutions

Reducing waste

Sydney Harbour

Operations and ways of working

Environment and places

We started a waste reduction project at our Sydney head office to improve recycling, introduce organic waste diversion, and measure and reduce the waste we generate. The initiative will help us divert around 35% of our waste from landfill and similar initiatives will be progressed for other office locations.

UN Sustainable Development Goals:

- 12: Responsible consumption and production

Other sustainability-led projects

We aim to embed sustainability across our organisation and into all our operations and projects. This year, significant projects led with sustainable principles included:

Port Noise Policy for Glebe Island and White Bay

Operations and ways of working

Environment and places

Communities and partnerships

More on page 57.

Eden Welcome Centre

Operations and ways of working

Environment and places

Communities and partnerships

More on page 35.

Macquarie Pier Revitalisation Project

Environment and places

Communities and partnerships

More on page 36.

Female Maritime Traineeship Program

Our people

Communities and partnerships

More on page 63.

Managing port impacts

Sustainability and environment

Balancing the needs of our communities and working ports.

Over 2020–21:



23

Ship visits to Glebe Island monitored for noise

7

Non-compliance warnings issued

Working ports like Sydney's Glebe Island bring substantial benefits to NSW but these benefits can be accompanied by impacts such as noise or air emissions that affect those living and working nearby.

Port Authority proactively manages its port assets by monitoring operations and developing mitigation measures to reduce impacts to the local community. We work closely with port operators and consult with our communities to find workable solutions that meet the needs of both.

Managing port impacts activities 2020–21

Introducing the Port Noise Policy for Glebe Island and White Bay

Sydney Harbour

In January 2021, we implemented our Port Noise Policy and Protocol for Glebe Island and White Bay to address noise issues and the needs of the local community in balance with the operational requirements of the port and its users.

A first of its kind in Australia, the policy provides a consistent and workable framework that provides commercial shipping operators with clear expectations for acceptable noise levels and the consequences of exceeding them. The Port Noise Policy includes:

- operating protocols for ships to explain noise triggers and breach criteria
- guidelines and explanations of precinct-wide landside noise criteria
- a framework to guide future noise assessments and planning controls
- a goal for gradual long-term reduction of ship noise while at berth

The draft policy was released for public consultation in July 2020. A Response to Submissions report was published in December 2020 and monitoring commenced in January 2021.

Noise from cruise ships at White Bay Cruise Terminal and White Bay 4 continues to be managed by Port Authority's 2018 Noise Restriction Policy.

Noise mitigation strategy for White Bay Cruise Terminal

Sydney Harbour

The noise mitigation strategy was developed to address community impacts from cruise ship noise at White Bay Cruise Terminal and White Bay 4. It aims to mitigate noise impacts by treating affected homes and limiting noise levels from cruise ships.

Noise Attenuation Program

Launched in 2018, the Noise Attenuation Program involves physical treatments to properties near White Bay Cruise Terminal and White Bay 4 where modelling indicates average noise levels reach or exceed 55 decibels at night. As of 30 June 2021:

- 106 properties have been offered treatment
- 80 offer deeds have been issued for signature by residents
- 51 properties have been fully attenuated

A further 20 properties are anticipated to have noise attenuation completed by the end of 2021.

Noise Restriction Policy

Introduced in 2018, the Noise Restriction Policy sets limits for cruise ship engine noise and restricts on-deck music and non-safety-related announcements. It provides a process for dealing with excessive noise and penalties for breaches of the policy.

Monitoring, reporting and compliance 2020–21

Noise monitoring: Glebe Island and White Bay

Sydney Harbour

From 1 January 2021, we commenced noise monitoring of all commercial ships as required by our Port Noise Policy. We monitored 23 ship visits to end June 2021 with 16 in compliance with levels set in the policy and 7 non-compliances identified for ships at Glebe Island berths 2, 7 and 8.

In response, we requested these vessel operators and tenants provide a management plan to mitigate noise prior to their next visit to Glebe Island. We have reviewed and accepted these plans which contain actions including physical measures such as attenuators and exhaust silencers and operational changes such as modifying discharge rates. CSL, the vessel operator responsible for most bulk ships at Glebe Island, has committed significant funding and resources to mitigate noise on several bulk ships which call regularly.

To further support noise monitoring, we also commissioned a system of permanent noise loggers to provide 24/7 data for ships visiting the port. The loggers are planned to be installed during Q3 2021.

With no cruise ship visits, no noise monitoring took place at White Bay Cruise Terminal during the year.

Noise monitoring reports are available at portauthoritynsw.com.au/noisemonitoringreports.

Air quality monitoring: White Bay Cruise Terminal

Sydney Harbour

Legislation, regulation and enforcement of emissions from commercial shipping in Australia is managed by the Australian Maritime Safety Authority (AMSA). To keep the community informed about air quality levels around White Bay Cruise Terminal, we operate air quality monitoring stations that provide real-time data at portauthoritynsw.com.au/airqualitydata. The monitored parameters include sulphur dioxide (SO₂), particulate matter less than 2.5 micrometres in diameter (PM_{2.5}), wind speed and wind direction.

We continued monitoring air quality during 2020–21 which indicated local air quality levels in the absence of cruise ships. The data showed levels were generally below ambient air quality standards and show consistent results with department of Planning Infrastructure and Environment air quality stations.

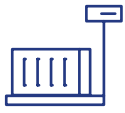
Air quality reports are available at portauthoritynsw.com.au/airqualityreports.

Heritage

Sustainability and environment

We maintain our heritage assets to preserve the maritime history of NSW.

Over 2020-21:



38

Heritage-listed assets

22

With state significance

16

With local significance

Port Authority is committed to conserving the port heritage and maritime history of NSW. Across our ports, we own, manage and maintain 38 heritage-listed assets with local or state significance.

Our heritage assets include iconic landmarks such as Hornby Lighthouse and the Overseas Passenger Terminal in Sydney, Nobbys Headland and Macquarie Pier in Newcastle; through to unique maritime artifacts on display across our ports.

We actively protect and conserve our heritage assets under the *Heritage Act 1977* and assess potential impacts prior to undertaking projects. All our heritage items are listed on the State Heritage Inventory at www.heritage.nsw.gov.au.



Aerial view of Hornby Lighthouse, Sydney



Maintenance taking place at Grotto Lighthouse, Sydney

Heritage activities 2020-21

Hornby Lighthouse maintenance works

Sydney Harbour

The red-and-white striped Hornby Lighthouse has guided ships into the harbour for over 160 years and remains an operational aid to navigation. We have worked with NSW Public Works Advisory on essential maintenance works to repair and conserve the state-significant heritage asset which included paint removal and re-painting, stonework and mortar repairs. New heritage interpretation signage will also be installed.

Henry Head Lighthouse maintenance works

Port Botany

We undertook a heritage assessment of our still-operational asset to remove electrical poles and cables and install solar panels. The works were confirmed to have had minimal impacts, while improving aesthetics and reducing the risk of outages to this important aid to navigation.

Partnership with Eden Killer Whale Museum

Eden

We engaged with the Eden Killer Whale Museum to transfer heritage items from our Eden Harbour Master's office to the museum's collection, including a Rocket Brigade Drill Book (1969-72) and a set of hand-carved miniature navigation marks. We also worked with the museum to digitise a collection of historical port records.

Goat Island Aids to Navigation

Sydney Harbour

Owned by the NSW Office of Environment and Heritage, state-heritage listed Goat Island is a place of unique maritime history. In support of our upgrades to the island's aids to navigation, we undertook a heritage assessment and works approval under Part 5 of the *Environmental Planning and Assessment Act 1979* in consultation with National Parks and Wildlife Service and Transport for NSW. Port Authority-owned heritage assets listed under the Heritage Act 1977.

Heritage item	Location	Significance	SHI No.
Sydney Harbour			
Henry Head Lighthouse	Henry Head, La Perouse	State	4560009
Port Botany Old Government Wharf Remains	Foreshore Road, Banksmeadow (in waterway)	Local	4560021
Automatic Tide Gauge	4 Towns Place, Barangaroo	State	4560010
Bay Class Bronze Propeller	White Bay Cruise Terminal	Local	4560061
Blues Point Light Structure	Blues Point Reserve, McMahons Point	State	4560034
Bradleys Head Lighthouse	Bradleys Head, Mosman	State	4560001
Dawes Point Lighthouse	Hickson Road, Sydney	State	4560029
Eastern Channel Lighthouse	South End Eastern Channel Sydney Harbour	State	4560031
Eastern Channel Lighthouse - Front Lead	80 Wentworth Road, Vaucluse	State	4560003
Eastern Channel Lighthouse - Rear Lead	12 Wentworth Avenue, Vaucluse	State	4560007
Glebe Island Bridge approach	James Craig Road, Rozelle	Local	4560015
Glebe Island Dyke Exposures	Sommerville Road, Rozelle	Local	4560056
Glebe Island Plaque: opening of terminal	Sommerville Road, Rozelle	Local	4560013
Glebe Island Sandstone Quarry Sample	Sommerville Road, Rozelle	Local	4560014
Glebe Island Silos	Sommerville Road and Solomons Way, Rozelle	State	4560016
Glebe Island World War II Monument	Sommerville Road, Rozelle	Local	4560012
Grotto Point Lighthouse	Sydney Harbour National Park, Clontarf	State	4560006
Hornby Lighthouse	Inner South Head, Watsons Bay	State	4560002
Hornby Lighthouse: Chance Brothers Lens	Pyrmont Wharf: Sydney Heritage Fleet	State	4560032
Maritime Services Board Autograph Book	20 Windmill Street, Millers Point	Local	4560059
Moore's Wharf Building	4 Towns Place, Barangaroo	Local	4560018
Mooring Anchors	4 Towns Place, Barangaroo	Local	5063342
Obelisk Bay Obelisks (Front and rear leads)	Middle Head Road, Mosman	State	4560028
Overseas Passenger Terminal	Circular Quay West, The Rocks	Local	4560023
Overseas Passenger Terminal - Mural	Circular Quay West, The Rocks	Local	4560024
Robertsons Point Lighthouse	Milson Road, Cremorne Point	State	4560004
Shark Island Lighthouse	Off Northern End of Shark Island	State	4560008
Sydney Cove West Archaeological Precinct	112-156 George Street, The Rocks	State	TBA
The Spit Lighthouse	Parriwi Road, The Spit	State	4560030
Timber Cabinet 1, Enfield	Glebe Island Storage Shed (Building 3)	Local	4560058
Timber Cabinet 2, Enfield	Glebe Island Storage Shed (Building 3)	Local	4560057
Western Channel Lighthouse	Southwest, Western Channel Sydney Harbour	State	4560005
White Bay Power Station (Inlet) Canal	Robert Street, Rozelle	State	4560062
White Bay Power Station (Outlet) Canal	James Craig Road, Rozelle	State	4560026
Port Botany			
Henry Head Lighthouse	Henry Head, La Perouse	State	4560009
Old Government Wharf Remains	Foreshore Road, Banksmeadow (in waterway)	Local	4560021
Newcastle			
Macquarie Pier	Nobbys Road, Newcastle East	State	3930015
Nobbys Headland	Nobbys Road, Newcastle East	State	2170241
Stone Boat Harbour (Relic)	51-55 Wharf Road, Newcastle East	Local	3930017
Eden			
Harbour Master's Telescope and Barometer	Harbour Masters Office, Eden Welcome Centre	Local	4560063

Communities and communication

Advocating for the working ports of NSW

Our stakeholders and port communities are critical to our ongoing success. We consult, collaborate and engage with them to build positive and productive relationships, promote our work, people and values, and advocate for the working ports of NSW.



Aerial panorama over the wharf in Eden

Community engagement

Communities and communication

Building stronger relationships with our port communities

Port Authority values its relationships with the communities across the ports of NSW. We play an active role in community consultation to listen to what our port communities have to say, to better understand their needs and to find solutions that balance the needs of our working ports with the people who live alongside them.



UTS students take a tour of Glebe Island



Aerial overview of Glebe Island and White Bay

Community engagement activities 2020–21

White Bay and Glebe Island Community Liaison Group (CLG) Sydney Harbour

Glebe Island and White Bay in the heart of Sydney Harbour is a working port precinct near residential areas. The White Bay and Glebe Island Community Liaison Group (CLG) is a forum for us and port stakeholders to discuss port-related matters with the local community and consult and seek their feedback on operations and activities. It also gives the community a platform to raise issues and concerns related to port impacts that allows us to develop solutions that meet the needs of the community and port operators.

The CLG is made up of community representatives from the Balmain, Rozelle and Pyrmont areas and meets every quarter. An independent Chair facilitates group meetings with minutes taken by an independent third party.

This year we ran an open community application process for membership of the CLG following the end of the group’s set three-year term. We called for nominations in April 2021 successful applicants joined the first meeting of the new term in June.

Eden Community Consultative Committee

Eden

During 2020/21 we ran community consultation for the development of the Eden Welcome Centre through the Eden Community Consultative Committee. The group was established as a condition of the 2018 Eden Wharf extension development forum to discuss projects under the Eden Harbour Revitalisation Program, including the Eden Welcome Centre, the Safe Harbour Project/Wave attenuator (Transport for NSW) and the Harbourside Activation Project (Department of Planning, Infrastructure and Environment).

Meeting with stakeholders and communities

Port Botany, Newcastle

We attended meetings for NSW Ports’ Community Consultative Committee and Port of Newcastle’s Community Liaison Group to provide reports to community members on our respective projects and developments in and around Port Botany and Newcastle.

Community enquiries

All ports

We provide the community with a 24/7 complaints and enquiries line to manage issues day and night and mitigate them in real-time where possible. All complaints and enquiries are registered in a database and responded to within three business days. The community can make enquiries via 02 9296 4962 and enquiries@portauthoritynsw.com.au.

Community events, support and sponsorships

Communities and communication

Supporting communities and organisations across our ports

Port Authority is proud to be an active member of our port communities and we support events, organisations and charities that build community spirit in the places we operate.

We provide ongoing support for Sydney's major celebrations, build long-lasting relationships with community groups and industry organisations and are actively involved with welfare providers such as Mission to Seafarers and the Port Welfare Committees across our ports.



A group of seafarers receiving their Wi-Fi box



Community Open Day at the Eden Welcome Centre

Community support activities 2020-21

Improving seafarer welfare with free Wi-Fi at our ports

Port Botany, Newcastle and Port Kembla

We continued our support for seafarer welfare by expanding the Australian-first project to provide high-speed Wi-Fi units to ships at berth in our ports. At sea and away from their families for months at a time, the world's seafarers face high levels of mental health and well-being issues. Without local SIM cards and with limited time in port, making a call to loved ones can be fraught with difficulty. To help, the Tas Bull Seafarers Foundation developed the Seafarer Connect project to give visiting seafarers free on-board Wi-Fi to connect with their families with ease.

Following a successful trial in Port Botany, we've worked with Tas Bull and port stakeholders to expand the project to Newcastle and Port Kembla. We provide logistical assistance, with our marine pilots taking the units to visiting ships, and meet the costs of Wi-Fi data – around \$10,000 per unit per year.

Partnering with the Maritime Museum for a working-port exhibition

Sydney Harbour

We partnered with the Australian National Maritime Museum this year for a permanent exhibition that reveals the inner workings of Sydney's working harbour above and below the water.

Sponsored by Port Authority, the museum's new Sydney Harbour Gallery opened in February 2021 to show a behind-the-scenes look at the working port with models of harbour vessels past and present, videos of hydrographic surveys revealing Sydney Harbour's seafloor and a digital installation showing 365 days of harbour traffic. The gallery also showcases the work of organisations to restore habitats and protect biodiversity in the harbour.

Hosting Vinnies CEO Sleepout 2020 at White Bay Cruise Terminal

Sydney Harbour

We gave Vinnies the keys to the White Bay Cruise Terminal in June 2021 to host its annual Vinnies CEO Sleepout that raises millions to support Australians experiencing homelessness. Almost 600 CEOs and business leaders from Sydney bedded down for the night on terminal's wharf and in doing so raised \$2,912,898 which will help Vinnies provide vital services for Australians in need. This was the third year White Bay Cruise Terminal was used to host the event.

Donations to Mission to Seafarers and Stellar Maris

All ports

As COVID continued to impact the welfare of seafarers around the world, we provided a Christmas donation of \$25,000 to maritime charities Mission to Seafarers and Stellar Maris to assist their valuable support services for mariners visiting our ports.

Supporting Sydney's major celebrations

Sydney Harbour

We once again provided our port assets to assist with staging Sydney's biggest community events: New Year's Eve, Australia Day and VIVID Sydney – all held on a smaller scale this year due to COVID restrictions and with VIVID being cancelled at a late stage. We also provided the Overseas Passenger Terminal to host the Sculpture Rocks exhibition and as the base for projections that lit up the Opera House sails over the year. More on page 32.

Port Kembla

We held a competition for students from St Patrick's Primary School to name our new emergency-response vessel in Port Kembla. The winning name, Elourie, honours the traditional name for Hill 60 – a heritage-listed local landmark significant to the region's traditional owners. We invited the winning student and his family to attend the official naming ceremony and vessel launch.

Celebrating the opening of the Eden Welcome Centre

Eden

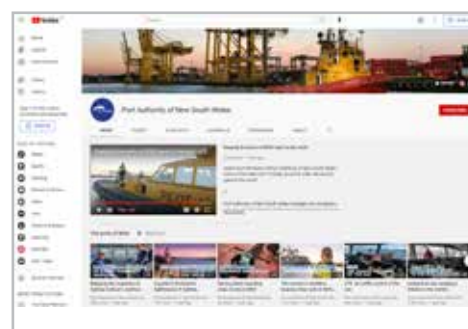
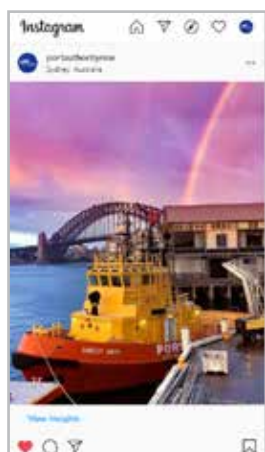
We partnered with Eden Tourism and Bega Valley Regional Gallery to host a community event celebrating the opening of the Eden Welcome Centre in April featuring performances, music and markets.

Communications

Communities and communication

Promoting our people, our work and the value of our working ports

Port Authority plays a vital role in NSW. We communicate with our communities and stakeholders to promote our work, people and values, ensure people understand the value of the services we provide, and build support and goodwill for the working ports of NSW.



Communications activities 2020–21

Port Authority's website www.portauthoritynsw.com.au.

Our website provides port users with critical operational procedures and our communities and stakeholders with a wealth of port news and information. Over 2020–21, our website had:

1,214,582 page views

260,751 visitors

55,814 news-story views

We updated our website in November 2020 to provide a fresh look and improvements based on feedback from our stakeholders and our people. The update provided a responsive design for mobile and tablet, a new menu for easier navigation and a cleaner icon-led design to improve user experience.

Social media

We continued promoting our work and showcasing the ports of NSW on LinkedIn, Instagram and YouTube @portauthoritynsw. Over 2020–21, our social posts, photos and video had:

116,767 views on Instagram

203,318 views on LinkedIn

36,000+ views on YouTube

Instagram www.instagram.com/portauthoritynsw

Our 63 Instagram posts had 116,767 views (impressions) over 2020–21. As of 30 June 2021, our Instagram channel had over 2150 followers.

LinkedIn www.linkedin.com/company/portauthoritynsw

Our LinkedIn account had around 8300 followers by 30 June 2021. Our LinkedIn posts had 203,318 views (impressions) over 2020–21 and our account page was viewed almost 7000 times by over 3500 unique visitors.

YouTube www.youtube.com/PortAuthorityofNewSouthWales

Our videos had 36,000 views over the year, combining to a total watch time of 639 hours.

News, stories and our community and stakeholder newsletter

www.portauthoritynsw.com.au/news

Our website news stories had 55,814 views over 2020–21 and we released three issues of our email newsletter *Port Matters* to community and stakeholder subscribers.

Port Matters contains news, features and video content that promote our role, our people and the working ports of NSW. Highlights this year included features on seafarer welfare initiatives, operations protecting whales in Sydney Harbour, the 160-year history of Eden's Harbour Masters, the work of our marine pilots during the COVID pandemic; interviews with the cadets and trainees on our maritime training programs, and updates on our major projects across our ports.

Subscribe to *Port Matters* at portauthoritynsw.com.au/newsletter

Project communications

We undertook communication campaigns to inform our communities and stakeholders about our developments and major projects including the Eden Welcome Centre, the Berthing Infrastructure Project in Circular Quay, the Multi-User Facility project at Glebe Island, Macquarie Pier's revitalisation in Newcastle, the Port Noise Policy at Glebe Island and White Bay, as well as for the launch of our Vision and Strategic Plan and Sustainability Plan.

Financial statements

Newcastle Port Corporation
(Trading as Port Authority of New South Wales)
For the year ended 30 June 2021



Marine Pilot transfer at sea

Directors' declaration

For the year ended 30 June 2021

In the opinion of the Directors of Newcastle Port Corporation (trading as Port Authority of New South Wales):

Pursuant to section 7.6(4) of the *Government Sector Finance Act 2018*, the accompanying financial statements and notes:

- a) present fairly the financial position of Newcastle Port Corporation at 30 June 2021 and of its performance, as represented by the results of its operations and its cash flows for the year ended on that date.
- b) comply with applicable Australian Accounting Standards and Australian Accounting Interpretations, other mandatory and statutory reporting requirements including the *Government Sector Finance Act 2018*, *Government Sector Finance Regulation 2018* and the *State Owned Corporations Act 1989*.


Signed in accordance with a resolution of the Directors.



Chair

Robert Dunn

Date: 7 September 2021



Chief Executive Officer and Director

Philip Holliday

Date: 7 September 2021

Statement of comprehensive income

For the year ended 30 June 2021

Continuing operations	Note	2021 \$000	2020 \$000
Revenue			
Revenue from port management	3	114,484	152,691
Other revenue	3	67,197	24,711
Total revenue		181,681	177,402
Expenses			
Employee related expenses	4	77,790	77,470
Depreciation and amortisation expenses	4	24,330	24,666
Other expenses	4	37,800	56,156
Finance costs	4	6,155	6,199
Total expenses		146,075	164,491
Net gain on sale of property, plant and equipment		40	175
Other gains / (losses)	5	211	(340)
Profit before income tax equivalent expense		35,857	12,746
Income tax equivalent expense	6	(8,780)	(1,921)
Net profit for the year		27,077	10,825
Other comprehensive income / (expense)			
<i>Items that will not be reclassified to net result:</i>			
Superannuation actuarial gains	19(b)	12,778	6,884
Income tax equivalent expense on superannuation actuarial gains	19(b)	(3,833)	(2,065)
Fair value revaluation gain on property, plant and equipment	19(a)	38,875	192
Income tax equivalent expense on revaluation of property, plant and equipment	19(a)	(11,663)	(58)
Other comprehensive income for the year, net of income tax equivalent expense		36,157	4,953
Total comprehensive income for the year		63,234	15,778

The accompanying notes form a part of the financial statements.

Statement of financial position

As at 30 June 2021

	Note	2021 \$000	2020 \$000
Assets			
Current assets			
Cash and cash equivalents	7	25,240	17,351
Trade and other receivables	8	13,416	16,600
Total current assets		38,656	33,951
Non-current assets			
Receivables	8	4,892	2,479
Finance lease receivables	9	110,358	103,169
Property, plant and equipment	10	477,751	435,455
Right of use (ROU) assets	11	8,418	11,435
Investment property	12	8,000	8,000
Intangible assets	13	2,828	2,290
Deferred tax equivalent assets	6	9,508	13,538
Total non-current assets		621,755	576,366
Total assets		660,411	610,317
Liabilities			
Current liabilities			
Trade and other payables	14	18,947	23,581
Provisions	15	23,330	22,217
Interest-bearing liabilities	16	14,756	14,512
Income tax equivalent payable	6	6,415	3,333
Dividend payable	17	11,000	13,500
Total current liabilities		74,448	77,143
Non-current liabilities			
Contract liabilities	14	1,770	1,955
Provisions	15	2,438	2,636
Interest-bearing liabilities	16	142,642	140,239
Deferred tax equivalent liabilities	6	59,733	49,570
Post-employment benefits	18	2,860	14,488
Total non-current liabilities		209,443	208,888
Total liabilities		283,891	286,031
Net assets		376,520	324,286
Equity			
Contributed equity	19	165,768	165,768
Asset revaluation reserves	19	87,435	60,223
Retained earnings	19	123,317	98,295
Total equity		376,520	324,286

The accompanying notes form a part of the financial statements.

Statement of changes in equity

For the year ended 30 June 2021

	Note	Contributed equity \$000	Asset revaluation reserve \$000	Retained earnings \$000	Total \$000
At 1 July 2019		165,768	60,089	96,151	322,008
Net profit for the year	19(b)	–	–	10,825	10,825
Other comprehensive income	19(a)&(b)	–	134	4,819	4,953
Total comprehensive income for the year		–	134	15,644	15,778
Transaction with owners in their capacity as owners					
Dividend declared	17	–	–	(13,500)	(13,500)
At 30 June 2020		165,768	60,223	98,295	324,286
At 1 July 2020		165,768	60,223	98,295	324,286
Net profit for the year	19(b)	–	–	27,077	27,077
Other comprehensive income	19(a)&(b)	–	27,212	8,945	36,157
Total comprehensive income for the year		–	27,212	36,022	63,234
Transaction with owners in their capacity as owners					
Dividend declared	17	–	–	(11,000)	(11,000)
At 30 June 2021		165,768	87,435	123,317	376,520

The accompanying notes form a part of the financial statements.

Statement of cash flows

For the year ended 30 June 2021

	Note	2021 \$000	2020 \$000
Cash flows received from operating activities			
Receipts from customers		132,883	178,009
Receipts from insurance claims		53,423	6,199
Interest received		6	116
Total receipts		186,312	184,324
Payments to suppliers and employees		(126,465)	(143,159)
Finance costs paid		(5,722)	(5,774)
Payment of government guarantee fees		(1,564)	(1,120)
Income tax equivalent paid		(7,001)	(5,673)
Total payments		(140,752)	(155,726)
Net cash flows received from operating activities	7(a)	45,560	28,598
Cash flows used in investing activities			
Proceeds from sale of property, plant and equipment		68	291
Payments for capital expenditure		(28,042)	(16,845)
Net cash flows used in investing activities		(27,974)	(16,554)
Cash flows used in financing activities			
Proceeds from borrowings		6,750	–
Repayments of lease liabilities		(2,947)	(2,708)
Dividends paid		(13,500)	(9,000)
Net cash flows used in financing activities		(9,697)	(11,708)
Net increase in cash and cash equivalents		7,889	336
Cash and cash equivalents at the beginning of the financial year		17,351	17,015
Cash and cash equivalents at the end of the financial year	7	25,240	17,351

The accompanying notes form a part of the financial statements.

Notes to the financial statements

For the year ended 30 June 2021

Note 1. Corporate information

The financial statements of Newcastle Port Corporation trading as Port Authority of New South Wales (the 'Corporation') for the year ended 30 June 2021 are authorised for issue in accordance with a resolution of the Directors on 7 September 2021.

The Corporation is a state-owned corporation, incorporated by the New South Wales State Government under the *State Owned Corporations Act 1989* and is domiciled in New South Wales, Australia with its principal office at Level 4, 20 Windmill Street, Walsh Bay, NSW 2000, Australia. The Corporation assessed its status and determined that it is a 'for profit' public sector entity for financial reporting purposes.

Principal activities

The Corporation is responsible for all commercial marine functions in the ports of Sydney Harbour, Port Botany, Newcastle Harbour, Port Kembla, Port of Eden and Port of Yamba, including the statutory Harbour Master's function, the provision of pilotage and navigation services, and port safety functions as prescribed in the Port Safety Operating Licence. Port safety functions include the provision and maintenance of aids to navigation, marine pollution emergency response and administering the legislation concerning the handling, transportation and storage of dangerous goods within the ports' jurisdiction. The Corporation has a governance function under the Hunter Coal Export Framework and is a participant in the Hunter Valley Coal Chain Co-ordinator (HVCCC).

In Sydney Harbour, the Corporation is responsible for the management of business activities and related assets, predominantly cruise activities at its two facilities, the Overseas Passenger Terminal (OPT) at Circular Quay and the White Bay Cruise Terminal (WBCT) at Rozelle. Other business activities include management of dry bulk facilities at Glebe Island.

COVID-19 Pandemic

The business and revenue of the Corporation continues to be impacted by COVID-19. The Federal Government's temporary ban on the entry of cruise was initially for 30 days from 15 March 2020 and subsequently extended a number of times, to now 17 December 2021.

With the effective shut down of cruise operations as a result of the Federal Government cruise ban, the Corporation continues to provide rent abatements to the impacted retail tenants made up of cafés and restaurants at the Overseas Passenger Terminal and the White Bay Cruise Terminal.

The Corporation has Business Interruption Insurance to cover the loss of revenue from Federal and State Government restrictions, refer to notes 3 and 23.

Other risk areas considered by the Corporation where COVID-19 may impact financial reporting, but where the Corporation has concluded that no significant impacts have been identified are as follows:

- the carrying value of non-financial assets and the forward-looking assumptions made about future performance in the models used to test for impairment; and
- the assumptions utilised in determining the level of the Corporation's credit loss provisioning including expectations of future credit losses from customer default.

The Corporation has assessed the above impacts to the business and continues to consider that the COVID-19 pandemic will not impact the Corporation's ability to continue to operate as a going concern especially given the effective risk mitigation controls of having in place business interruption insurance amongst others.

Note 2. Summary of significant accounting policies

Basis of preparation

The financial statements are general purpose financial statements which have been prepared in accordance with:

- i) applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- ii) the requirements of the *Government Sector Finance Act 2018* (GSF Act);
- iii) the requirements of the Government Sector Finance Regulations 2018 (GSF Regulations 2018);
- iv) the *State Owned Corporations Act 1989*;
- v) NSW Treasurer's Directions issued under the GSF Act; and
- vi) NSW Government Treasury Policy and Guidelines Paper (TPP).

Except for cashflow information, the financial statements have been prepared on an accrual accounting basis using historical cost accounting conventions unless otherwise stated. Based on NSW Government Treasury "Guidance on Accounting for TMF recoveries - where an agency makes a claim to icare related to loss of agency revenue due to business disruption they should record the TMF recovery revenue when a claim is approved and paid". TMF (Treasury Managed Fund) is managed by NSW Self-Insurance Corporation (SICorp) under the State Insurance and Care Governance Act 2015 and icare (Insurance and Care NSW) is the entity that manages the schemes within the SICorp entity.

Assets and liabilities stated at fair value include property, plant and equipment, investment property and certain financial assets.

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous year for all amounts reported in the financial statements.

Where necessary, comparative figures have been reclassified to conform to the changes in presentation made in the financial statements.

The financial statements are presented in Australian dollars, the Corporation's functional currency. All values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

Note 2. Summary of significant accounting policies continued

Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

New accounting standards and interpretations

New accounting standards and interpretations – issued and effective

The Corporation has adopted new and amended Australian Accounting Standards and Australian Accounting Standards Board (AASB) Interpretations as outlined below as and when they became applicable during the year.

i) AASB 1059 Service Concession Arrangements: Grantors

AASB 1059 is effective for the Corporation from 1 July 2020. At the same time NSW Treasury Policy and Guideline Paper TPP 06-8: *Accounting for Privately Financed Projects* was withdrawn effective from 1 July 2020.

Service Concession Arrangements are contracts between an operator and a grantor, where the operator provides public services related to a service concession asset on behalf of the grantor for a specified period of time and manages at least some of those services.

Where AASB 1059 applies, the grantor recognises the service concession asset when the grantor obtains control of the asset and measures the service concession asset at current replacement cost. At the same time the grantor recognises a corresponding financial liability or unearned revenue liability or a combination of both.

The Corporation has assessed that none of its existing arrangements fall under AASB 1059. This standard does not have an impact on the financial statements of the Corporation.

ii) AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions

AASB 2020-4 amends AASB 16 Leases to provide a practical expedient that permits lessees not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specific conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications.

The Corporation does not receive any rent concessions that occur as a direct consequence of the COVID-19 pandemic. This standard does not have an impact on the financial statements of the Corporation.

Several other amendments and interpretations apply for the first time in this financial year, but do not have an impact on the financial statements of the Corporation.

New accounting standards and interpretations – issued but not yet effective

The Corporation has not early adopted any Australian Accounting Standards that have recently been issued or amended but are not yet effective for the financial year ended 30 June 2021 due to NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise.

The following new Australian Accounting Standards have not been early adopted and are not yet effective.

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of liabilities as current or non current; and
- AASB 2020-8 Amendments to Australian Accounting Standards – Interest rate benchmark reform – Phase 2.

Management has conducted a preliminary assessment and identified no significant impacts or required no change if the new Australian Accounting Standards were adopted.

Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The nature of these assumptions and conditions are found in the following notes to the financial statements.

- Note 6 Taxation
- Note 8 Trade and other receivables
- Note 9 Finance lease receivables
- Note 10 Property, plant and equipment
- Note 11 Leases
- Note 12 Investment property
- Note 15 Provisions
- Note 18 Defined benefit superannuation schemes

Accounting policies

The accounting policies described in these financial statements are based on the requirements applicable to the Corporation. The Corporation has consistently applied the accounting policies to all reporting periods presented.

Significant accounting policies that summarise the basis of recognition and measurement of material items presented in these financial statements are provided in each applicable note about those items.

Notes to the financial statements continued

For the year ended 30 June 2021

Note 3. Revenue

Continuing operations	2021 \$000	2020 \$000
Revenue from port management		
Port revenue	84,035	123,983
Rental revenue	18,751	17,293
Navigation recharge	11,698	11,415
	114,484	152,691
Other revenue		
Interest from bank and other	6	168
Finance lease income	7,189	6,720
Land tax recoverable from tenants	216	245
Fee for Penrhyn Estuary services	1,297	1,285
Recoverable security	105	5,220
Insurance recovery – business interruption claim	52,000	5,000
Other recoveries	3,886	3,379
Other revenue	2,498	2,694
	67,197	24,711
Total revenue	181,681	177,402

Recognition and measurement

Revenue is recognised when the Corporation transfers control of goods or services to a customer at an amount which the Corporation is entitled to. The performance obligations are identified based on the contracts with customers and by considering the delivery of distinct goods and services to the customers. Revenue is recognised either over time in a manner that aligns the Corporation's performance obligations; or at a point in time when the service is fully provided to the customer.

Transaction prices are determined by agreed rates without any estimation. The Corporation does not have any contracts with customers where the period between the transfer of the promised services or goods and payment from the customer exceeds one year. As a result, transaction prices have not been adjusted for the time value of money.

Port revenue

Port revenue from pilotage and navigation services, wharfage, site occupation charges, mooring fees and other services are recognised on delivery of the service to the customer.

Rental revenue

Rental revenue is accounted for on a straight-line basis over the lease term.

Following the effective shut down of cruise operations because of the Federal Government ban, retail tenants made up of cafés and restaurants at the Corporation's cruise terminal facilities, the OPT and the WBCT, were impacted by the NSW Government announced closure of all non-essential services that included cafés and restaurants from 23 March 2020. In addition, the Federal Government released the *National Cabinet Mandatory Code of Conduct – SME Commercial Leasing Principles*, the purpose of which is to impose a set of good faith leasing principles upon landlords and tenants impacted by COVID-19. As a result, effective 22 March 2020 the Corporation has provided rental relief to eligible tenants applying these principles. The Corporation has re-calculated the straight-line operating lease income over the remaining term of impacted leases.

Navigation recharge revenue

Navigation recharge revenue is recognised in accordance with the Port Services Agreements entered between the Corporation and NSW Ports and Port of Newcastle.

Interest revenue

Interest revenue is recognised on an accrual basis using the effective interest method.

Note 3. Revenue continued

Finance lease income

Income is allocated to accounting periods to reflect a constant periodic rate of return on the Corporation's net investment outstanding in respect of the finance leases. Refer to note 9 for the nature of the finance lease receivables.

Recoverable security

Recoverable security is recognised when the Corporation satisfies the distinct performance obligation by providing the required security services at the cruise terminals.

Insurance recovery – business interruption claim

Insurance recovery relating to business interruption claim only is recognised as income when the claimed amount is approved and paid by icare, in accordance with NSW Government Treasury "Guidance on Accounting for TMF recoveries".

Other recoveries

Recoveries are recognised when the Corporation charges for or recoups the cost incurred for the provision of goods, services or a combination of them from an external organisation.

Other revenue

Other revenue is recognised when the distinct performance obligation is satisfied.

a) Revenue disaggregation

The Corporation generates its port management revenue from the provision of its port facilities and rendering of its commercial marine functions. AASB 15 requires the disclosure of revenue from contracts with customers. Revenue is recognised over time if it meets any of the following criteria, otherwise the performance obligation is taken to occur at a single point in time:

1. Customer simultaneously receives and consumes the benefits as the entity performs, i.e., routine or recurring services; or
2. The customer controls the asset as the entity creates or enhances it, i.e., asset built on customer's site; or
3. The entity's performance does not create an asset for which the entity has an alternate use and there is a right to payment for performance to date, i.e., asset built to order.

During the year, \$103.7 million (2020: \$148.2 million) in revenue was recognised from customers, of this, \$15.4 million (2020: \$37.1 million) of revenue was recognised over time meeting the above criteria. Key types of revenue recognised over time includes cruise ship passenger fees (the continuation of the Federal Government cruise ban from March 2020 to now December 2021, has meant no cruise ship passenger fees revenue was recorded in 2021), port services agreements and Penrhyn Estuary services.

The following table summarises the revenue disaggregation.

	2021 \$000	2020 \$000
Total revenue recognised from customers	103,735	148,221
Insurance recovery – business interruption claim	52,000	5,000
Rental revenue	18,751	17,293
Finance lease income	7,189	6,720
Interest from bank and other	6	168
Total revenue	181,681	177,402

Notes to the financial statements continued

For the year ended 30 June 2021

Note 4. Expenses

Continuing operations	Note	2021 \$000	2020 \$000
Employee related expenses			
Salaries and wages (including annual leave and long service leave) ¹		66,245	64,746
Payroll tax		3,372	3,740
Fringe benefits tax		232	354
Workers compensation insurance		713	589
Salary continuance insurance		418	1,109
Superannuation – defined benefit	18(p)	1,169	1,358
Superannuation – defined contribution		5,641	5,574
		77,790	77,470
Depreciation and amortisation expenses			
Depreciation of property, plant and equipment	10(c)	20,718	21,226
Depreciation of ROU assets	11(b)	3,083	3,058
Amortisation of intangible assets	13(a)	529	382
		24,330	24,666
Other expenses			
Service contractors		10,350	20,908
Repairs and maintenance		7,643	8,844
Indirect taxes		4,131	3,912
Utilities and communications		2,395	2,874
Insurance		1,472	1,455
Legal costs		215	1,121
Materials		1,370	1,861
Leases expenses	11(e)	310	344
Directors' remuneration	25(a)	291	314
Auditors' remuneration		273	242
Expected credit losses	8(a)	85	54
Consultant fees	24	–	63
Channel fees		4,852	7,216
Other operations and services		4,413	6,948
		37,800	56,156
Finance costs			
Finance cost on loans and borrowings		5,739	5,677
Interest expense on lease liabilities	11(c)	381	455
Unwinding of discount on provisions		17	70
Other finance costs		18	(3)
		6,155	6,199
Total expenses		146,075	164,491

1) The Corporation has included a \$1.0 million adjustment in the salaries and wages to add back incorrectly deducted annual leave and long service leave entitlements for shift workers whilst they were taking this leave during Public Holidays for the past six years. This correction was made following legal advice on the interpretation and application of the relevant provisions of the *Fair Work Act 2009* (Cth.) and the *Long Service Leave Act 1955* (NSW). Refer to note 15(d) for the impact on employee benefits and note 23 for the related amounts that cannot be reliably measured at balance sheet date.

Recognition and measurement

Retirement benefits obligations

The Corporation contributes to employee superannuation funds in addition to contributions made by employees. Such contributions are paid to nominated funds. The Corporation contributes to defined benefit plans and defined contribution plans.

Various actuarial assumptions are required to quantify the net position of the defined benefit funds. The determination of superannuation obligations is dependent on an annual actuarial assessment in accordance with accounting policy.

Note 4. Expenses continued

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income in the year in which they occur. Past service costs are recognised immediately in profit or loss.

Contributions to the defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Repairs and maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement or an enhancement of a part or component of an asset, in which case the costs are capitalised and depreciated.

Insurance

The Corporation's insurance activities are conducted mainly through the NSW Government Treasury Managed Fund (TMF) with the additions of commercial policies where the TMF cover is deemed inadequate or gaps identified. The expense (premium) is determined based on past claims experience.

Leases expenses

The Corporation recognises the lease payments associated with the following types of leases as an expense on a straight-line basis:

- Lease where the lease term at commencement of the lease is 12 months or less. This excludes leases with a purchase option.
- Leases of assets that are valued at \$10,000 or under when new.
- Variable lease payments that do not depend on an index or a rate, therefore, not included in the measurement of the lease liability. These payments are recognised in the period in which the event or condition that triggers those payment occurs.

Borrowing costs

Borrowing costs are expensed as incurred within finance costs in profit or loss unless they relate to qualifying assets, in which case they are capitalised as part of the cost of those assets. Qualifying assets are assets that take a substantial period of time to be ready for their intended use.

Capitalisation of borrowing costs is undertaken where a direct relationship can be established between the borrowings and the relevant projects giving rise to the qualifying assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is net of any interest earned on those borrowings. There is no borrowing cost capitalised during the year.

Capitalised employee related expenses

Employee related expenses in profit or loss do not include those employee related costs that have been capitalised as an asset. During the year, the Corporation has capitalised \$0.3 million (2020: nil) employee related costs that are directly attributable to capital projects.

Note 5. Other Gains / (Losses)

	Note	2021 \$000	2020 \$000
Other Gains / (Losses)			
Net revaluation increments - property, plant and equipment	10(c)	244	–
Reversal of impairment of property, plant and equipment	10(c)	22	33
Valuation loss of investment property	12	(55)	(373)
Total other gains / (losses)		211	(340)

Recognition and measurement

Asset revaluation increments (decrements)

Asset revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement for an asset previously recognised as a loss in profit or loss, the increment is recognised as a gain in profit or loss.

Asset revaluation decrements are recognised immediately in profit or loss, except that they are debited directly to the asset revaluation reserve to the extent that a credit exists in the asset revaluation reserve in respect of that asset.

Impairment losses

The Corporation assesses at each reporting date whether there is any indication that a cash generating unit, or an asset within a cash generating unit, may be impaired. If such an indication exists, the Corporation estimates the recoverable amount. An impairment loss is recognised where the carrying amount of the asset or cash-generating unit exceeds the recoverable amount. Impairment losses are recognised in profit or loss except for assets under revaluation as the impairment loss will first be recognised through each asset's revaluation reserve prior to recognition in profit or loss.

Investment property revaluation

Investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period of which they arise.

Notes to the financial statements continued

For the year ended 30 June 2021

Note 6. Taxation

	2021 \$000	2020 \$000
Income tax equivalent expense		
Current tax	(10,083)	(6,895)
Deferred tax	1,303	4,974
	(8,780)	(1,921)
Deferred tax		
<i>Deferred income tax equivalent expense included in income tax equivalent expense comprises:</i>		
(Decrease) / Increase in deferred tax assets	(197)	1,394
Decrease in deferred tax liabilities	1,500	3,580
	1,303	4,974
Deferred tax equivalent assets		
Underfunded defined benefits superannuation	858	4,347
Leave entitlements	7,550	7,281
Accrued expenses	810	1,327
Other	290	583
	9,508	13,538
Deferred tax equivalent liabilities		
<i>The balance comprises temporary differences attributable to:</i>		
Depreciation and revalued property, plant and equipment	59,666	49,397
Other	67	173
	59,733	49,570
<i>The difference between income tax equivalent expense provided in the financial statements and the prima facie income tax equivalent expense is reconciled as follows:</i>		
Profit before income tax equivalent expense from continuing operations	35,857	12,746
Prima facie tax thereon at 30%	(10,757)	(3,824)
<i>Add tax effect of items with differential accounting / tax treatment:</i>		
Add items not deductible	(159)	(89)
Subtract items not assessable	2,157	2,016
Other non-deductible expenses in respect of initial recognition exemption assets	(21)	(24)
Total income tax equivalent expense attributable to operating profit	(8,780)	(1,921)
Amounts recognised directly in equity		
Net deferred tax debited directly to equity	15,496	2,123
Movement in income tax equivalent payable		
Balance at the beginning of the financial year	3,333	2,111
Current income tax equivalent	10,083	6,895
Payments	(7,001)	(5,673)
Balance at the end of the year	6,415	3,333

Note 6. Taxation continued

Movement in deferred tax equivalent assets

	Opening balance \$000	Charges to income \$000	Charges to equity \$000	Closing balance \$000
At 30 June 2021				
Leave entitlements	7,281	269	—	7,550
Underfunded defined benefits superannuation	4,347	344	(3,833)	858
Accrued expenses	1,327	(517)	—	810
Other	583	(293)	—	290
	13,538	(197)	(3,833)	9,508

Movement in deferred tax equivalent assets

	Opening balance \$000	Charges to income \$000	Charges to equity \$000	Closing balance \$000
At 30 June 2020				
Leave entitlements	6,714	567	—	7,281
Underfunded defined benefits superannuation	6,012	400	(2,065)	4,347
Accrued expenses	1,138	189	—	1,327
Other	345	238	—	583
	14,209	1,394	(2,065)	13,538

Movement in deferred tax equivalent liabilities

	Opening balance \$000	Charges to income \$000	Charges to equity \$000	Closing balance \$000
At 30 June 2021				
Depreciation, revaluation and derecognition of property, plant and equipment	49,397	(1,394)	11,663	59,666
Other	173	(106)	—	67
	49,570	(1,500)	11,663	59,733

Movement in deferred tax equivalent liabilities

	Opening balance \$000	Charges to income \$000	Charges to equity \$000	Closing balance \$000
At 30 June 2020				
Depreciation, revaluation and derecognition of property, plant and equipment	52,677	(3,338)	58	49,397
Other	415	(242)	—	173
	53,092	(3,580)	58	49,570

Notes to the financial statements continued

For the year ended 30 June 2021

Note 6. Taxation continued

Recognition and measurement

Income tax equivalent

Income tax equivalent is required to be paid to the NSW Government in accordance with Section 20T of the *State Owned Corporations Act 1989*. The payments are equivalent to the amounts that would be payable under the normal income tax laws of the Commonwealth.

Income tax equivalent expense includes both current and deferred tax. Deferred income tax is provided on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Current and deferred tax amounts relating to items recognised directly in equity are recognised in equity as part of other comprehensive income.

Current tax assets and liabilities

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities based on the relevant year's taxable income. The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Deferred tax assets and liabilities

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date. Income tax equivalents relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity.

GST

Revenues, expenses, assets and liabilities are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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

Commitments and accrual items that are shown in the statement of financial position are inclusive of GST where applicable.

Note 7. Cash and cash equivalents

	2021 \$000	2020 \$000
Cash at bank	518	743
TCorpIM Cash Fund	24,722	16,608
Cash and cash equivalents	25,240	17,351

Recognition and measurement

Cash and cash equivalents in the statement of financial position comprise cash at bank and funds on deposit in the NSW Treasury Corporation's Investment Management (TCorpIM) Cash Fund. The value of the funds on deposit in the TCorpIM Cash Fund is at fair value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

TCorpIM Cash Fund

The Corporation places funds on deposit in the TCorpIM Cash Fund. These funds are represented by a number of units in the managed fund. TCorp appoints and monitors fund managers and establishes and monitors the application of appropriate investment guidelines. These funds are generally able to be redeemed with up to 24 hours prior notice. The value of the funds on deposit represents the share of the value of the underlying assets of the fund and is stated at fair value.

Refer to note 21 for details of credit risk and market risk arising from financial instruments.

Note 7. Cash and cash equivalents continued**a) Reconciliation from the net profit for the year to the net cash flows received from operating activities:**

	2021 \$000	2020 \$000
Net profit for the year	27,077	10,825
Adjustments for:		
Depreciation and amortisation expenses	24,330	24,666
Investment property valuation losses	55	373
Other income – free land received	(500)	–
Amortisation of discount on borrowings	(1,221)	(1,211)
Net revaluation increments of property, plant and equipment	(244)	–
Net gain on sale of property, plant and equipment	(40)	(175)
Reversal of impairment of property, plant and equipment	(22)	(33)
Write-off of property, plant and equipment	118	851
Finance lease income	(7,189)	(6,720)
	42,364	28,576
Changes in assets and liabilities applicable to operating activities		
Decrease / (Increase) in trade and other receivables	387	(2,478)
Decrease / (Increase) in deferred tax equivalent assets	197	(1,394)
Decrease in deferred tax equivalent liabilities	(1,500)	(3,580)
Increase in income tax equivalent payable	3,082	1,222
(Decrease) / Increase in trade and other payables	(1,035)	2,958
Increase in provisions	915	1,960
Increase in post employment benefits	1,150	1,334
Net cash flows received from operating activities	45,560	28,598

Significant non-cash activities

All payments from the finance lease receivables were received upfront. No further payments will be received, therefore the income represents the movement in the finance lease receivables as a non-cash activity. Refer to note 9 for details of finance lease receivables.

Non-cash investing and financing transactions

The Corporation has no significant non-cash investing and financing transactions in both years.

Note 8. Trade and other receivables

	Note	2021 \$000	2020 \$000
Current			
Trade receivables		6,391	8,405
Other receivables		3,711	3,709
		9,963	12,060
Allowance for expected credit loss	8(a) 8(a)	10,102 (139)	12,114 (54)
		883	939
Prepayments		225	290
Lease incentive receivable		2,345	3,311
Accrued income		13,416	16,600
Non-current			
Lease incentive receivable		4,892	2,479

Notes to the financial statements continued

For the year ended 30 June 2021

Note 8. Trade and other receivables continued

Recognition and measurement

Trade and other receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. The Corporation holds these receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

The Corporation recognises an allowance for expected credit losses (ECLs) for all the trade and other receivables not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Corporation expects to receive, discounted at the original effective interest rate. For trade receivables, the Corporation applies a simplified approach in calculating ECLs and recognises a loss allowance based on lifetime ECLs at each reporting date if required. The Corporation has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for current and forward-looking factors specific to the receivable.

Lease incentives – as lessor

Payments made by a lessor to a lessee associated with a lease, or the reimbursement or assumption by a lessor of costs of a lessee.

a) Ageing analysis of trade and other receivables

At each reporting date, the ageing analysis of trade and other receivables is as follows:

	Total \$000	Not due \$000	0–30 days \$000	31–60 days \$000	60+ days \$000	90+ days \$000	120+ Days \$000
2021	10,102	7,106	2,502	337	19	40	98
ECLs	1.41%	0.02%	0.01%	0.25%	1.86%	98.51%	98.51%
2020	12,114	7,915	1,609	922	428	179	1,061
ECLs	0.45%	0.02%	0.02%	0.30%	2.23%	3.21%	3.21%

Movements in the allowance for ECLs are as follows:

	Note	2021 \$000	2020 \$000
Balance at 1 July		54	–
Increase in allowance	4	85	54
Closing balance		139	54

The Corporation trades only with recognised creditworthy third parties. Customers who wish to transact on credit terms are subject to credit verification procedures which may result in obtaining bank guarantees. In addition, trade and other receivable balances are monitored on an ongoing basis.

The Corporation applies the AASB 9 simplified approach to measuring ECLs which uses a lifetime expected loss allowance for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on historical observed loss rates. The historical rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Corporation recognised allowance for ECLs on its financial assets in the amount of \$139,000 (2020: \$54,000).

The Corporation is not considered to be materially exposed to a concentration of credit risk to a single trade debtor. The largest single trade debtor included in receivables totals \$1.5 million (2020: \$1.8 million) and is 4.32% of total financial assets (2020: 5.17%) as at 30 June 2021.

Refer to note 21(c) for further details of credit risk of trade receivables that are neither past due nor impaired.

Note 9. Finance lease receivables

	2021 \$000	2020 \$000
Finance lease receivables	110,358	103,169

Recognition and measurement

Costs incurred for capital dredging (harbour deepening) of channels were previously recognised as prepaid licence fees with the licensor being NSW Roads and Maritime Services.

In 2013 and 2014, following the New South Wales (NSW) Government's long-term lease of the State-owned assets of Port Botany, Enfield Intermodal Terminal and Cooks River Empty Container Park, together the "Botany Package"; State-owned assets of Port Kembla Port Corporation (PKPC) and Port of Newcastle's commercial port business, collectively the Transaction, revised Channel User Licence Agreements were executed with NSW Roads and Maritime Services (RMS). Refer to notes 9(a), (b) and (c). These revised Licence Agreements were assessed to be finance leases of the capital dredging of channel assets, where the Corporation is the lessor, resulting in a derecognition of the prepaid licence fees and a recognition of a finance lease receivable. All payments on these Agreements forming part of the Transaction from RMS were received upfront and remitted back to NSW Treasury. Therefore, the remaining net investment in the lease relates to the unguaranteed residual value of the dredged asset.

Income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Corporation's net investment in respect of the finance lease receivables.

a) Finance lease receivable – Newcastle

The Corporation previously incurred costs to dredge Newcastle Port in creating a channel for ships to enter the wharf area. As part of the Transaction, a Channel User License Agreement with NSW Roads and Maritime Services was executed on 11 April 2014. The Corporation considers this Agreement to represent a finance lease receivable.

On expiry of the 98-year lease term, a dredged channel asset will revert to the Corporation. As a result, a finance lease receivable has been recognised equal to the net investment in the Agreement. As all payments were received upfront, the net investment in the Agreement corresponds to the unguaranteed residual value of the dredged asset on expiry of the 98-year term. A residual asset will be accreted over the 98-year term of the Agreement with total unearned income as at 30 June 2021 of \$19.9 billion. The initial value of the residual interest was recognised at \$30.2 million in May 2014. In the financial year ended 30 June 2021, the Corporation has recognised \$3.1 million (2020: \$2.9 million) income from the accretion of the finance lease receivable.

The valuation of the residual interest was carried out by external advisers as at 30 June 2014. The value was based on the information available at the inception of the lease. Management assesses for indicators of impairment of any material damage or changes to the dredged channel asset. No significant factors were identified during the year that resulted in significant changes to the valuation.

b) Finance lease receivable – Botany Bay

Sydney Ports Corporation, amalgamated into Newcastle Port Corporation (trading as Port Authority of New South Wales) effective from 1 July 2014, previously incurred costs to dredge Botany Bay, thereby creating a channel for ships to enter the wharf area. As part of the Transaction, a revised Channel User Licence Agreement with NSW Roads and Maritime Services was executed on 31 May 2013. The Agreement represents a finance lease receivable.

On expiry of the 99-year lease term, a dredged channel asset will revert to the Corporation. As a result, a finance lease receivable has been recognised equal to the value of its net investment in the Agreement. As all payments were received upfront, the net investment in the Agreement corresponds to the unguaranteed residual value of the dredged asset on expiry of the 99-year term. A residual asset will be accreted over the 99-year term of the Agreement with total unearned income as at 30 June 2021 estimated at \$17.5 billion. The initial value of the residual interest was recognised at \$20.4 million in May 2013. In the financial year ended 30 June 2021, the Corporation has recognised \$2.3 million (2020: \$2.2 million) income from the accretion of the finance lease receivable.

c) Finance lease receivable – Port Kembla

Port Kembla Port Corporation, amalgamated into Newcastle Port Corporation (trading as Port Authority of New South Wales) effective from 1 July 2014, previously incurred costs to dredge Port Kembla in creating a channel for ships to enter the wharf area. As part of the Transaction, a revised Channel User Licence Agreement with NSW Roads and Maritime Services was executed on 31 May 2013. The Agreement represents a finance lease receivable.

On expiry of the 99-year lease term, a dredged channel asset will revert to the Corporation. As a result, a finance lease receivable has been recognised equal to the net investment in the Agreement. As all payments were received upfront, the net investment in the Agreement corresponds to the unguaranteed residual value of the dredged asset on expiry of the 99-year term. A residual asset will be accreted over the 99-year term of the Agreement with total unearned income as at 30 June 2021 estimated at \$13.1 billion. The initial value of the residual interest was recognised at \$15.3 million in May 2013. In the financial year ended 30 June 2021, the Corporation has recognised \$1.8 million (2020: \$1.6 million) income from the accretion of the finance lease receivable.

The valuation of the residual interest in Botany Bay and Port Kembla was carried out by external advisers as at 30 June 2013. The value was based on the information available at the inception of the lease. Management assesses for indicators of impairment of any material damage or changes to the dredged channel asset. No significant factors were identified during the year that resulted in significant changes to the valuation.

Notes to the financial statements continued

For the year ended 30 June 2021

Note 10. Property, plant and equipment

a) Carrying amounts of property, plant and equipment at fair value

At fair value	2021 \$000	2020 \$000
Land and buildings		
Gross carrying amount	364,287	320,351
Accumulated depreciation	(30,214)	(24,915)
Net carrying amount	334,073	295,436
Roadways and bridges		
Gross carrying amount	18,395	16,328
Accumulated depreciation	(5,114)	(4,361)
Net carrying amount	13,281	11,967
Wharves, jetties and breakwaters		
Gross carrying amount	92,572	87,588
Accumulated depreciation	(54,591)	(44,930)
Net carrying amount	37,981	42,658
Plant		
Gross carrying amount	134,023	128,358
Accumulated depreciation	(60,162)	(52,171)
Net carrying amount	73,861	76,187
Construction in progress (CIP)		
– Land and buildings	4,995	4,594
– Roadways and bridges	108	229
– Wharves, jetties and breakwaters	10,281	2,946
– Plant	3,171	1,438
Total construction in progress	18,555	9,207
Total property, plant and equipment at fair value	477,751	435,455

Recognition and measurement

Asset capitalisation

Property, plant and equipment is initially recognised at cost, including any costs directly attributable to the asset and any restoration costs associated with the asset. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards. Property, plant and equipment is subsequently revalued at fair value less accumulated depreciation and impairment. Assets acquired at no cost or for nominal consideration are initially recognised at their fair value at the date of acquisition.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Corporation, and its cost can be measured reliably.

Only the assets in excess of \$1,000 are capitalised if they are expected to provide future economic benefits for more than one reporting period.

Derecognition

An item of property, plant and equipment is derecognised when it is sold or otherwise disposed of, or when its use is expected to bring no future economic benefits. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount. These are included in profit or loss.

Depreciation of assets

Depreciation expenses have been calculated on depreciable assets, using rates estimated to write off the assets over their remaining useful lives on a straight-line basis. Land assets have been treated as non-depreciable. The useful lives of assets were reassessed during the year with no material changes required.

The useful lives of each category of depreciable assets are:

- Buildings 10 to 53 years
- Roadways and bridges 15 to 50 years
- Wharves, jetties and breakwaters 4 to 50 years
- Plant 2 to 50 years

Note 10. Property, plant and equipment continued

Recoverable amount of assets

At each reporting date, the Corporation assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Corporation makes a formal estimate of the asset's recoverable amount.

Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the asset belongs, unless either the asset's fair value less costs to sell is higher than its carrying amount, or the asset's value in use can be estimated to be close to its fair value less costs to sell and fair value less costs to sell can be determined. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

No asset impairment loss was recognised in the current financial year (2020: nil).

Valuation of property, plant and equipment

Property, plant and equipment is valued at fair value in accordance with Australian Accounting Standards and the NSW Treasury Policy Paper on *Valuation of Physical Non-Current Assets* (TPP 14-01).

i) Valuation of land

Land is valued at fair value having regard to its highest and best use. However, where there are natural, legal and socio-political restrictions on the use of land such that there is no feasible alternative use in the near future, such land is valued at market value for its existing use, because that is its highest and best use.

ii) Valuation of buildings

Non-specialised buildings, which include commercial and general purpose buildings for which there is a secondary market, are valued at fair value. Specialised buildings are designed for a specific, limited purpose. Where there are no feasible alternative uses for such buildings, they are valued at market buying price, the best indicator of which is the replacement cost of the remaining economic benefits. Heritage buildings are valued at fair value. Fair value is represented by market value for existing use, because there are few or no feasible alternative uses for such buildings.

iii) Valuation of specialised plant and infrastructure

Specialised plant and infrastructure is measured at market buying price, the best indicator of which is the replacement cost of the asset's remaining future economic benefits. Infrastructure assets include roadways and bridges, wharves, jetties and breakwaters.

iv) Valuation of non-specialised assets and construction in progress

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value. Assets included in construction in progress are normally recognised at historical cost and these assets are transferred to property, plant and equipment when ready for use as intended by management. The transfer may trigger a transfer between different levels of the fair value hierarchy depending on the valuation techniques used for the transferred asset. Unless there is a change in valuation technique the asset categorisation under the fair value hierarchy is not expected to change.

Refer to note 20 for further information regarding fair value and hierarchy levels.

v) Asset revaluation

Revaluations are made with sufficient regularity to ensure that the carrying amount of property, plant and equipment does not materially differ from fair value at the reporting date. Land and buildings are subject to comprehensive valuation at least every 3 years. Infrastructure assets are subject to a comprehensive valuation at least every 5 years. Where the Corporation revalue non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and accumulated depreciation are separately restated.

Interim revaluations are conducted between comprehensive revaluations when cumulative changes to indicators / indices suggest fair value may differ materially from the carrying value. The Corporation undertakes an interim management revaluation when cumulative increases / decreases in indicators / indices are generally less than or equal to 20%. It undertakes an interim formal revaluation where there has been a cumulative increase / decrease in indicators / indices generally greater than 20%.

b) Current year asset revaluation

An independent valuer (RHAS – an Aon Company) has conducted a comprehensive review and provided gross values for land and buildings for the financial year ended 30 June 2021. Management has conducted review of the valuation report and is satisfied that the assumptions, methodologies, and other information in the report are adequately supported and documented.

A quantity and construction consultant (MDA Australia Pty Limited) provided gross values for wharves, jetties and breakwaters, roadways and bridges (collectively called infrastructure assets) at 30 June 2017 when the last comprehensive valuation was conducted. Interim review has been conducted by MDA Australia Pty Limited since 2017 in order to assist management applying indices to infrastructure assets. In the financial year ended 30 June 2021, the recommended valuation index was 5.9% (2020: 0%) to apply to these assets. Management has reviewed the basis of the recommendation and applied the index to the infrastructure assets.

The Corporation's qualified engineers assessed the remaining useful lives of each asset. Based on these assessments, all assets are recorded at fair value. The assets that were not revalued due to materiality are also shown at fair value as the written-down value approximates fair value.

Notes to the financial statements continued

For the year ended 30 June 2021

Note 10. Property, plant and equipment continued

c) Movements in property, plant and equipment

	Note	Land and buildings \$000	Roadways and bridges \$000	Wharves, jetties and breakwaters \$000	Plant \$000	Total \$000
Balance at 1 July 2020		295,436	11,967	42,658	76,187	426,248
Additions		500	—	—	—	500
Revaluation increments recognised in other comprehensive income	19(a)	35,663	836	2,376	—	38,875
Revaluation increments recognised in profit or loss	5	235	3	6	—	244
Reversal of impairment	5	—	—	—	22	22
Transfer from construction in progress	10(e)	6,440	1,448	—	6,027	13,915
Transfers from software	13(a)	—	—	—	255	255
		338,274	14,254	45,040	82,491	480,059
Depreciation charge	4	(4,132)	(973)	(7,059)	(8,554)	(20,718)
Write-offs		(69)	—	—	(49)	(118)
Disposals		—	—	—	(27)	(27)
Balance at 30 June 2021		334,073	13,281	37,981	73,861	459,196

	Note	Land and buildings \$000	Roadways and bridges \$000	Wharves, jetties and breakwaters \$000	Plant \$000	Total \$000
Balance at 1 July 2019		299,259	9,890	49,939	66,608	425,696
Additions		—	—	—	3	3
Revaluation increments recognised in other comprehensive income	19(a)	187	5	—	—	192
Reversal of impairment	5	—	—	—	33	33
Transfer from construction in progress	10(e)	171	2,954	—	19,392	22,517
		299,617	12,849	49,939	86,036	448,441
Depreciation charge	4	(4,181)	(882)	(7,281)	(8,882)	(21,226)
Write-offs		—	—	—	(851)	(851)
Disposals		—	—	—	(116)	(116)
Balance at 30 June 2020		295,436	11,967	42,658	76,187	426,248

Note 10. Property, plant and equipment *continued***d) Carrying amounts if property, plant and equipment were measured at cost less accumulated depreciation**

If property, plant and equipment were measured using the cost model, the carrying amounts would be as follows:

At cost	2021 \$000	2020 \$000
Land and buildings		
Gross carrying amount	266,155	259,920
Accumulated depreciation	(26,464)	(22,874)
Net carrying amount	239,691	237,046
Roadways and bridges		
Gross carrying amount	16,131	14,846
Accumulated depreciation	(4,818)	(4,279)
Net carrying amount	11,313	10,567
Wharves, jetties and breakwaters		
Gross carrying amount	74,832	74,832
Accumulated depreciation	(52,184)	(49,710)
Net carrying amount	22,648	25,122
Plant		
Gross carrying amount	134,786	129,119
Accumulated depreciation	(60,282)	(52,395)
Net carrying amount	74,504	76,724
Construction in progress	18,555	9,207
Total property, plant and equipment	366,711	358,666

e) Movements in construction in progress

	Note	2021 \$000	2020 \$000
Balance at 1 July		9,207	15,921
Additions		23,263	17,122
		32,470	33,043
Transfers to property, plant and equipment	10(c)	(13,915)	(22,517)
Transfers to intangible assets	13(a)	–	(1,319)
Closing balance		18,555	9,207

There was no borrowing cost capitalised in either year.

Notes to the financial statements continued

For the year ended 30 June 2021

Note 10. Property, plant and equipment continued

f) Movements in property, plant and equipment held and used by the Corporation

	Land and buildings \$000	Roadways and bridges \$000	Wharves, jetties and breakwaters \$000	Plant \$000	Total \$000
Balance at 1 July 2020	287,112	11,814	42,658	75,889	417,473
Additions	500	—	—	—	500
Revaluation increments recognised in other comprehensive income	34,754	827	2,376	—	37,957
Revaluation increments recognised in profit or loss	226	3	6	—	235
Reversal of impairment	—	—	—	22	22
Transfer from construction in progress	6,440	1,448	—	6,027	13,915
Transfers from software	—	—	—	255	255
	329,032	14,092	45,040	82,193	470,357
Depreciation charge	(3,527)	(964)	(7,059)	(8,509)	(20,059)
Write-offs	(69)	—	—	(49)	(118)
Disposals	—	—	—	(27)	(27)
Balance at 30 June 2021	325,436	13,128	37,981	73,608	450,153

	Land and buildings \$000	Roadways and bridges \$000	Wharves, jetties and breakwaters \$000	Plant \$000	Total \$000
Balance at 1 July 2019	290,331	9,728	49,939	66,265	416,263
Additions	—	—	—	3	3
Revaluation increments recognised in other comprehensive income	187	5	—	—	192
Reversal of impairment	—	—	—	33	33
Transfer from construction in progress	171	2,954	—	19,392	22,517
	290,689	12,687	49,939	85,693	439,008
Depreciation charge	(3,577)	(873)	(7,281)	(8,837)	(20,568)
Write-offs	—	—	—	(851)	(851)
Disposals	—	—	—	(116)	(116)
Balance at 30 June 2020	287,112	11,814	42,658	75,889	417,473

g) Movements in property, plant and equipment where the Corporation is lessor under operating leases

	Land and buildings \$000	Roadways and bridges \$000	Plant \$000	Total \$000
Balance at 1 July 2020	8,324	153	298	8,775
Revaluation increments recognised in other comprehensive income	909	9	—	918
Revaluation increments recognised in profit or loss	9	—	—	9
	9,242	162	298	9,702
Depreciation charge	(605)	(9)	(45)	(659)
Balance at 30 June 2021	8,637	153	253	9,043

	Land and buildings \$000	Roadways and bridges \$000	Plant \$000	Total \$000
Balance at 1 July 2019	8,928	162	343	9,433
Depreciation charge	(604)	(9)	(45)	(658)
Balance at 30 June 2020	8,324	153	298	8,775

Note 11. Leases

a) Carrying amounts of right-of-use assets

At cost	2021 \$000	2020 \$000
ROU - Land and buildings	13,468	13,329
Accumulated depreciation	(5,387)	(2,816)
Net carrying amount	8,081	10,513
ROU - Wharves, jetties and breakwaters	–	574
Accumulated depreciation	–	(53)
Net carrying amount	–	521
ROU - Plant	784	590
Accumulated depreciation	(447)	(189)
Net carrying amount	337	401
Total ROU assets	8,418	11,435

Recognition and measurement

Right-of-use assets

The Corporation recognises Right-of-Use (ROU) assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are initially measured at the amount of initial measurement of the lease liability, adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The ROU assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- ROU - Buildings 2 to 11 years
- ROU - Wharves, jetties and breakwaters 12 years
- ROU - Plant 2 to 5 years

Impairment testing of ROU assets

ROU assets are subject to impairment testing. The Corporation assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when the annual impairment testing for an asset is required, the Corporation estimates the asset's recoverable amount. When the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset shall be increased to the lower of its recoverable amount and the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in profit or loss.

No impairment loss was recognised in the current financial year.

The Corporation's leasing activities

The Corporation leases various properties and equipment. The duration of property lease contracts is typically fixed for periods of 3 to 10 years. These contracts may also include extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease arrangements do not impose any covenants, but leased assets cannot be used as security for borrowing purposes.

Critical judgements in determining the lease term

In determining the lease term, the Corporation considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs that affects this assessment and that is within the control of the lessee.

The value of ROU assets will increase / decrease if the lease terms increase / decrease. Any change in the estimate of the remaining lease terms impacts directly on the value of the ROU assets, and correspondingly in the lease liabilities.

Notes to the financial statements continued

For the year ended 30 June 2021

Note 11. Leases continued

The Corporation as a lessee

b) Movements in ROU assets

	Note	ROU – Land and buildings \$000	ROU – Wharves, jetties and breakwaters \$000	ROU – Plant \$000	Total ROU \$000
At 1 July 2020		10,513	521	401	11,435
Additions		462	–	194	656
Depreciation charge	4	(2,801)	(25)	(257)	(3,083)
Changes in index or rates affecting variable payments		70	–	(1)	69
Disposals		(163)	(496)	–	(659)
Balance at 30 June 2021		8,081	–	337	8,418

	Note	ROU – Land and buildings \$000	ROU – Wharves, jetties and breakwaters \$000	ROU – Plant \$000	Total ROU \$000
At 1 July 2019		13,541	677	310	14,528
Additions		–	–	291	291
Depreciation charge	4	(2,816)	(53)	(189)	(3,058)
Changes in index or rates affecting variable payments		(212)	(103)	(11)	(326)
Balance at 30 June 2020		10,513	521	401	11,435

c) Lease liabilities

The following table presents liabilities under leases.

	Note	2021 \$000	2020 \$000
Opening balance		11,785	14,528
Additions		656	291
Interest expenses	4	381	455
Rental payments		(3,328)	(3,163)
Changes in the index or rates affecting variable payments		69	(326)
Disposals		(659)	–
Closing balance	16	8,904	11,785

Lease liabilities

Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any lease incentive receivables;
- Variable lease payments that are based on an index or a rate. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the ROU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option, if any, if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Corporation's leases, the lessee's incremental borrowing rate inclusive of the government guarantee rate is used, being the rate that the Corporation would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment with similar terms, security and conditions.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Corporation does not face a significant liquidity risk with regard to its lease liabilities. Its lease liabilities are included in the interest-bearing liabilities note 16.

Note 11. Leases continued

d) Lease liabilities maturity analysis

	Note	2021 \$000	2020 \$000
Lease liabilities			
Current	16	2,817	2,827
Non current	16	6,087	8,958
		8,904	11,785
Maturity analysis			
Not later than one year		2,817	2,827
Later than one year and not later than five years		5,568	8,209
Later than five years		519	749
Total lease liabilities		8,904	11,785

e) Lease amounts recognised in profit or loss

The following amounts were recognised in profit or loss for the year ended 30 June 2021 in respect of leases where the Corporation is the lessee:

	Note	2021 \$000	2020 \$000
Depreciation of ROU assets	4	3,083	3,058
Interest expense on lease liabilities	4	381	455
Lease expense	4	310	344
Total amount recognised in profit or loss		3,774	3,857

The Corporation had total cash outflows for leases of \$2.9 million (2020: \$2.7 million), net of interest, for the year ended 30 June 2021.

Note 12. Investment property

At fair value		2021 \$000	2020 \$000
Land and building		8,000	8,000
At fair value	Note	2021 \$000	2020 \$000
Balance at 1 July		8,000	7,700
Additions		55	673
Loss on valuation	5	(55)	(373)
Closing balance		8,000	8,000

Following the completion of capital works, the investment property carrying value is consistent with the fair value assessment carried out by an independent valuer (RHAS - an Aon Company). They have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined based on the capitalisation of income approach whereby a yield is applied to the property's income to assess its value.

Further details regarding the fair value measurement of investment property are disclosed in note 20.

The following amounts have been recognised in the net result:

	2021 \$000	2020 \$000
Rental income	740	619
Direct operating expenses that generated rental income	(299)	(411)
	441	208

Notes to the financial statements continued

For the year ended 30 June 2021

Note 12. Investment property continued

Recognition and measurement

Investment properties are properties held to earn rental income and/or for capital appreciation (including property under construction for such purposes). Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value in accordance with AASB 140 *Investment Property*.

Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

No depreciation is charged on an investment property.

Note 13. Intangible assets

	2021 \$000	2020 \$000
Carrying amounts (at cost)		
Software	6,393	5,463
Accumulated amortisation	(3,795)	(3,403)
Net carrying amount	2,598	2,060
Easements	230	230
Total intangible assets at cost (net carrying amount)	2,828	2,290

a) Movements in intangible assets

	Note	2021 \$000	2020 \$000
Balance at 1 July		2,290	1,353
Additions		831	769
Software development in progress		491	550
Transfer to property, plant and equipment	10(c)	(255)	–
		3,357	2,672
Amortisation charge	4	(529)	(382)
Closing balance		2,828	2,290

Recognition and measurement

Intangible assets

Intangible assets are initially capitalised at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment loss. The Corporation's intangible assets relate to software and easements.

Easements relate to the Corporation's interest in land. Easements are recognised using the historic cost method rather than fair value as it is assumed there is no active market for easements.

Amortisation

The Corporation's software intangible assets have finite lives and are amortised on a straight-line basis over a range of useful lives from 3 to 10 years.

The estimated useful life for an easement is indefinite. Intangible assets with an indefinite useful life are assessed for impairment annually.

Impairment of intangible assets

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to the recoverable amount and the reduction is recognised as an impairment loss.

Note 14. Trade and other payables

	Note	2021 \$000	2020 \$000
Current			
Trade payables		1,292	1,247
Accrued employee benefits	15(d)	4,139	4,138
Accrued borrowing costs		2,979	2,925
Accruals for assets under construction		999	4,626
GST payable		676	1,152
Other payables and accruals		4,848	6,344
Maintenance funds liability		1,320	1,088
Contract liabilities		2,694	2,061
		18,947	23,581
Non-current			
Contract liabilities		1,770	1,955
		1,770	1,955

Recognition and measurement

Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature, they are not discounted. Their carrying value is assumed to approximate their fair value. Trade and other payables represent liabilities for goods and services provided to the Corporation prior to the end of the financial year that are unpaid and arise when the Corporation becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 28 days of recognition.

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in note 21(d).

Accrued employee benefits

Accrued employee benefits include salaries and wages, payroll tax, fringe benefits tax, and retirement benefits that are expected to be paid wholly within 12 months after the end of the period in which the employees render the service. These amounts are recognised and measured at the undiscounted amount of the benefits. Aggregate employee benefits and related on-costs are disclosed in note 15(d).

Contract liability

Contract liability relates to consideration received in advance from customers for the performance obligations to be delivered in future periods.

Note 15. Provisions

	Note	2021 \$000	2020 \$000
Current			
Annual leave		9,208	8,610
Long service leave		13,450	13,047
Other employee benefits		672	560
	15(d)	23,330	22,217
Non-current			
Long service leave	15(d)	1,838	2,053
Provision for make good	15(a)	600	583
		2,438	2,636

Notes to the financial statements continued

For the year ended 30 June 2021

Note 15. Provisions continued

a) Movements in provision for make good

Non-current	Opening balance \$000	Charge to profit or loss \$000	Payments made \$000	Closing balance \$000
Provision for make good	583	17	0	600

b) Estimated remaining balance of annual leave liabilities after 12 months

	2021 \$000	2020 \$000
Estimated remaining balance of annual leave liabilities after 12 months (from closing balance but excluding to be accrued annual leave liability during the 12 months)	3,167	3,516

The entire obligation is presented as current since the Corporation does not have an unconditional right to defer settlement. However, based on past experience the Corporation does not expect all employees to take the full amount of accrued leave within the next 12 months. Annual leave taken was \$6.0 million (2020: \$5.1 million) during the year.

c) Long service leave obligations expected to be taken within 12 months

	2021 \$000	2020 \$000
Long service leave obligations expected to be taken within 12 months	1,575	1,546

The current provision for long service leave includes all unconditional entitlements where the Corporation does not have an unconditional right to defer settlement. The amount provided which relates to employees with service less than the qualifying year is disclosed as non-current as there is no legal obligation to pay within 12 months.

d) Aggregate employee benefits and related on-costs

	Note	2021 \$000	2020 \$000
Provisions – current		23,330	22,217
Provisions – non current		1,838	2,053
Accrued employee benefits	14	4,139	4,138
		29,307	28,408

The Corporation made a \$1.0 million (2020: nil) adjustment to add back incorrectly deducted annual leave and long service leave entitlements for shift workers whilst they were taking this leave during Public Holidays for the past six years. The Corporation is continuing its internal review on the entire financial impacts for impacted existing employees dating back to each worker's commencement date with the Corporation, and it is disclosed in note 23.

Recognition and measurement

Provisions

Provisions are recognised when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employee benefits

Employee benefits relate to annual leave, long service leave, termination and other employee benefits.

i) Annual leave

The annual leave provision is presented as a current liability as the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Annual leave is not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits*. NSW Treasury guideline also determines that measurement of net present value is only required if the variance is material. The Corporation has assessed and determined that the effect of discounting is immaterial to annual leave and no discounting is therefore applied.

ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 15. Provisions continued

iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Corporation recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the statement of financial position date are discounted to their present value.

iv) Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and superannuation. They are included in the provision for annual leave and long service leave.

v) Salaries and wages

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Note 16 Interest-bearing liabilities

Current	Note	2021 \$000	2020 \$000
NSW TCorp borrowings	16(a)	11,939	11,685
Lease liabilities	11(d)	2,817	2,827
		14,756	14,512
Non Current			
NSW TCorp borrowings	16(a)	136,555	131,281
Lease liabilities	11(d)	6,087	8,958
		142,642	140,239

Recognition and measurement

Interest-bearing liabilities

Interest-bearing liabilities classified as financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. They are subsequently stated at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any differences between the initial fair value and the final redemption value of the borrowings, such as discounts or premiums. These differences are amortised to profit or loss as part of finance costs over the year of the borrowings on an effective interest basis. Indexation adjustments on the Consumer Price Index (CPI) indexed bonds are also recognised as part of finance costs in profit or loss.

Classification of liability

The Corporation has Treasurer's approval under the *Public Authorities (Financial Arrangements) Act* to borrow from NSW TCorp up to a total limit of \$245.0 million (2020: \$245.0 million).

The Corporation forms the view that the borrowing facility takes on the nature of an enduring rolling facility whereby the Corporation has discretion to refinance borrowing within the total approval of the Treasurer and within the agreed terms of the Statement of Corporate Intent.

Debt as at 30 June 2021 is classified in accordance with the intended repayment profile. Debt which is forecast to be repaid within 12 months of the reporting date is classified as current. The nominal contractual cash flow maturity profile of the debt portfolio is disclosed in note 21(d).

Notes to the financial statements continued

For the year ended 30 June 2021

Note 16 Interest-bearing liabilities continued

a) Financial facilities

The Corporation had the following financing facilities in place at 30 June 2021 and 30 June 2020.

	2021 \$000	2020 \$000
a) With NSW TCorp:		
A global loan facility inclusive of \$15.0 million Come-and-Go facility		
– Total facility	245,000	245,000
– Amount used	(148,494)	(142,966)
Amount unused	96,506	102,034
b) With Commonwealth Bank of Australia		
A bank guarantee facility		
– Total facility	–	2,000
– Amount used	–	–
Amount unused	–	2,000

i) Borrowing repayments

Borrowings consist of NSW TCorp fixed rate loans with maturity dates ranging from 1 March 2022 to 20 March 2031. NSW TCorp fixed rate loans are characterised by payments of coupon interest only every six months and repayment or rollover of principal at maturity. All borrowings are secured by NSW Government Guarantee. No assets have been pledged as security for interest-bearing loans and borrowings.

From January 2021, the Corporation has a credit card facility for \$220,000 with Citibank Australia with the balance cleared monthly.

Prior to January 2021, the Corporation had a credit card facility \$170,000 and a purchasing card facility \$50,000 with Commonwealth Bank of Australia. These facilities were closed in January 2021.

The Corporation has closed its bank guarantee facility with Commonwealth Bank of Australia in March 2021. It has not opened any bank guarantee facility with other banks.

From January 2021, the Corporation has received a transaction facility from Westpac Bank. It is not a borrowing facility. Westpac Bank allows temporary deficit balance of bank account if the temporary deficit is caused by timing of fund transfer from TCorpIM cash fund to Westpac Bank. The temporary deficit, if happens, would be cleared by the close of business of the same business day. It was zero as at 30 June 2021.

ii) Fair value

Details regarding fair value, interest rate and liquidity risks are disclosed in note 21.

Note 17. Dividend payable

	2021 \$000	2020 \$000
Dividend payable	11,000	13,500

Recognition and measurement

The present obligation to pay a dividend is established when the shareholders' approval of the dividend is received. Subsequent to the approval, there will be no further variation of the dividend amount. This occurs through a formal process. The Corporation reviews its financial performance for the financial year and recommends to its shareholders an appropriate dividend payment considering the current financial position and longer-term financial commitments. Under NSW Treasury's Financial Distribution Policy for Government Businesses, the Corporation prepares a Statement of Corporate Intent which is an agreement between the relevant Ministers and the Board. This agreement establishes the dividend policy to apply for the year and sets a target dividend, if any, for the business. The dividend scheme of the Corporation also takes into consideration the agreed Target Capital Structure with NSW Treasury in order to maintain an efficient capital structure consistent with the Target Credit Rating.

On 25 June 2021, the Shareholding Ministers approved the dividend recommendation in accordance with the *Financial Distribution Policy for Government Entities* TPP 16-04 and section 20S of *State Owned Corporations Act 1989*. Accordingly, the dividend payable of \$11.0 million (2020: \$13.5 million) was recognised, with 50% to be paid prior to 1 August 2021 and the remaining balance prior to 1 December 2021 following recommendation from the Board.

Note 18. Defined benefit superannuation schemes

The Corporation has three defined benefit superannuation schemes covering certain employees, all of which require contributions to be made to separately administered funds.

Nature of the benefits provided by the fund

The Pooled Fund holds in trust the investments of the following closed NSW public sector superannuation schemes, in which the Corporation participates:

- State Authorities Superannuation Scheme (SASS)
- State Authorities Non-Contributory Superannuation Scheme (SANCS)
- State Superannuation Scheme (SSS)

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the Schemes are closed to new members.

Description of the regulatory framework

The schemes in the Pooled Fund are established and governed by the following NSW legislation: *Superannuation Act 1916*, *State Authorities Superannuation Act 1987*, *Police Regulation (Superannuation) Act 1906*, *State Authorities Non-Contributory Superannuation Act 1987*, and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the *Commonwealth Superannuation Industry (Supervision) Act 1993* (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth’s retirement incomes policy relating to preservation, vesting and reporting to members and that members’ benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board’s adherence to the principles of the Commonwealth’s retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2018. The next actuarial investigation will be performed as at 30 June 2021.

Description of other entities’ responsibilities for the governance of the fund

The Fund’s Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

- Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules;
- Management and investment of the fund assets; and
- Compliance with other applicable regulations.

Description of risks

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

- **Investment risk** – The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
- **Longevity risk** – The risk that pensioners live longer than assumed, increasing future pensions.
- **Pension indexation risk** – The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
- **Salary growth risk** – The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- **Legislative risk** – The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

Description of significant events

There were no fund amendments, curtailments or settlements during the year.

Amounts in the statement of financial position

	2021 \$000	2020 \$000
Defined benefit liability	2,860	14,488

Notes to the financial statements continued

For the year ended 30 June 2021

Note 18. Defined benefit superannuation schemes continued

Recognition and measurement

A liability or asset for the defined benefit superannuation plans is recognised in the statement of financial position and is measured as the present value of the defined benefit obligations at the reporting date less the fair value of the superannuation fund's assets at that date. The present value of the defined benefit obligations is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit valuation method. Consideration is given to expected future wage and salary level, experience of employee departures and years of service.

Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Reconciliation of the net defined benefit liability/(asset)

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
At 30 June 2021				
Opening net defined benefit liability/(asset)	9,503	1,495	3,490	14,488
Current service cost	289	105	362	756
Net Interest on the net defined benefit liability	271	43	99	413
Actual return on Fund assets less Interest income	(1,789)	(139)	(11,211)	(13,139)
Actuarial (gains) / losses	1,782	299	(1,720)	361
Employer contributions	—	—	(19)	(19)
Closing net defined benefit liability	10,056	1,803	(8,999)	2,860

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
At 30 June 2020				
Opening net defined benefit liability/(asset)	8,712	1,196	10,130	20,038
Current service cost	348	119	301	768
Net Interest on the net defined benefit liability	257	35	298	590
Actual return on Fund assets less Interest income	87	4	749	840
Actuarial (gains) / losses	99	141	(7,964)	(7,724)
Employer contributions	—	—	(24)	(24)
Closing net defined benefit liability	9,503	1,495	3,490	14,488

a) Reconciliation of the defined benefit obligation

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Year ended 30 June 2021				
Present value of defined benefit obligations at beginning of the year	29,439	3,465	115,550	148,454
Current service costs	289	105	362	756
Interest costs	774	88	3,210	4,072
Contributions by participants	197	—	134	331
Actuarial (gains) / losses	1,782	299	(1,720)	361
Benefits paid	(4,657)	(723)	(5,696)	(11,076)
Taxes, premiums & expenses paid	192	(175)	937	954
Present value of defined benefit obligations at end of the year	28,016	3,059	112,777	143,852

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Year ended 30 June 2020				
Present value of defined benefit obligations at beginning of the year	31,154	3,562	124,932	159,648
Current service costs	348	119	301	768
Interest costs	856	96	3,600	4,552
Contributions by participants	230	—	116	346
Actuarial (gains) / losses	99	141	(7,964)	(7,724)
Benefits paid	(3,132)	(452)	(5,680)	(9,264)
Taxes, premiums & expenses paid	(116)	(1)	245	128
Present value of defined benefit obligations at end of the year	29,439	3,465	115,550	148,454

Note 18. Defined benefit superannuation schemes continued

b) Reconciliation of the fair value of Fund assets

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Year ended 30 June 2021				
Fair value of Fund assets at beginning of the year	19,936	1,970	112,060	133,966
Interest income	503	45	3,111	3,659
Actual return on Fund assets less Interest income	1,789	139	11,211	13,139
Employer contributions	–	–	19	19
Contributions by participants	197	–	134	331
Benefits paid	(4,657)	(723)	(5,696)	(11,076)
Taxes, premiums & expenses paid	192	(175)	937	954
Fair value of Fund assets at end of the year	17,960	1,256	121,776	140,992

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Year ended 30 June 2020				
Fair value of Fund assets at beginning of the year	22,442	2,366	114,802	139,610
Interest income	599	61	3,302	3,962
Actual return on Fund assets less Interest income	(87)	(4)	(749)	(840)
Employer contributions	–	–	24	24
Contributions by participants	230	–	116	346
Benefits paid	(3,132)	(452)	(5,680)	(9,264)
Taxes, premiums & expenses paid	(116)	(1)	245	128
Fair value of Fund assets at end of the year	19,936	1,970	112,060	133,966

c) Reconciliation of the effect of the asset ceiling

There is no change in the effect of the asset ceiling.

d) Fair value of Fund assets

All Pooled Fund assets are invested by SAS Trustee Corporation (STC) at arm's length through independent fund managers, assets are not separately invested for each entity, and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities.

As such, the disclosures below relate to total assets of the Pooled Fund.

Asset category	Quoted prices in active markets for identical assets Level 1 \$000	Significant observable inputs Level 2 \$000	Unobservable inputs Level 3 \$000	Total \$000
Short term securities	2,398,668	2,709,702	–	5,108,370
Australian fixed interest	–	903,815	–	903,815
International fixed interest	45,227	1,709,799	–	1,755,026
Australian equities	8,308,315	2,341	–	8,310,656
International equities	13,884,532	5,148	–	13,889,680
Property	626,961	–	2,660,769	3,287,730
Alternatives	759	2,709,828	5,819,124	8,529,711
Total	25,264,462	8,040,633	8,479,893	41,784,988

Level 1 – quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares; listed unit trusts.

Level 2 – inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts where quoted prices are available in active markets for identical assets or liabilities.

Level 3 – inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Notes to the financial statements continued

For the year ended 30 June 2021

Note 18. Defined benefit superannuation schemes continued

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such, managers make limited use of derivatives.

The percentage invested in each asset class at the reporting date is:

	2021	2020
Short term securities	12.2%	10.2%
Australian fixed interest	2.2%	2.7%
International fixed interest	4.2%	4.8%
Australian equities	19.9%	18.1%
International equities	33.2%	29.7%
Property	7.9%	8.3%
Alternatives	20.4%	26.2%
Total	100.0%	100.0%

e) Fair value of the Pooled Fund assets

The fair value of the Pooled Fund assets as at 30 June 2021 include \$41.4 million (2020: \$36.9 million) in NSW government bonds.

f) Significant actuarial assumptions

	2021	2020
Discount rate	2.98%	2.85% pa
Salary increase rate (excluding promotional increases)	2.74% pa 21/22 to 25/26; 3.2% pa thereafter	3.20% pa
Rate of CPI increase	Refer (i) below	Refer (i) below
Pensioner mortality	Refer (ii) below	Refer (ii) below

i) Rate of CPI increase used by independent fund managers

For 2021, a range of CPI increase assumptions was used as follows:

- 2020/21: 1.50% pa
- 2021/22 and 2022/23: 1.75% pa
- 2023/24 to 2025/26: 2.25% pa
- 2026/27: 2.50% pa
- 2027/28: 2.75% pa
- 2028/29: 3.00% pa
- 2029/30: 2.75% pa
- 2.50% pa thereafter.

For 2020, a range of CPI increase assumptions was used as follows:

- 2019/20: 1.00% pa
- 2020/21: 0.25% pa
- 2021/22: 1.50% pa
- 2022/23: 1.25% pa
- 2023/24: 1.75% pa
- 2024/25 and 2025/26: 2.00% pa
- 2026/27 to 2029/30: 2.25% pa
- 2.50% pa thereafter.

ii) Pensioner mortality

The pensioner mortality assumptions are as per the 2021 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age.

Note 18. Defined benefit superannuation schemes continued

g) Sensitivity analysis

The Corporation's total defined benefit obligation as at 30 June 2021 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2021.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

	Base case	Scenario A -0.5% discount rate	Scenario B +0.5% discount rate
Discount rate	As above	As above -0.5%pa	As above +0.5%pa
Rate of CPI increase	As above	As above	As above
Salary inflation rate	As above	As above	As above
Defined benefit obligation \$'000	143,852	153,137	136,496

	Base case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	As above	As above	As above
Rate of CPI increase	As above	As above plus 0.5% pa	As above minus 0.5% pa
Salary inflation rate	As above	As above	As above
Defined benefit obligation \$'000	143,852	152,767	136,725

	Base case	Scenario E +0.5% salary increase rate	Scenario F -0.5% salary increase rate
Discount rate	As above	As above	As above
Rate of CPI increase	As above	As above	As above
Salary inflation rate	As above	As above plus 0.5% pa	As above minus 0.5% pa
Defined benefit obligation \$'000	143,852	144,364	143,357

	Base case	Scenario G Lower mortality ¹	Scenario H Higher mortality ²
Defined benefit obligation \$'000	143,852	145,710	142,288

1) Assumes the short term pensioner mortality improvement factors for years 2021-2026 also apply for years after 2026.

2) Assumes the long term pensioner mortality improvement factors for years post 2026 also apply for the years 2021 to 2026.

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

h) Asset-liability matching strategies

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cashflows to manage liquidity requirements. No explicit asset-liability matching strategy is used by the Trustee.

i) Funding arrangements

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

Funding positions are reviewed annually, and funding arrangements may be adjusted as required after each annual review.

Notes to the financial statements continued

For the year ended 30 June 2021

Note 18. Defined benefit superannuation schemes continued

j) Surplus/deficit

The following is a summary of the 30 June 2021 financial position of the Fund calculated in accordance with AASB 1056 *Superannuation Entities*:

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Year ended 30 June 2021				
Accrued benefits ¹	21,933	2,398	76,820	101,151
Net market value of Fund assets	(17,960)	(1,256)	(121,776)	(140,992)
Net (surplus) / deficit	3,973	1,142	(44,956)	(39,841)
Year ended 30 June 2020				
Accrued benefits ¹	23,495	2,786	76,112	102,393
Net market value of Fund assets	(19,936)	(1,970)	(112,060)	(133,966)
Net (surplus) / deficit	3,559	816	(35,948)	(31,573)

1) There is no allowance for a contribution tax provision within the Accrued Benefits figure for AASB 1056. Allowance for contributions tax is made when setting the contribution rates.

k) Contribution recommendations

There are no recommended contribution rates for the Corporation.

l) Economic assumptions

The economic assumptions adopted for the 30 June 2021 in accordance with AASB 1056 *Superannuation Entities*:

Weighted-Average Assumptions	2021	2020
Expected rate of return on Fund assets backing current pension liabilities	6.5% pa	7.0% pa
Expected rate of return on Fund assets backing other liabilities	5.7% pa	6.0% pa
Expected salary increase rate	2.74% pa 21/22 to 25/26; 3.2% pa thereafter	3.2% pa
Expected rate of CPI increase	2.0%	2.0% pa

AASB 1056 Sensitivity analysis

Scenarios A and B relate to the sensitivity of the Accrued Benefits under AASB 1056 to changes in the expected return on Fund assets.

	Base case	Scenario A -0.5% return	Scenario B +0.5% return
Expected rates of return on Fund assets	6.5% / 5.7%	6.0% / 5.2%	7.0% / 6.2%
Rate of CPI increase	As above	As above	As above
Salary inflation rate	As above	As above	As above
Accrued benefits \$'000	101,151	105,127	97,460

m) Expected contributions

No employer contributions are expected to be paid to any of the schemes in the next reporting year.

n) Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 11.8 years (2020: 11.8 years).

Note 18. Defined benefit superannuation schemes continued

o) Profit and loss impact

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
2021				
Current service cost	289	105	362	756
Net interest	271	43	99	413
Profit and loss component of the defined benefit cost	560	148	461	1,169
	SASS \$000	SANCS \$000	SSS \$000	Total \$000
2020				
Current service cost	348	119	301	768
Net interest	257	35	298	590
Profit and loss component of the defined benefit cost	605	154	599	1,358

p) Other comprehensive income

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
2021				
Actuarial losses on liabilities	1,782	299	(1,720)	361
Actual return on Fund assets less Interest Income	(1,789)	(139)	(11,211)	(13,139)
Total remeasurement in Other Comprehensive Income	(7)	160	(12,931)	(12,778)
	SASS \$000	SANCS \$000	SSS \$000	Total \$000
2020				
Actuarial losses on liabilities	99	141	(7,964)	(7,724)
Actual return on Fund assets less Interest Income	87	4	749	840
Total remeasurement in Other Comprehensive Income	186	145	(7,215)	(6,884)

Note 19. Equity

	Note	2021 \$000	2020 \$000
Contributed equity		165,768	165,768
Asset revaluation reserve	19(a)	87,435	60,223
Retained earnings	19(b)	123,317	98,295
		376,520	324,286

Recognition and measurement

Contributed equity

Ordinary shares are classified as equity.

The *State Owned Corporations Act 1989* requires the Corporation to have two voting shareholding Ministers. Each shareholder must, at all times, have an equal number of shares in the Corporation. At 30 June 2021, the shares were held by the Treasurer (The Hon. Dominic Perrottet, MP) and the Minister for Finance and Small Business (The Hon. Damien Francis Tudehope, MP).

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements resulting from the revaluation of property, plant and equipment.

Notes to the financial statements continued

For the year ended 30 June 2021

Note 19. Equity continued

a) Movements in asset revaluation reserve

	Note	2021 \$000	2020 \$000
Balance at 1 July		60,223	60,089
Fair value revaluation of property, plant and equipment	10(c)	38,875	192
Income tax equivalent expense on revaluation of property, plant and equipment		(11,663)	(58)
Total other comprehensive income		27,212	134
Closing balance		87,435	60,223

b) Movements in retained earnings

	Note	2021 \$000	2020 \$000
Balance at 1 July		98,295	96,151
Net profit for the year		27,077	10,825
Superannuation actuarial gains	18(q)	12,778	6,884
Income tax equivalent expense on superannuation actuarial gains		(3,833)	(2,065)
Other comprehensive income		8,945	4,819
Transaction with owners in their capacity as owners			
Dividend declared	17	(11,000)	(13,500)
Closing balance		123,317	98,295

Note 20. Fair value measurement of non-financial assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques.

a) Fair value hierarchy

The Corporation classifies its non-financial assets into three levels prescribed under the accounting standard AASB 13 *Fair Value Measurement* per below:

	Note	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
At 30 June 2021					
Land and buildings including CIP	10(a)	—	—	339,068	339,068
Roadways and bridges including CIP	10(a)	—	—	13,389	13,389
Wharves, jetties and breakwaters including CIP	10(a)	—	—	48,262	48,262
Investment property (i)	12	—	8,000	—	8,000
Total		—	8,000	400,719	408,719

	Note	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
At 30 June 2020					
Land and buildings including CIP	10(a)	—	—	295,436	295,436
Roadways and bridges including CIP	10(a)	—	—	11,967	11,967
Wharves, jetties and breakwaters including CIP	10(a)	—	—	42,658	42,658
Investment property (i)	12	—	8,000	—	8,000
Total		—	8,000	350,061	358,061

Note 20. Fair value measurement of non-financial assets continued

i) Investment Property

The assets contributing to earning rental income and held for capital appreciation are recognised as investment property. The fair value of the investment property was revalued during the year and resulted in a loss of \$0.06 million (2020: \$0.4 million) recognised in profit or loss in this financial year (refer to note 5). Refer to note 12 for the movement reconciliation. Investment property is disclosed in the fair value hierarchy table above as level 2 as only observable inputs were used in the valuation. Details on the valuation basis and inputs used for the valuation are described in note 12.

There were no transfers between any levels in either year.

The Corporation uses the following hierarchy for disclosing the fair value of non-financial assets by valuation technique:

- **Level 1** – inputs are quoted prices in active markets for identical assets.
- **Level 2** – inputs are observable inputs, either directly or indirectly. Inputs are observable using market data. Adjustments to level 2 inputs include factors specific to the asset, including the condition, location or comparability of the asset.
- **Level 3** – inputs are unobservable inputs. If an observable input requires an adjustment using an unobservable input and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement is categorised within Level 3 of the fair value hierarchy.

For the recurring fair value measurements categorised within level 3, the reconciliation from opening to closing balances is disclosed in note 10(c) and (e).

b) Valuation techniques, inputs and process

For the non-financial assets classified as level 3 assets (land and buildings, roadways and bridges, wharves, jetties and breakwaters), details on the valuation basis, inputs used for the valuation and process are described in note 10(a).

c) Sensitivity analysis of key unobservable inputs in level 3 of the fair value hierarchy

i) Land

Land is measured using the market approach by reference to a number of industrial, port related use and special use zoned properties. Its measurement is categorised within level 3 of the fair value hierarchy as its fair value is derived by adjusting an observable market input using an unobservable input. The unobservable input is the application of a discount to the value of the land to reflect restrictions on the use of land due to its zoning and use for port purposes. The value of the land can be heavily discounted, with majority in the range from 45% to 80%. Any change in the discount rate applied impacts directly on the value of the land. A +/- 5% sensitivity of the discount rate would result in the carrying value of the land being varied by \$12.1 million (2020: \$10.6 million).

Buildings and infrastructure

Buildings and infrastructure assets are measured at the replacement cost of the asset's remaining future economic benefits. These measurements are categorised within level 3 of the fair value hierarchy as their fair values are derived from unobservable inputs.

Buildings

The fair value of the buildings will increase/decrease if the replacement costs increase/decrease. Replacement cost is derived from estimates of rate per square metre. Another major unobservable input is the estimate of remaining useful lives of the assets. Any change in the estimates of remaining useful lives impacts directly on the value of the buildings.

A +/- 5% sensitivity on the estimates of the remaining useful lives or estimates of rate per square metre would result in the carrying value of the buildings being varied by \$4.7 million (2020: \$4.6 million).

Infrastructure assets

Infrastructure assets include roadways and bridges, wharves, jetties and breakwaters. The fair value of the infrastructure assets will increase/decrease if the replacement costs increase/decrease. Replacement cost is derived from estimates of cost per unit times per metre. The other major unobservable input is the estimate of remaining useful lives of the assets. Any change in the estimates of remaining useful lives impacts directly on the value of the infrastructure assets.

A +/- 5% sensitivity on the estimates of the remaining useful lives and the estimate of cost per unit times per metre would result in the carrying value of:

- the roadways and bridges being varied by \$0.5 million (2020: \$0.5 million); and
- the wharves, jetties and breakwaters being varied by \$1.9 million (2020: \$2.2 million).

Notes to the financial statements continued

For the year ended 30 June 2021

Note 21. Financial risk management objectives and policies

The Corporation's principal financial instruments comprise cash, funds on deposit in the TCorpIM Cash Fund, receivables, payables and loans. These financial instruments arise directly from the Corporation's operations or are required to finance the Corporation's operations.

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

The Corporation manages its exposure to key financial risks, including interest rate, credit and liquidity risks in accordance with the Corporation's risk and treasury management policies. The objective of these policies is to support the delivery of the Corporation's financial targets whilst protecting future financial security. The Corporation has a Memorandum of Understanding (MOU) in place with TCorp to assist with the management of its debt portfolio. TCorp acts as an agent for the Corporation in accordance with the MOU.

The Corporation's Board is responsible for the establishment and oversight of risk management activities and reviews and agrees policies for managing each of these risks. The risk and treasury management policies are established to identify and analyse the risks faced by the Corporation, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Board on a continuous basis.

a) Financial instrument categories

	Note	Category	2021 \$000	2020 \$000
Financial assets				
Cash and cash equivalents	7	Not applicable	25,240	17,351
Trade and other receivables ¹		Debt instrument at amortised cost	12,081	14,702
Lease incentive receivable	8	Debt instrument at amortised cost	5,117	2,769
			42,438	34,822
Financial liabilities				
	Note	Category	2021 \$000	2020 \$000
Trade and other payables ¹		Financial liabilities measured at amortised cost	14,268	18,904
Lease liabilities	11	Financial liabilities measured at amortised cost	8,904	11,785
Borrowings	16	Financial liabilities measured at amortised cost	148,494	142,966
			171,666	173,655

1) Trade and other receivables exclude statutory receivables and prepayments. Trade and other payables exclude statutory payables and unearned income. Therefore, the amounts disclosed above will not reconcile with the statement of financial position.

b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Corporation's exposures to market risk are primarily through the price risks associated with the movement in the unit price of the TCorpIM Cash Fund. The Corporation has no material exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variables is outlined in the information below for interest rate risk and other price risk. A reasonably possible change in risk variables has been determined after taking into account the economic environment in which the Corporation operates and the time frame for the assessment (i.e., until the end of the next annual reporting period).

The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis was performed on the same basis for both years. The analysis assumes that all other variables remain constant.

i) Interest rate risk

Exposure to interest rate risk arises primarily through the Corporation's borrowings. The balance and composition of the portfolio is governed by a Corporation policy document which requires that the portfolio is appropriately structured to ensure it reflects the forecast borrowing and repayment profile. The policy also limits the type of instruments that can be obtained.

The Corporation did not account for any fixed rate loans at fair value through profit or loss or as available-for-sale. Therefore, for these loans, a change in interest rates would not affect profit or loss or equity.

A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis is reviewed annually and amended where there is a structural change in the level of interest rate volatility.

Note 21. Financial risk management objectives and policies continued

The Corporation's exposure to interest rate risk is set out below.

Financial assets	Carrying amount \$000	+1% (100 basis points)		-1% (100 basis points)	
		Post tax impact on profit \$000	Equity \$000	Post tax impact on profit \$000	Equity \$000
At 30 June 2021					
Cash and cash equivalents	25,240	177	177	(177)	(177)
Net exposure	25,240	177	177	(177)	(177)
At 30 June 2020					
Cash and cash equivalents	17,351	121	121	(121)	(121)
Net exposure	17,351	121	121	(121)	(121)

ii) Other price risk – TCorpIM Cash Fund

Exposure to 'other price risk' primarily arises through the investment in the TCorpIM Cash Fund, which is held for strategic rather than trading purposes. The Corporation has no direct equity investments. The Corporation holds units in the TCorpIM Cash Fund. The unit price of the fund is equal to the total fair value of the net assets held by the fund divided by the number of units on issue. Unit prices are calculated and published daily. In the fair value hierarchy, the TCorpIM Cash Fund is classified as Level 2 because prices are observable, however, no active market exists for these funds as they are only accessible to government agencies.

Facility	Investment sectors	Investment horizon	Note	2021 \$000	2020 \$000
TCorpIM Cash Fund	Cash, Money market instruments	Up to 1.5 years	7	24,722	16,608

TCorp is trustee for the above fund and is required to act in the best interest of the unit holders and to administer the trust in accordance with the trust deed. As trustee, TCorp has appointed external managers to manage the performance and risks of the fund in accordance with a mandate agreed by the parties. TCorp has also leveraged off internal expertise to manage certain fixed income assets for the TCorpIM funds. A significant portion of the administration of the funds is outsourced to an external custodian.

TCorp has adopted a new approach of applying a flat 10% sensitivity across all funds, including the above fund, which is consistent with best market practice for investment funds. The fund is designated at fair value through profit or loss and therefore any change in unit price impacts directly on net results. A reasonably possible change is based on the percentage change in unit price, as advised by TCorp, multiplied by the redemption value at 30 June each year for each fund.

	Change in unit price	Post tax impact on profit Higher/(Lower)	
		2021 \$000	2020 \$000
TCorpIM Cash Fund	+/-10%	1,730	1,163

c) Credit risk

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

Credit risk arises from the financial assets of the Corporation, which comprise of cash, trade and other receivables. The Corporation has not granted any financial guarantees.

The Corporation considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Corporation may also consider a financial asset to be in default when internal or external information indicates that the Corporation is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Corporation. The Corporation did not identify a significant increase in credit risk amid the COVID-19 pandemic.

Notes to the financial statements continued

For the year ended 30 June 2021

Note 21. Financial risk management objectives and policies continued

d) Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its payment obligations when they fall due. The Corporation continuously manages liquidity risk through monitoring future cash flows and maturities planning to ensure an adequate holding of high-quality liquid assets. The aim of liquidity risk management is to ensure that the Corporation has sufficient funds available to meet its obligations both on a day-to-day basis and in the longer term. That is, its aim is to ensure that new funding and refinancing can be obtained when required. Provided that these aims are met, the policy also aims to minimise net finance costs.

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

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced at reporting date. Amounts owing to suppliers (which are unsecured) are settled in accordance with trade terms. If trade terms are not specified, payment is made within 28 days of recognition.

The maturity profile is based on the remaining contractual maturity period at the reporting date. The nominal amounts are the contractual undiscounted cash flows (including both interest and principal cash flows) of each class of financial liabilities and therefore will not reconcile to the statement of financial position.

The following table summarises the maturity profile of the Corporation's financial liabilities, together with the interest rate exposure.

At 30 June 2021	Interest rate exposure					
	Weighted average effective interest rate	Carrying Value \$000	Nominal amount \$000	Fixed interest rate \$000	Variable interest rate \$000	Non-interest bearing \$000
Financial liabilities						
Trade and other payables	N/A	14,268	14,268	—	—	14,268
Lease liabilities	3.02%	8,904	9,679	8,904	—	—
Interest bearing liabilities	3.85% ¹	148,494	172,528	148,494	—	—
		171,666	196,475	157,398	—	14,268

1) The interest rate is inclusive of an average government guarantee fee of 1.08% (2020: 1.09%) on borrowings from TCorp.

At 30 June 2021	Contractual Maturity Dates		
	< 1 year \$000	1-5 years \$000	> 5 years \$000
Financial liabilities			
Trade and other payables	14,268	—	—
Lease liabilities	3,099	5,943	637
Interest bearing liabilities	16,912	65,168	90,448
	34,279	71,111	91,085

At 30 June 2020	Interest rate exposure					
	Weighted average effective interest rate	Carrying Value \$000	Nominal amount \$000	Fixed interest rate \$000	Variable interest rate \$000	Non-interest bearing \$000
Financial liabilities						
Trade and other payables	N/A	18,904	18,904	—	—	18,904
Lease liabilities	3.21%	11,785	12,913	11,785	—	—
Interest bearing liabilities	3.95%	142,966	168,077	142,966	—	—
		173,655	199,894	154,751	—	18,904

Note 21. Financial risk management objectives and policies continued

At 30 June 2020	Contractual Maturity Dates		
	< 1 year \$000	1-5 years \$000	> 5 years \$000
Financial liabilities			
Trade and other payables	18,904	—	—
Lease liabilities	3,199	8,487	1,227
Interest bearing liabilities	16,859	61,240	89,978
	38,962	69,727	91,205

e) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the TCorpIM Cash Fund, which is measured at fair value. The value of the TCorpIM Cash Fund is based on the Corporation's share of the market value of the underlying assets of the facility.

Except where specified below, the amortised cost of financial instruments recognised in the statement of the financial position approximates the fair value because of the short-term nature of many of the financial instruments.

The following table details the financial instruments where the fair value differs from the carrying amount:

	2021 \$000 Carrying amount	2021 \$000 Fair value	2020 \$000 Carrying amount	2020 \$000 Fair value
Financial liabilities				
NSW TCorp borrowings	148,494	159,299	142,966	157,796

The fair values have been calculated by discounting the expected future cash flows at prevailing market rates varying from 0.096% to 1.870% (2020: from 0.363% to 1.402%).

f) Fair value recognised in the statement of financial position

The Corporation uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

- **Level 1** – Derived from quoted prices in active markets for identical assets/ liabilities.
- **Level 2** – Derived from inputs other than quoted prices that are observable directly or indirectly.
- **Level 3** – Derived from valuation techniques that include inputs for the asset/ liability not based on observable market data (unobservable input).

The fair values of the financial instruments as well as the method used to estimate the fair value are summarised in the table below.

Financial assets at fair value		Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
TCorpIM Cash Fund	2021	—	24,722	—	24,722
TCorpIM Cash Fund	2020	—	16,608	—	16,608

No financial liabilities were measured at fair value in the statement of financial position at 30 June 2021 and 30 June 2020.

There were no transfers between Level 1 and 2 during the year.

g) Capital management

The Corporation manages its capital to ensure it will be able to continue as a going concern, while maximising the return to stakeholders through optimisation of the debt and equity balance.

The Board reviews and agrees policies for managing the capital structure when considering each major project investment and following consultation with NSW Treasury in-line with *Capital Structure Policy for Government Business* (TPP16-03). In order to maintain or adjust the capital structure, the Corporation may adjust the amount of dividends paid to shareholders.

The gearing ratios at 30 June 2021 and 30 June 2020 were as follows:

Gearing ratio	Note	2021 \$000	2020 \$000
Total debt	16	157,398	154,751
Total debt and total equity		533,918	479,037
Gearing ratio		29.48%	32.30%

Notes to the financial statements continued

For the year ended 30 June 2021

Note 22. Commitments

a) Capital expenditure commitments

Forward obligations under major contracts committed at 30 June 2021 but not otherwise brought to account have been assessed at \$44.2 million including GST (2020: \$10.8 million). The \$44.2 million includes GST input tax credits of \$4.0 million that are expected to be recoverable from the Australian Taxation Office (ATO).

Capital commitments contracted at balance date, for the Corporation, are as follows:

	2021 \$000	2020 \$000
Not later than one year	22,257	10,818
Later than one and not later than five years	21,937	13
Total including GST	44,194	10,831

b) Operating lease commitments – as lessor

The future minimum lease receivable under non-cancellable operating leases as at the statement of financial position date not recognised in the financial statements are receivable as follows:

Receivable	2021 \$000	2020 \$000
Not later than one year	20,267	12,643
Later than one and not later than five years	57,765	37,018
Later than five years	62,079	51,224
Total including GST	140,111	100,885

The above total includes GST output tax of \$12.7 million (2020: \$9.2 million) that is expected to be paid to the ATO. These lease receivables relate to property leases with remaining terms of between 1 and 18 years.

Leasing arrangements

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

c) Operating lease commitments – as lessee

The future minimum lease payments under non-cancellable operating leases as at the statement of financial position date not recognised in the financial statements are payable as follows:

Payable	2021 \$000	2020 \$000
Not later than one year	17	1
Later than one and not later than five years	14	2
Later than five years	9	6
Total including GST	40	9

The above total includes GST input tax credits of \$0.004 million (2020: \$0.001 million) that are expected to be recoverable from the ATO. The expenditure commitment relates to either low value or short-term rental of land and IT equipment.

Note 23. Contingencies

Contingent liabilities

The Corporation has identified an incorrect interpretation of the leave taken on a public holiday under the *Fair Work Act 2009 (Cth.) (FW Act)* and the *Long Service Leave Act 1955 (NSW)*. This issue impacts staff under the Enterprise Agreement that were rostered to work on a public holiday but took leave instead. The FW Act provides that the leave taken should be recognised as public holiday leave. This update will result in the correction of leave balances processed for current employees from the commencement of employment and a payment to staff who have left the Corporation within the last 6 years. A \$1.0 million adjustment to account for the last 6 years for both existing and employees who have left the employment of the Corporation has been reflected in the financial year ended 30 June 2021. The Corporation is still conducting an internal review on the historical adjustment for all existing impacted employees dating back to each one's commencement date with the Corporation and is not able to reliably estimate the entire amount of the issue. Accordingly, a provision has not been recognised.

The Corporation is subject to various actual and pending business claims arising from normal business operations. It has regular reviews, including updates from internal and external legal counsel, to assess the requirement for the accounting recognition and disclosure of these contingencies. At the date of this report, apart from the matters disclosed in this note, the Corporation is not aware of any circumstance that is considered not remote or able to be reliably measured.

Contingent assets

The Corporation has a business interruption claim with its insurer due to the impacts from the COVID-19 pandemic. The Corporation has received \$52.0 million (2020: \$5.0 million) during the financial year. With the extension of the Federal Government cruise ban, the business interruption claim is expected to continue in the following financial year but will end on 20 March 2022 based on 24 months indemnity period with claims commenced from 20 March 2020. The Corporation is not able to reliably estimate the amount of any future insurance recovery payments. Accordingly, no contingent asset has been recognised as it cannot be quantified.

Note 24. Consultancy fees

Consultancy fees refer to fees paid to a consultant in relation to services engaged under contract on a temporary basis to provide recommendations or high-level specialist or professional advice to assist decision-making by management.

Total fees paid and payable to consultants during the year was nil (2020: \$63,000).

Note 25. Related party disclosures

Ultimate parent

The New South Wales Government is the ultimate parent of the Corporation.

a) Key management personnel

The Corporation defines key management personnel as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly. They include the Corporation's board members, portfolio ministers or equivalent, shareholding ministers, the chief executive and the executive team.

Compensation for key management personnel

Benefit	2021 \$000	2020 \$000
Short term employee benefits	3,684	3,225
Post-employment benefits	284	184
Other long-term benefits	—	34
Termination benefits	635	447
Total	4,603	3,890

The Corporation did not make bonus payment in September 2020 or applied salary increase to key management personnel (KMP) during the financial year. Total compensation paid to KMP increased as compared to prior year because the Corporation has recognised the full year impact of a permanent KMP team against acting or transitional KMP recruitment in 2020.

Directors' remuneration includes emoluments and other benefits paid, or due and payable, to Directors. Included in the above is the Directors' remuneration \$0.3 million (2020: \$0.3 million).

During the year the Corporation did not enter into any disclosable transactions with key management personnel, their close family members and controlled and jointly controlled entities thereof.

Notes to the financial statements continued

For the year ended 30 June 2021

Note 25. Related party disclosures continued

b) NSW Government-related entities

During the year, the Corporation entered into transactions with NSW Government related entities that are controlled, jointly controlled, or significantly influenced by NSW Government. These transactions in aggregate are a significant portion of the Corporation financial results. They are all arm's length transactions in the ordinary course of the business of the Corporation.

The following arm's length transactions have been identified as individually significant for disclosure in the financial statements.

Related Entity	Note	Transaction	Transaction Value ¹	
			2021 \$000	2020 \$000
Transport for NSW	4	Expense for channel fee	4,852	7,216
		Mainly rental income for various leases	2,919	1,931
Sydney Metro		Rental income for various leases	3,938	923
TCorp		Interest expenses	4,131	4,112
Insurance and Care NSW	3	Business interruption claims	52,000	5,000
NSW Treasury		Government guarantee fees	1,607	1,564

1) Transaction value excludes GST.

Related Entity	Note	Transaction	Outstanding balance	
			2021 \$000	2020 \$000
TCorp	16(a)	Interest-bearing liabilities	148,494	142,966
		Accrued interest	1,371	1,361
NSW Treasury		Government guarantee fee payable	1,607	1,564
Transport for NSW		Channel fee payable	2,209	1,421

Note 26. Events after the reporting period

Management is not aware of any other significant events occurring after the balance sheet date requiring disclosure.

Independent auditor's report

For the year ended 30 June 2021



INDEPENDENT AUDITOR'S REPORT

Newcastle Port Corporation (trading as Port Authority of New South Wales)

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Newcastle Port Corporation (trading as Port Authority of New South Wales) (the Corporation), which comprise the Director's Declaration, the Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Corporation's financial position, financial performance and cash flows

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Corporation in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

Independent auditor's report continued

For the year ended 30 June 2021

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements for the year ended 30 June 2021. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, I do not provide a separate opinion on these matters.

Key Audit Matter	How my audit addressed the matter
<p>Impairment of property, plant and equipment</p> <p>At 30 June 2021, the Corporation's Statement of Financial Position reported \$478 million in property, plant and equipment (PPE). This is measured at fair value using the market and cost approach valuation techniques less any impairment.</p> <p>The Corporation calculates the PPE's 'value in use' to measure the extent of any impairment loss. The 'value in use' is based on a discounted cash flow (DCF) model.</p> <p>I considered this to be a key audit matter because:</p> <ul style="list-style-type: none"> • PPE is financially significant to the Statement of Financial Position • the DCF model used for impairment assessment is complex and involves significant judgements and assumptions • changes in assumptions, such as the discount rate, terminal value, demand growth expectations, price and cost assumptions, can significantly affect the carrying value of PPE. <p>Further information on the valuation techniques, inputs and sensitivity for PPE is disclosed in Note 10.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> • obtaining an understanding of management's approach to assessing impairment of PPE • reviewing whether the DCF model incorporated all key assumptions and inputs relevant to assessing impairment of PPE and met the requirements of Australian Accounting Standards • reviewing the reasonableness of the key assumptions and sensitivity of the conclusions to changes in the assumptions • reviewing the calculation in the DCF model.
<p>Valuation of defined benefits superannuation liabilities</p> <p>At 30 June 2021, the Corporation's Statement of Financial Position reported defined benefit superannuation liabilities totalling \$2.9 million.</p> <p>This liability balance is provided to the Corporation by the Administrator of the SAS Trustee, based on an independent actuarial assessment.</p> <p>I considered this to be a key audit matter because:</p> <ul style="list-style-type: none"> • the movement in the defined benefit superannuation liability during the financial year is significant • the underlying liability valuation model is complex due to the significant degree of judgement required to determine key assumptions used to value the liability • the total value of the liability is sensitive to minor changes in assumptions. <p>Further information on the significant actuarial assumptions and sensitivity analysis is disclosed in Note 18.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> • obtaining an understanding of the processes and key controls in place supporting the: <ul style="list-style-type: none"> – membership data used in the model – defined benefit superannuation liability calculation • assessing the completeness and accuracy of the membership data used in the model • with the assistance of actuarial experts, reviewing the methodology and key assumptions for reasonableness • assessing the qualifications, competence and objectivity of actuarial experts • evaluating the adequacy of financial statement disclosures against the requirements of applicable Australian Accounting Standards.

The Director's Responsibilities for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulations and the *State Owned Corporations Act 1989*. The Directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Corporation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar6.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Corporation carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements



Lawrissa Chan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

7 September 2021
SYDNEY

Statement of land holdings

For the year ended 30 June 2021

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

Corporation	2021 \$000
Land and buildings	
Land	235,060
Buildings	99,013
Total land and buildings	334,073
Other	
Roadways and bridges	13,281
Wharves, jetties and breakwaters	37,981
Plant	73,861
Construction in progress	18,555
Total other	143,678
Total property, plant and equipment	477,751



Marine Pilot boarding a vessel in Port Kembla © Luc Rémond

Statutory disclosures

Charter, aims and objectives

Newcastle Port Corporation was constituted under section 6 of the *Ports and Maritime Administration Act 1995* (NSW) (PAMA Act) and adopted the trading name Port Authority of New South Wales (Port Authority) in July 2014.

Port Authority's principal objectives are set out in section 9 of the PAMA Act and are:

- to be a successful business and to this end:
 - operate at least as efficiently as any comparable business
 - maximise the net worth of the State's investment in the port corporation
 - exhibit a sense of social responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate those interests when able to do so
- to promote and facilitate trade through its port facilities
- to ensure that its port safety functions are carried out properly
- to promote and facilitate a competitive commercial environment in port operations, and
- to improve productivity and efficiency in its ports and the port-related supply chain.

Port Authority's principal functions are set out in section 10 of the PAMA Act and are to:

- establish, manage and operate port facilities and services in its ports
- exercise the port safety functions for which it is licenced in accordance with its operating licence
- facilitate and co-ordinate improvements in the efficiency of the port-related supply chain.

Guarantee of service: Port Safety Operating Licence

Under section 12(2) of the PAMA Act, the NSW Government has granted a Port Safety Operating Licence (PSOL) to Port Authority.

The PSOL is issued by the Minister for Transport and Roads, and requires Port Authority to carry out port safety functions which include:

- monitoring of channel and berth depths
- administering regulations concerning dangerous goods
- operation of navigation aids
- pilotage and exemptions from pilotage
- port communications
- emergency response
- investigations of oil and chemical spills
- vessel arrival systems
- maintaining a towage licence system for the ports of Botany Bay, Sydney Harbour, Newcastle, Port Kembla and Eden.

The PSOL is for a five-year term (which commenced 19 December 2018 and remains in force until 31 December 2023) and provides for a port-specific quality assurance system, including the requirement to maintain risk-profiles specific to each port which are used to determine the frequency of inspections and monitoring of port safety functions.

The PSOL also requires Port Authority to maintain authorisation as a Vessel Traffic Service (VTS) Authority in the ports of Sydney Harbour and Port Botany and achieve authorisation as a VTS Authority in the ports of Newcastle and Port Kembla during the term of the PSOL.

Under the PSOL, the various port operations exercise and manage port safety functions within the port limits. For the Sydney port operation, this encompasses the port areas of Sydney Harbour and Botany Bay. The Newcastle port operation exercises the port safety functions within Newcastle Harbour and Yamba, whilst the Port Kembla port operation exercises port safety functions within Port Kembla and Port of Eden. All performance standards of the PSOL were complied with in 2020/21.

Relevant legislation

Port Authority is a statutory state-owned corporation established under the *State Owned Corporations Act 1989* (NSW) and PAMA Act and operates in accordance with those Acts and associated regulations.

Other significant legislation (and associated regulations) affecting Port Authority include:

- Biosecurity Act 2015 (Cth)
- Environmental Planning and Assessment Act 1979 (NSW) (through Part 5 of the Act and the State Environmental Planning Policy [Major Development] 2005)
- Government Sector Finance Act 2018 (NSW)
- Marine Safety Act 1998 (NSW)
- Marine Pollution Act 2012 (NSW)
- Maritime Transport and Offshore Facilities Security Act 2003 (Cth)
- Ports Assets (Authorised Transactions) Act 2012 (NSW)
- Protection of the Environment Operations Act 1997 (NSW)
- Work Health and Safety Act 2011 (NSW)
- Government Sector Finance Regulations 2018
- Public Authorities (Financial Arrangements) Act
- Fair Work Act 2009.

Port Authority is also subject to a wide variety of other legislation that provides rights to, and imposes obligations on, state owned corporations. These rights and obligations affect Port Authority's governance processes and its commercial and operational activities.

Changes in Acts and subordinate legislation

The *Marine Pollution Act 2012* (NSW) is the NSW legislation giving effect to the International Convention for the Prevention of Pollution from Ships (known as MARPOL) and applies from the low water mark on the coast to three nautical miles out to sea. Beyond three nautical miles, the Commonwealth's *Protection of the Sea (Prevention of Pollution from Ships) Act 1983* (Cth) and the *Navigation Act 2012* (Cth) apply to give effect to MARPOL in Commonwealth waters.

Port Authority formed part of the working group recommending amendments to the *Marine Pollution Act*. The *Marine Pollution Amendment (Review) Act 2021* (NSW) commenced on 26 March 2021, and amends the Marine Pollution Act to:

- i. ensure harmonisation with the MARPOL convention, Commonwealth legislation and the marine pollution legislation of other states, where appropriate
- ii. extend the coverage of the *Marine Pollution Act* to all categories of vessels (previously recreational vessels were excluded) and all state waters
- iii. introduce an offence for a vessel to have defective sewage pollution prevention equipment or to alter or modify any equipment in a way that enables illegal discharges of sewage, and
- iv. reintroduce an ability to issue a notice to derelict or out of commission vessels to remove marine pollutants.

The Australian Government extended the human biosecurity emergency period under the *Biosecurity Act 2015* (Cth) to September 2021. The emergency period has been in place since 18 March 2020 in response to the global COVID-19 pandemic to protect public health and prevent the spread of infectious disease. The declaration that a human biosecurity emergency exists gives powers to the Australian Government Minister for Health to issue directions to combat the outbreak of COVID-19.

The Biosecurity (Human Biosecurity Emergency) (Human Coronavirus with Pandemic Potential) (Emergency Requirements for Cruise Ships) Determination 2020 (Cth) commenced on 18 March 2020 and imposed restrictions on the entry of cruise ships into Australian territory and Australian ports. This determination remains in force following the extension of the human biosecurity emergency period.

The NSW Government made seven public health orders in response to COVID-19 imposing quarantine requirements on persons arriving in NSW on vessels that had come from a port outside of NSW. The most recent, being *Public Health (COVID-19 Maritime Quarantine) Order 2021 (No 2)*, commenced on 7 June 2021.

The NSW Government made a significant number of additional public health orders imposing restrictions on gatherings and movement of people, including directions in relation to requirements for employees to work from home unless it was not possible for them to do so.

Port Authority was designated the port operator for the Port of Port Kembla under the *Maritime Transport and Offshore Facilities Security Act 2003* (Cth) (MTOFSA).

Under section 13(1) of MTOFSA, the Secretary of the Department of Home Affairs revoked previous declarations and made new declarations declaring areas within the Port of Sydney Harbour and the Port of Port Kembla to be security regulated ports.

Economic or other factors affecting achievement of operational objectives

The Corporation continues to be impacted by Federal and State Government COVID-19 restrictions with the temporary ban on the entry of cruise ships due to the pandemic continuing in 2020/21, which has impacted Port Authority achieving its operational objectives for 2020/21.

Performance relative to the Statement of Corporate Intent

Port Authority’s financial performance for the reporting period was favourable compared to the key targets set in its 2020/21 Statement of Corporate Intent.

The variances in 2020/21 are due to the multiple impacts of Federal and State Government restrictions including the Federal Governments temporary ban on the entry of cruise and the consequential impact on retail tenants at the Overseas Passenger Terminal and the White Bay Cruise Terminal.

In effect, a full cruise ban during the peak cruise season has resulted in the business interruption insurance payment offsetting the losses from the budgeted activity, which was assumed to be domestic only and limited.

Earnings before interest, taxes, depreciation, and amortisation (EBITDA) for the year were \$59.1 million compared with a budget of \$27.3 million.

Exemptions for the reporting period provisions

Section 41B(1)(c)(va) of the *Public Finance and Audit Act 1983* (NSW) (ARSBA) and the Annual Reports (Statutory Bodies) Regulation 2015 (ARSBR) require a statutory body to include in its annual report statements of all exemptions, omissions, modifications and variations from reporting provisions which have been granted by the Treasurer which apply to the statutory body.

As a statutory body in competition, the Corporation is exempt from some areas of the ARSBA, the ARSBR, the Public Finance and Audit Regulation 2015 (PF&AR) and the Public Finance and Audit (General) Regulation 1995.

Reporting exemptions

Exemptions	Legislative source of requirements
Budgets: outline and details	Clause 7 ARSBR
Research and Development	Schedule 1 ARSBR
Human Resources	Schedule 1 ARSBR
Land Disposal	Schedule 1 ARSBR
Payment of Accounts	Schedule 1 ARSBR and Clause 13 PF&AR
Time for Payment of Accounts	Schedule 1 ARSBR and Clause 13 PF&AR

Exemptions that require reporting in a summarised form

Requirements	Legislative source of requirements
Summary Review of Operations	Clause 7 section 7(1)(a)(iv) ARSBA and Schedule 1 ARSBR
Management and Activities	Schedule 1 ARSBR
Consultants	Schedule 1 ARSBR
Consumer Response	Schedule 1 ARSBR
Disclosure of Controlled Entities	Schedule 1 ARSBR
Report on Risk Management and Insurance Activities	Schedule 1 ARSBR

These exemptions, omissions, modifications and variations have been approved by NSW Treasury and are based on, amongst other things, commercial sensitivities.

There have otherwise been no exemptions, omissions, modifications or variations for the reporting period.

Response to significant issues raised by the Auditor General

There were no significant issues raised by the Auditor General in the 2019/20 financial year audit. Port Authority of New South Wales’ response to any significant issues raised by the Auditor General in the 2020/21 financial year audit will be included in the 2021/22 Annual Report.

Statutory disclosures continued

Government Information (Public Access) Act 2009

Port Authority is required to report annually on its obligations under the *Government Information (Public Access) Act 2009* (NSW) (the Act). The following information is required to be reported under the Act for the period 1 July 2020 to 30 June 2021.

During the reporting period, Port Authority received 11 formal access applications. One application was transferred to another agency (Bayside Council) and 2 remain in progress as of 30 June 2021.

Therefore, Port Authority decided 8 applications during the year, a 50% decrease from 2019-20 (19 applications). The applications received were, however, significantly more complex than those received in the previous year. Port Authority was also consulted by other agencies on 3 applications.

Port Authority refused to deal with 1 application (in part) as the information sought was determined to be an unreasonable and substantial diversion of the agency's resource under s60[1]a of the Act.

One application was referred by the applicant to the Information & Privacy Commission (IPC) for review; the IPC recommended that the decision be reviewed by Port Authority. A subsequent internal review upheld the decision to only release some of the information sought on the basis that the remainder was not in the public interest to release.

The following tables include statistics as required by Schedule 2 of the *Government Information (Public Access) Amendment Regulation 2010*.

Table A: Number of applications by type of applicant and outcome¹

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	0	1	0	2	1	1	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	1	1	0	0	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	1	1	0	0	0	0	0	0
Members of the public (other)	1	1	0	0	0	0	0	0

1) More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

Table B: Number of applications by type of application and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications ¹	0	0	0	0	0	0	0	0
Access applications (other than personal information)	3	3	0	1	1	1	0	0
Access applications partly personal information and partly other	0	1	0	0	0	0	0	0

1) A 'personal information application' is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

Table C: Invalid applications

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	1
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	1
Invalid applications that subsequently became valid applications	1

Table D: Conclusive presumption of overriding public interest against disclosure.

Matters listed in Schedule 1 of the Act	Number of times consideration used ¹
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

1) More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

Table E: Other public interest considerations against disclosure.

Matters listed in section 14 of the Act	Number of occasions when application not successful
Responsible and effective government	0
Law enforcement and security	0
Individual rights, judicial processes and natural justice	0
Business interests of agencies and other persons	0
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

	Decision varied	Decision upheld	Total
Internal review	0	0	0
Review by Information Commissioner ¹	0	0	0
Internal review following recommendation under section 93 of the Act	0	1	1
Review by Administrative Decisions Tribunal	0	0	0
Total	0	1	1

1) The Information Commissioner does not have the authority to vary decisions but can make recommendation to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made.

Statutory disclosures continued

Table F: Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	5
Decided after 35 days (by agreement with applicant)	1
Not decided within time (deemed refusal)	2
Total	8

Table H: Applications for review under Part 5 of the Act (by type of applicant)

	Number of applications for review
Applications by access applicants	1
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

Table I: Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)

	Number of applications transferred
Agency-initiated transfers	1
Applicant-initiated transfers	0

Public interest disclosures

Under section 6D of the Public Interest Disclosures Act 1994 (NSW), public authorities are required to have a policy and procedures for receiving, assessing and dealing with public interest disclosures (PIDs). Pursuant to Clause 4 of the Public Interest Disclosures Regulation 2011 (NSW), the information below must be included in a public authority's Annual Report.

Public interest disclosures: 1 July 2020– 30 June 2021

Number of public officials who made PIDs	0
Number of PIDs received	0
Number of PIDs received primarily about:	
Corrupt conduct	0
Maladministration	0
Serious and substantial waste	0
Government information contravention	0

- provide an evaluation of the adequacy of existing controls over risks
- foster and encourage a risk-aware culture where risk management is embedded across all operations and seen as a positive attribute of decision-making rather than a corrective measure.

Port Authority's Enterprise Risk Management Framework with oversight and reporting to the Audit and Risk Committee includes the following:

- Risk Appetite Statement (including tolerances established by the Board)
- Risk Management Policy
- Risk Management Procedure
- Strategic, Operational and Project Risk Registers
- Compliance Policy
- Compliance Register
- Rolling three-year internal audit plan.

Risk management

Port Authority has adopted an enterprise-wide and integrated risk-management approach consistent with the Australian/New Zealand Standard of Risk Management (AS/NZS/ISO 31000:2009).

Risks are considered and assessed at different levels within the organisation, across functions and activities. All risk assessments, including the risk identification, controls, likelihood, consequence, and controlled risk rating are documented consistently across Port Authority.

The Port Authority of New South Wales ('Port Authority') Enterprise Risk Management Framework outlines Port Authority's approach to managing risk throughout the organisation. It aims to:

- support effective decision-making and achievement of organisational goals
- ensure compliance with regulatory requirements
- ensure a consistent and effective approach to risk management while allowing innovation and development
- assist in identifying opportunities and strategies to improve the management of key risks

Insurance activities

Port Authority holds insurance policies with iCare (the NSW Government insurance provider) for Port Authority's general insurance: Motor Vehicle, Property and Assets, Public Liability, Worker's Compensation and Miscellaneous.

Port Authority also holds additional cover with TTClub, which specialises in international transport and logistics (including Marine) in the form of Landlord Port Authorities insurance, and additional Directors' and Officers' Liability Coverage (D&O Cover) through Marsh Pty Ltd.

At the end of FY2020-2021 following an update to TMF's Statement of Cover that addressed the gaps identified in TMF's D&O cover, Port Authority terminated the additional D&O Cover insurance and placed its D&O Cover reliance solely with the NSW Government insurance provider, iCare.

Port Authority holds insurance coverage for Group Life and Group Salary Continuance. Previously this was held with Marsh Pty Ltd and was transferred at the end of FY2020-2021 to Howden Insurance Brokers (Australia) Pty Ltd.

Insurance activities include notifying insurers as new projects are initiated (to ensure coverage is maintained) and briefing the Audit and Risk Committee and Board on significant incidents and claims.

Annually, Port Authority reviews and confirms that appropriate insurance coverage is held and that all relevant assets and liabilities are included. That review, and renewal of insurance, is referred to the Audit and Risk Committee and approved by the Port Authority Board.

Land disposal

Port Authority did not dispose of any land assets of value greater than \$5 million during the period 1 July 2020 to 30 June 2021.

Corporate governance

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

The Board of Port Authority is responsible for overall corporate governance of the Corporation and has adopted corporate governance practices and procedures that are appropriate to manage Port Authority in the best interests of the Voting Shareholders and other stakeholders.

Port Authority complies with the recommendations in the *NSW Treasury Guidelines for Governing Boards of Government Businesses*. This report outlines Port Authority's governance practices during 2020/21.

Role of the Board

The Board is responsible for overseeing the business and commercial affairs of Port Authority including:

- approving business and financial strategy
- approving the business and financial objectives
- monitoring business and financial performance
- reviewing performance and remuneration of executive management
- reviewing the risk management and internal control framework
- recommending to the Portfolio Minister the appointment and removal of the Chief Executive Officer
- reviewing any reporting to voting shareholders.

The Chief Executive Officer is responsible for the day-to-day management of the operation of Port Authority in accordance with the general policies and specific directions of the Board. It is the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

The Board's role and responsibilities to each key stakeholder are set out in *Port Authority's Board Charter* in the Corporate Governance section of the [Port Authority website](#).

Board composition

Under the *State Owned Corporations Act 1989* (NSW), the Port Authority Board is required to have a minimum of three and a maximum of seven Directors.

The Voting Shareholders appoint the Chair, who for the year to 30 June 2021 was Robert Dunn. Robert was an independent Director and his role was clearly separated from the role of the Chief Executive Officer, Philip Holliday. Robert was appointed as Chair of the Port Authority Board effective 1 August 2018.

He was previously a Director of Sydney Ports Corporation, prior to its amalgamation with Newcastle Port Corporation on 1 July 2014 to form Port Authority. The Chair is responsible for leading the Board and facilitating its effective functioning.

Board committees

To assist the Board in discharging its functions and to allow a more detailed analysis of the specialised areas of finance, risk, audit, remuneration, human resources and governance, the following committees were operational during 2020/21:

- Audit and Risk Committee
- People and Culture Committee
- Nominations Committee.

Each committee has a clear charter setting out its roles, responsibilities and delegated authority from the Board. The Board Charter and all Board Committee Charters are reviewed on a regular basis and updated to remain relevant to the Corporation.

Audit and Risk Committee

The Chair of the Audit and Risk Committee on 30 June 2021 was Matthew Irwin, an independent non-executive Director (not Chair of the Board). Other members of the Committee on 30 June 2021 were Robert Dunn, David Marchant, and Kirsten Molloy, who were each independent, non-executive Directors.

The Audit and Risk Committee was established by the Port Authority Board on 1 July 2014. Each member of the Committee is financially literate and has knowledge of the business.

Matthew Irwin and Robert Dunn have qualifications and experience in accounting. The Board considers the mix of skills and experience on the Audit and Risk Committee appropriate to meet the responsibilities of its Charter.

The Committee is responsible for oversight and review of:

- financial control and reporting
- risk management
- debt structure and debt instruments
- business ethics, policies and practices
- accounting policies
- internal controls
- compliance with applicable laws and regulations
- business continuity planning
- integrity and performance of the internal audit function, including appointing the internal auditor
- external auditor's audits, management letters and management's responses.

The Committee provides a forum for communication between the Board, senior management and both the internal and external auditors.

The Committee met five times during 2020/21. A copy of the Audit and Risk Committee Charter is available in the Corporate Governance section of the [Port Authority website](#).

Statutory disclosures continued

People and Culture Committee

The Chair of the People and Culture Committee on 30 June 2021 was Zorana Bull, an independent non-executive Director (not Chair of the Board). The other members of the Committee on 30 June 2021 were Robert Dunn, Kirsten Molloy and Andrew Scipione, also independent, non-executive Directors.

During the year to 30 June 2021, the Committee did not have the required level of membership to operate from the period of 1 July 2020 to 26 May 2021 while three Board vacancies were being recruited for and filled. During that period, the duties of the Committee were undertaken by the full Board.

The People and Culture Committee was established by the Port Authority Board on 1 July 2014. The Committee is responsible for assisting the Board in fulfilling its corporate governance responsibilities regarding:

- overall remuneration strategy and remuneration policies for the Chief Executive Officer and Executive Management
- performance of the Chief Executive Officer and Executive Management
- employment terms and conditions of the Chief Executive Officer and Executive Management
- human resources (HR) management practices including succession planning, talent development and employee engagement
- diversity and culture programs
- workplace relations and industrial relations issues.

During 2020/21, the People and Culture Committee reviewed the performance of the Chief Executive Officer and Executive Management, executive salaries and HR management (including workforce planning, HR metrics and enterprise bargaining agreement updates).

The full Board undertook work to consider and approve the Corporate Goals for 2020/21, and review and evaluate the performance of the Chief Executive Officer and the executive management team against agreed performance goals for the 2019/20 year.

The Committee met once during 2020/21. A copy of the People and Culture Committee Charter is available in the in the Corporate Governance section of the [Port Authority website](#).

Nominations Committee

The Chair of the Nominations Committee on 30 June 2021 was Robert Dunn. Robert is an independent non-executive Director and Chair of the Board. Other members of the Committee on 30 June 2021 were Zorana Bull and Matthew Irwin, who were each independent, non-executive Directors.

The Nominations Committee was established by the Port Authority Board on 1 July 2014.

The Committee meets on an as-required basis and is responsible for assisting the Port Authority Board in fulfilling its corporate governance responsibilities regarding Board composition.

This includes assessing the necessary and desirable skills and experience of Directors; ensuring Directors have the appropriate mix of competencies and identifying skills and experience to fill those gaps; and overseeing the induction and continuing education of Directors.

The Committee did not meet during 2020/21. A copy of the Nominations Committee Charter is available in the Corporate Governance section of the [Port Authority website](#).

Code of Conduct and Supplier Code of Conduct

Port Authority's Code of Conduct outlines ethics and acceptable standards of professional behaviour expected of all directors and employees. Port Authority's Supplier Code of Conduct outlines general business ethics and acceptable standards of behaviour expected of Port Authority's contractors, suppliers and subcontractors.

The Codes cover personal and professional behaviour, fraud and corruption responsibilities including policies on accepting of gifts and benefits, ethics and conflicts of interest requirements.

Business unit managers provide a quarterly response that they have undertaken a review of the fraud and corruption plan and a review of the controls in place, and that the controls remain current and relevant. The business unit managers also provide written confirmation that they are not aware of any matters within their team that may be considered fraudulent or corrupt.

Additionally, employees are encouraged to report any suspected breaches of the Code, and those who do are protected as outlined in the Internal Reporting Policy.

The Code of Conduct is available to all employees on Port Authority's intranet. It works alongside other more detailed policies including the Fraud and Corruption Policy, Disciplinary Policy and Internal Reporting Policy.

The current Code of Conduct was implemented in 2017/18, after review by each Consultative Committee and approval by the Board and Executive. Conflicts of Interest and Secondary Employment procedures were introduced in 2018/19 to support and clarify requirements of the Code of Conduct.

Any significant breaches of the Code of Conduct must be reported immediately to the Chair.

The Code of Conduct is available in the Corporate Governance section of the [Port Authority website](#).

Board independence

All Directors are expected to exercise independent judgment when making Board decisions. It is the approach and attitude of each non-executive Director which is critical to determining independence and this must be considered in relation to each Director, while considering all other relevant factors.

This will include an assessment against the independence recommendations in the NSW Treasury *Guidelines for Governing Boards of Government Businesses*. These cover whether the Director:

- is employed, or has been employed in an executive capacity by the business, and there has not been a period of at least three years between ceasing that employment and serving on the Board
- has, within the last three years, been a partner, director or senior employee of a provider of material professional services to the business
- has, within the last three years, been in a material business relationship with the entity, or an officer of or otherwise associated with, someone in such a relationship
- has a material contractual relationship with the business other than as a Director of the business
- has close family ties with any person who falls within any of these categories
- has been a Director of the entity for such a period (10 years or greater) that his or her independence may have been compromised.

Note: 'Material' means greater than five per cent of the Corporation's gross revenues.

The independence of each Director is reviewed on a regular basis to ensure circumstances that may affect the independent status of a Director have not changed.

Philip Holliday, as both a Director and the Chief Executive Officer, is not considered independent. All other Directors are considered independent.

Access to information and independent professional advice

Each Director has the right of access to all Port Authority’s information and employees. Further, the Board and each individual Director, subject to informing the Chair, has the right to seek independent professional advice from a suitably qualified advisor. Advice can be sought to assist Directors in carrying out their responsibilities and is at Port Authority’s expense. Where appropriate, a copy of this advice is to be made available to all other members of the Board.

Conflict of interest

Port Authority maintains a conflicts register which registers any interests of Directors that may potentially conflict with their duties as a Director of Port Authority, including other board positions. Directors are required to update this register on an ongoing basis as circumstances change. In relation to specific Board decisions, the Board complies with Clause 2, Schedule 10 of the *State Owned Corporations Act 1989* (NSW). A Director cannot take part in

discussions or vote on a matter in which that Director has a material personal interest, unless the Board resolves that the interest does not qualify the Director. There have been no related-party transactions between Port Authority and any Director during the year.

Other board memberships

NSW Treasury *Guidelines for Governing Boards of Government Businesses* (November 2017) recommends that Directors should not hold directorships of more than three government boards. None of Port Authority’s Directors has exceeded this limit.

Board meetings and their conduct

The Board of Directors of Port Authority schedules eight meetings a year and may meet more regularly as circumstances require. During 2020/21, the Board met nine times. The independent non-executive Directors on the Board meet on a regular basis to discuss any matters that should be discussed without executive management and non-independent Directors present.

The Company Secretary is responsible for providing administrative and corporate governance support to the Board of Directors. This includes ensuring that the Board receives papers for Board and Committee meetings in advance of each meeting and attendance at Board and Committee meetings to take minutes. The Company Secretary is appointed and removed by resolution of the Board. Regina Abood (B.Com. FGIA) is the current Company Secretary of Port Authority.

Attendance at Board meetings

Board meeting attendance for 2020–21

Board member	Eligible to attend	Attended	Term of appointment
Robert Dunn	9	9	1 August 2018 – 31 March 2022
Philip Holliday	9	9	27 November 2019 – 26 November 2024
Zorana Bull	9	9	13 February 2019 – 12 February 2022
Matthew Irwin	9	9	13 February 2019 – 12 February 2022
David Marchant	2	2	31 March 2021 – 30 March 2024
Kirsten Molloy	2	2	31 March 2021 – 30 March 2024
Andrew Scipione	2	2	31 March 2021 – 30 March 2024

Attendance at committee meetings

Committee meeting attendance for 2020–21

Board member	Audit and Risk Committee		People and Culture Committee		Nominations Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Robert Dunn	5	5	1	1	–	–
Philip Holliday	–	–	–	–	–	–
Zorana Bull	4	4	1	1	–	–
Matthew Irwin	5	5	–	–	–	–
David Marchant	1	1	–	–	–	–
Kirsten Molloy	1	1	1	1	–	–
Andrew Scipione	–	–	1	–	–	–

Directors who are not members of committees are invited to attend committee meetings and are entitled to receive papers of committee meetings on request. Attendance above only includes attendance of appointed committee members and does not reflect attendance at meetings by Directors who are not committee members.

Statutory disclosures continued

Director remuneration, appointment and education

When appointed, Directors are provided with a letter of appointment from the Voting Shareholders specifying their term of appointment and remuneration. In addition, Port Authority provides new Directors with an induction pack of information to assist them in understanding Port Authority's business and the requirements of the role. Information provided includes:

- the Port Authority's Vision and Strategic Plan
- previous Board minutes
- copies of relevant legislation
- the *Code of Conduct*
- most recent Annual Report
- Board profiles and contact details
- Board and Committee charters
- *Statement of Corporate Intent*.

New Directors are also provided with a Deed of Access and Indemnity in the form approved by NSW Treasury. In addition, new Directors are provided with access to an induction program which includes meeting with the Chair and an induction day with the Chief Executive Officer and key executives, to gain an understanding of Port Authority's:

- strategy, objectives and business
- operating and industrial environment
- corporate governance practices
- current financial and business performance
- key executives
- remuneration strategy
- risk management framework.

All other Directors are encouraged to continue their education, with practical director skill courses, site visits and briefings on issues relevant to Port Authority's operations. During the year, the Directors' continuing education program included visits to Port Authority sites. The remuneration for Directors of Port Authority is determined by the Voting Shareholders.

Board performance

The Board believes it is important to evaluate its own performance and that of each Director on a regular basis. A preferred methodology was agreed by the Board, whereby reviews are conducted annually, with each third review being conducted by an external party.

Due to there being a number of vacancies on the Board for the majority of the year, in October 2020, the Board determined that an external review would be postponed until such time that a full cohort of Directors could participate. Accordingly, an internal review was completed in November 2020.

Chief Executive Officer

Philip Holliday was appointed as Chief Executive Officer of Port Authority effective 18 December 2019. He was previously the Chief Operating Officer and Harbour Master, Sydney.

As set out in the *State Owned Corporations Act 1989* (NSW), the Chief Executive Officer was appointed by Her Excellency the Honourable Margaret Beazley AC QC Governor of New South Wales on the recommendation of the Portfolio Minister, following a recommendation from the Board.

The Chief Executive Officer is responsible for the day-to-day management of the operation of Port Authority in accordance with the general policies and specific directions of the Board.

Philip Holliday was separately appointed as a Director on 27 November 2019.

Executive positions

As at 30 June 2021, there were eight executives with remuneration equal to or exceeding the equivalent NSW Public Service Commission Senior Executive Service (SE) band 1: six males and two females.

The Chief Executive Officer received remuneration in > SE Band 4 max, which is greater than \$562,650 and less than the upper limit of \$1,000,000.

As at 30 June 2021, the gender ratio of male to female is 6:2.

Executives with remuneration equal to or exceeding the equivalent of SES level 1

SES Level	30 June 2020	30 June 2021	Male	Female	Average total remuneration package in band
SE BAND 1 Director	0	0	0	0	0
SE BAND 2 Executive Director	3	2	1	1	\$330,464
SE BAND 3 Deputy Secretary	4	5	4	1	\$397,926
SE BAND 4 Secretary	0	0	0	0	0
>SE Band 4 Max	1	1	1	0	\$612,499
Gender ratio, male to female	5:3	6:2	6	2	—

Equity, diversity and inclusion

Port Authority’s Diversity and Inclusion Policy outlines the principles that Port Authority:

- values diversity and inclusion
- recruits, develops and promotes with diversity in mind
- commits to measuring and monitoring its diversity progress.

The policy is complemented by the Bullying and Harassment Policy, which defines unacceptable behaviours and the potential consequences if such behaviour occurs in the workplace. All staff are required to complete Professional Workplace Behaviour training during their probationary periods.

To demonstrate its commitment to cultural diversity, Port Authority operates a recruitment, selection and promotion strategy that is based on merit. Port Authority also ensures that diversity is represented on all selection panels. This year, 36 employees were recruited externally from a broad range of backgrounds, consistent with the organisation’s consciousness of being an inclusive workplace. This included the successful employment of two female marine pilots in the Sydney Operations division. A further 14 employees were promoted internally.

As a state-owned corporation, Port Authority measures itself against NSW Government benchmarks as outlined by the NSW Public Service Commission. Information is collected annually through the Workforce Profile that monitors data centred on age, gender, ethnic and cultural backgrounds, and employment information including hours worked and mobility.

Data collection is voluntary and anonymous, with employees having the right to request that their data be withheld from the collection. Where there is insufficient information supplied or the numbers are too low, a ‘N/A’ (not available) is displayed. The following tables of diversity measures represent total staff of 363 at 30 June 2021.

Equal employment opportunity groups: Percentage of staff at 30 June 2021

	Benchmark	2020	2021
Women	50%	23.5%	21%
Aboriginal and Torres Strait Islander peoples	3.3%	1.4%	0.6%
People whose first language as a child was not English	19%	6.4%	6.3%
People with a disability	N/A	0.3%	0.3%
People with a disability who required work-related adjustments	N/A	0.0%	0.0%

Equal employment opportunity groups: Distribution index at 30 June 2021

	Benchmark	2020	2021
Women	100	84	78
Aboriginal and Torres Strait Islander peoples	100	5	2
People whose first language as a child was not English	100	23	23
People with a disability	N/A	1	1
People with a disability that required work-related adjustments	N/A	N/A	N/A

A distribution index of 100 indicates that the centre of distribution of the diversity group across salary levels is equivalent to that of other staff. Values less than 100 indicate the diversity group is more concentrated at lower salary levels than for other staff.

The more pronounced this tendency is, the lower the index will be. An index of greater than 100 indicates the diversity group is less concentrated at the lower salary levels.

Statutory disclosures continued

Work health and safety

The business safely navigated through the COVID-19 pandemic working collaboratively across the ports and offices. Risk assessments were completed through the recovery phases in line with Government advice.

There were no serious injuries or dangerous incidents recorded in 2020/21. There were 2 lost time injuries, down from 4 the previous year. There were two high potential near misses in 2020/21. All incidents were thoroughly investigated, with actions implemented and lessons learnt shared across Port Authority.

There were no prosecutions against Port Authority relating to any breach of the *Work Health and Safety Act 2011* (NSW) during the year.

Port Authority work health and safety statistics

Incident type	2018/19	2019/20	2020/21
Serious injuries	1	0	0
Lost time injuries	2	4	2
Medical treatment injuries	4	3	3
Lost Time Injury Frequency Rate (LTIFR)	6.25	6.06	3.0
Recordable Injury Frequency Rate (TRIFR)	12.5	10.61	7.6
Dangerous incidents	2	2	0
Incidents and hazards reported	207	149	97
High potential near misses	N/A	4	2
Workplace inspections	174	126	143
Percentage of planned WHS meetings held	100%	100%	100%

Notes:

- Lost time injury: an incident/injury that resulted in person losing one or more shift as a result of the injury sustained.
- Medical treatment injury: an incident/injury where the assessment and treatment from the medical practitioner results in a restriction that prevents the person to perform full duties.
- There were no fatalities in the four lost time injuries recorded in 2019/20.
- LTIFR is the calculation of the number of lost time injuries per million hours worked.
- TRIFR is the calculation of the number of lost time injuries and the number of medical treatment injuries per million hours worked.

Overseas travel by Port Authority employees

There was no overseas travel undertaken by Port Authority employees during 2020/21.

Funds granted to non-government community organisations

There were no funds granted to non-government community organisations in 2020/21.

Community engagement and consumer response

Service NSW manages Port Authority's community complaints and enquiries on a 24/7 basis. This ensures that community complaints are managed any time of the day or night. All complaints and enquiries are registered on one consolidated database. All complaints are responded to within three business days.

Complaints and enquiries can be made by phone 24/7 via 02 9296 4962 or by emailing enquiries@portauthoritiesnsw.com.au.

Publications

During the reporting year, Port Authority published the following publications:

- Daily Vessel Movements
- Dangerous Goods Management Guidelines
- Harbour Master's Directions
- Notices to Mariners
- Promulgated Depth Notifications
- Port Authority of New South Wales Annual Report 2019/20
- Schedules of Port Charges effective 1 July 2020
- Statement of Corporate Intent 2020-21
- Project updates including the multi-user facility at Glebe Island and the Port Noise Restriction Policy.

Port Authority's website portauthoritiesnsw.com.au provides information to stakeholders and the community. A newsletter, Port Matters, featuring news and stories, is emailed quarterly to subscribers. Subscription to the newsletter can be made at portauthoritiesnsw.com.au/newsletter.

Annual Report cost

The total cost of producing (editing and design services) the Port Authority of New South Wales Annual Report 2020/21 was \$28,500 (exc GST). The report is available at portauthoritiesnsw.com.au

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Note: Some photos in this document were taken prior to the COVID-19 pandemic.

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Port Authority of New South Wales (Port Authority) is a state-owned corporation (SOC).

This annual report contains audited financial statements. If you have trouble accessing this content, please contact enquiries@portauthoritynsw.com.au.

