



Annual Report 2022/23

Port Authority of New South Wales



Acknowledgement of Country

Port Authority of New South Wales acknowledges that Aboriginal and Torres Strait Islander peoples are the First Peoples and Traditional Custodians of Australia, one of the oldest continuing cultures in the world.

We pay respect to Elders past and present and commit to respecting the many lands and waters where we work, in Yamba, Newcastle, Sydney, Port Botany, Port Kembla and Eden. We also pay respect to our Aboriginal and Torres Strait Islander colleagues.

We pay tribute to the diversity of Aboriginal and Torres Strait Islander peoples, their cultural and spiritual connection, and their customs and practices. Port Authority celebrates the deep and enduring connection of Aboriginal and Torres Strait Islander peoples to this Country and acknowledge their continuing custodianship of the land, waters and sky.

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Port Authority vessel, Shirley Smith

Letter of submission



Tuesday 31 October 2023

The Hon Daniel Mookhey MLC

Treasurer
52 Martin Place
Sydney NSW 2000

The Hon Courtney Houssos MLC

Minister for Finance
52 Martin Place
Sydney NSW 2000

Dear Mr Mookhey and Ms Houssos,

Report on operations for the year ending 30 June 2023

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 2023.

The report has been prepared in accordance with the *Government Sector Finance Act 2018*, 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 David Marchant in black ink.

Mr David Marchant AM
Chair

Handwritten signature of Philip Holliday in black ink.

Mr Philip Holliday
Chief Executive Officer and Director



Chair's report




\$51.7m
 EBITDA


\$22.5m
 NPAT

This reporting year continues to highlight the importance of port infrastructure to the NSW economy and the key role working harbours in Newcastle, Sydney and Port Kembla play across our state to maintain our logistics supply chain.

Nowhere is this demonstrated more directly than at Bays Port, servicing Sydney's infrastructure supply chain, the cruise industry and working port uses that directly support the NSW economy. Port Authority commenced work on our future plan for Bays Port this year with a focus on opportunities to increase the utilisation of this important asset, introducing new customers and expanding the support provided to deliver for an efficient and sustainable city. This will be a key focus for the business as the year progresses.

Financial resilience

Port Authority once again demonstrated a strong financial performance achieving earnings before interest, taxes, depreciation and amortization (EBITDA) of \$51.7 million and a net profit after tax (NPAT) of \$22.5 million for this reporting period. Partially offset by lower coal exports out of Newcastle, impacting pilotage revenue, this is a strong result that has been driven by the continued growth in commercial vessels visiting our ports, driving higher pilotage, navigation and passenger revenues.

This solid financial position means that we are well placed to continue our strategic investment into key operational and sustainability programs such as our new multipurpose vessels, our navigational aid replacement program and our ambitious shore power plan to support the shipping industry move towards a low carbon future and demonstrate our sustainability leadership to the world.

Cruise tourism continues to grow

This year Sydney's global appeal propelled cruise passenger numbers back towards pre-pandemic levels at a much faster rate than expected, delivering a valuable economic contribution that supported NSW's covid recovery. The winter season was a particularly buoyant snapshot of things to come with two ships calling Sydney home on a year-round basis, adding 66 calls to the schedule outside the busy summer season. This responsible return of cruise tourism continues to grow with bookings for the 2023-24 and 2024-25 seasons confirming our expectation that demand is strong, and activity is likely to recover to pre-pandemic levels by the end of 2024.

Port Authority is continuing to invest in improvements to our cruise infrastructure and the customer experience to ensure that cruise tourism can continue to sustainably grow across NSW. We are promoting cruise in regional cruise ports such as Eden, Batemans Bay and Trial Bay. Recently, Port Authority negotiated a license agreement with Port of Newcastle to manage cruise visitation to Newcastle from 1 July 2023. This new arrangement will promote Port Authority as the leader of cruise in NSW. It is an important step towards growing tourism and economic benefits across the Hunter region.

Our modification proposal for the Eden Cruise Wharf to allow for larger ships to berth more frequently will support the continued success of cruise tourism on the Sapphire Coast.

In Sydney, Port Authority continues to invest in our existing terminal infrastructure including the planned completion of the berthing infrastructure project at the Overseas Passenger Terminal (OPT), expected to be complete by the end of next year, providing a long-term engineering solution to protect and enhance the berth and seawall infrastructure at the OPT. Port Authority is also working to consider alternative locations for a third cruise terminal aimed at capturing the growth and market share that will continue to support the economic benefits cruise brings to NSW.

Changes to the Board

I would like to thank outgoing Board member, Zorana Bull, for her contribution and support in progressing the important work of Port Authority including the development of our Vision, Strategic Plan and Sustainability Plan. Key initiatives that will continue to support a successful future for the business. I extend a warm welcome to Deborah Dearing who joined Port Authority's Board this year. Her knowledge and experience will be an asset to Port Authority, and I look forward to working with her as we chart a course for Port Authority's future.

Despite the significant headwinds and the atrocious weather that signalled the start of this reporting period, Port Authority's people continued to ensure our ports delivered for NSW. This once again demonstrates Port Authority's commitment to delivering on its corporate objectives and operational requirements and I take this opportunity to thank the whole Port Authority team for their efforts throughout the year.

David Marchant AM
Chair

CEO's report



The working ports of NSW are our trading gateways to the world, vital to our ongoing prosperity and of significant operational and strategic value to our society. Much of the time, the work of the Port Authority team is largely invisible to the public. Many within Port Authority work in the background to ensure this critically important logistics chain remains open, safe and reliable. This report highlights some of the great work that has been undertaken.

Emergency response expertise

In the first week of this year the criticality of our organisation was on full display when an east coast low battered much of the State and many of us were dealing with flooding and storm related issues in our personal lives. Our VTS operators spotted a stricken bulker, MV Portland Bay, drifting perilously close to cliffs along the Royal National Park.

From the moment Port Authority was appointed incident controller at 10.20am on Monday, 4 July, protecting people and the environment was at the heart of every decision made by the Incident Management Team. I'd like to acknowledge the efforts of the Incident Management Team and the many supporting staff, who worked tirelessly around the clock to deliver a superb outcome that helped rescue the crew and preserve the ship.

While our successful incident response was on full display, what can often be forgotten is the work happening behind the scenes by everyone at Port Authority in support of the frontline teams, while also managing our business as usual. Including the team in Newcastle facing a different set of challenges, managing a second full fresh event for 2022. Times like this help to reaffirm the capability, professionalism, and resilience of the Port Authority team.

Safety outcomes for our people

The safety of our people is always our priority and this year we reviewed a number of safety policies and systems to ensure continuous improvement across confined spaces, asbestos management and critical risk management systems. Workplace inspections and safety conversations continued to be a focal point, fostering an important culture of safety awareness.

I'm pleased to report our continued efforts to maintain a safe working environment resulted in no employees or contractors sustaining serious injuries 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 our fitness for work standards for operational roles.

Supporting our people

A key priority for this year was to launch our newly created Leadership Development Capability Framework and Program. This initiative is aimed at enhancing a strong leadership culture within our organisation and equipping our teams, at all levels, with the necessary skills and capabilities to drive us forward towards even greater achievements in the years to come.

Another key focus area lies in attracting and retaining a workforce that is broadly representative of the Australian community. We have finalised our Diversity and Inclusion Plan and established Employee Reference Groups to understand the lived experience of our employees and gather different perspectives on issues to support this goal and achieve our diversity targets. Early signs are encouraging, though there remains much work to be done.

Significant achievements across our ports

Our highly trained and skilled people across our various marine operations teams facilitated the safe movement of 5,447 commercial vessels visiting our ports, swiftly responding to 239 marine incidents across all our ports and undertaking 173 port safety surveys.

In our first full year of cruise operations since the pandemic, Sydney successfully resumed operations whilst Eden enjoyed its longest and biggest cruise season on record welcoming 34 ships, showcasing the Sapphire Coast to 50,000 visiting cruise passengers.

Going above and beyond, our teams have excelled in promoting sustainable and innovative operations winning a Banksia Foundation Award for Large Business Transformation recognising two years of our sustainability journey and gaining a highly commended accolade from the National Trust Heritage Awards for our education and interpretation of Newcastle's iconic Macquarie Pier. We also received recognition of our work to protect the unique rocky reef of Port Kembla with our industry leading safe and sustainable anchorages project.

I'm so proud of the way everyone in Port Authority, across all parts of the business, worked together this year to ensure we maintained the high standards of excellence we are known for in the industry. I'm also pleased that the public, through our successes, has been able to witness and gain a greater appreciation of the skills, expertise and commitment of our dedicated workforce as we continue to navigate towards a safe and prosperous future together.

Philip Holliday
Chief Executive Officer and Director



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

Port Authority of New South Wales

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

More than 5000 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.

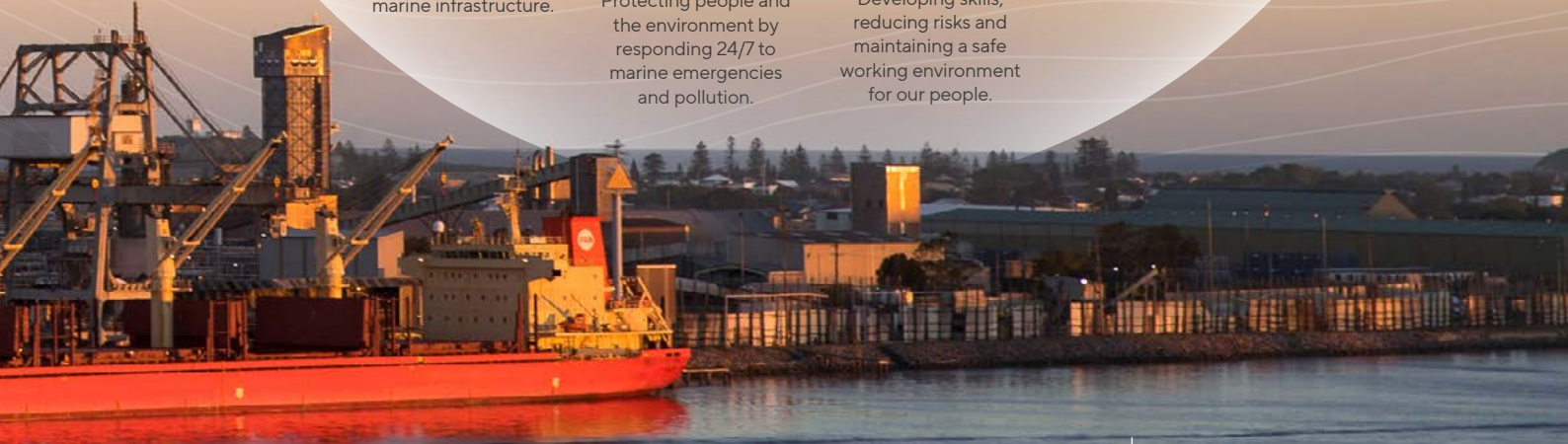
As part of the NSW Transport cluster, we work closely with Transport for NSW and State and Federal agencies to support the needs of NSW.

See page 6 and 7 for more about our legislative obligations.



Our key roles in the ports of NSW

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 Welcome Centre and cruise wharf in Eden.



Ship berthed at port of Newcastle



Charter

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 is also a statutory state-owned corporation established under the *State-Owned Corporations Act 1989* (NSW) (SOC Act).

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, and
 - › 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, and
- facilitate and co-ordinate improvements in the efficiency of the port-related supply chain.

The principal objectives of a Port Corporation under the PAMA Act mirror the principal objectives of a statutory state-owned corporation under the SOC Act with some additional objectives under the SOC Act as follows:

- to conduct its operations in compliance with the principles of ecologically sustainable development contained in section 6 (2) of the *Protection of the Environment Administration Act 1991*, and
- to exhibit a sense of responsibility towards regional development and decentralisation in the way in which it operates.



Marine operations in Newcastle

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 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). A variation of the PSOL was made on 1 July 2022 to address changes in legislation and other administrative matters.

The PSOL provides for a port-specific quality assurance system, including the requirement to maintain port management systems specific to each port which are audited on an annual basis. The PSOL also requires Port Authority to maintain authorisation as a Vessel Traffic Service (VTS) Authority in all major ports.

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, and 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 2022-2023.

Relevant legislation

The principal objectives for a state-owned corporation under the SOC Act align with the principal objectives of a Port Corporation under the PAMA Act and Port Authority operates in accordance with those Acts and associated regulations.

Other significant legislation (and associated regulations) affecting Port Authority include:

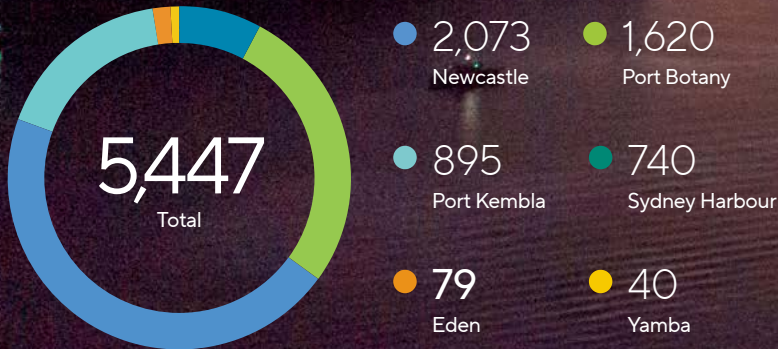
- *Biosecurity Act 2015* (Cth)
- *Environmental Planning and Assessment Act 1979* (NSW) (through Part 5 of the Act and the State Environmental Planning Policy (Planning Systems) 2021)
- *Government Sector Finance Act 2018* (NSW)
- *Marine Safety Act 1998* (NSW)
- *Marine Pollution Act 2012* (NSW)
- *Maritime Transport and Offshore Facilities Security Act 2003* (Cth)
- *Ports Assets (Authorised Transactions) Act 2012* (NSW)
- *Protection of the Environment Operations Act 1997* (NSW)
- *Protection of the Environment Administration Act 1991*
- *Security of Critical Infrastructure Act 2018* (Cth)
- *Work Health and Safety Act 2011* (NSW)
- *Fair Work Act 2009* (Cth)

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.



Annual highlights

Commercial vessels visited NSW



Sydney Harbour

Operational excellence

Port Authority led the emergency management response to the MV Portland Bay incident in extreme sea and weather conditions in early July. The MV Portland Bay called for assistance when a main engine failure caused the vessel to drift toward the NSW coast, perilously close to the rocky shoreline of the Royal National Park. Port Authority's Vessel Traffic Service staff were critical in quickly identifying the potential event unfolding and triggered the rapid response. As Incident Controllers of this marine event, Port Authority led and coordinated the response that saw all key agencies working side by side to deliver an extraordinary emergency response. The result was the MV Portland Bay and its crew safely brought into Port Botany for repairs. This incident was covered extensively in the media as it unfolded over a number of days. The Minister for Transport awarded all involved with Commendations for their work protecting people and the environment.

A multi-agency training exercise was coordinated in Port Kembla in June. These Port Authority coordinated training exercises allow all key agencies to come together to work through emergency procedures during a simulated incident making sure NSW are in the very best position to respond to real events. All involved are front line responders who play a critical role in a successful incident response. This training involves testing the skills and the coordination of a response by putting all our emergency protocols and procedures into action in a realistic scenario, evaluating the outcomes and addressing any opportunities to improve.

Innovation and Sustainability

Port Authority is preparing for alternate vessels of the future. In September 2022, our Newcastle Harbour Master and marine pilot team were involved in simulation trials to accommodate the maiden port call of the first of its kind futuristic wind powered Panamax bulk carrier MV Shofu Maru, fitted with a telescopic hard sail. The outcome of the simulation sessions was essential in ensuring a safe maiden voyage of the vessel on her first Newcastle port visit in October 2022.

Port Authority Wins the Banksia Foundation's 2022 NSW Sustainability Awards for Large Business Transformation. Receiving this prestigious environmental award recognised Port Authority's two year sustainability journey that has led to significant tangible changes within, and beyond, Port Authority's business. The award recognises outstanding achievements that align with multiple United Nations Sustainable Development Goals (SDGs) and the integration of sustainability principles and practices across business activities.

Cruise excellence

Eden enjoyed its longest and biggest cruise season on record. The return of cruise saw the town welcome cruise ships on 34 occasions, showcasing the Sapphire Coast to around 50,000 visiting cruise passengers and injecting over \$13 million into the local economy. The Port's new Welcome Centre finally had the chance to welcome cruise passengers through its doors and in doing so generated a wonderful first impression of the town, further enhancing the visitor experience.

Valuing our maritime heritage

Port Authority was awarded Highly Commended in 2023 National Trust (NSW) Heritage Awards in the category of Education and Interpretation for its innovative audio tour and signage encapsulating the history of Newcastle's iconic Macquarie Pier and providing an innovative way of sharing the stories of the site with a wide range of visitors and locals.



In January, Port Authority welcomed the State Heritage listing of its iconic red and white striped Hornby Lighthouse. Built in 1858 it is Australia’s third oldest lighthouse – located on South Head near Watsons Bay. Heritage NSW worked closely with Port Authority during the heritage listing process, as the lighthouse is a significant element of the South Head Cultural Landscape. Hornby Lighthouse remains to this day an active and important lighthouse that plays a vital role as a navigational aid for ships seeking safe passage into Sydney Harbour. The lighthouse marks a ledge of dangerous submerged reefs at the southern entrance to Port Jackson and Sydney Harbour.

Supporting our People

Celebrating our first graduate of Port Authority’s indigenous female traineeship program. Tia Ping celebrated successfully completing the traineeships program while setting her sights on the next steps in a new career in the maritime industry. Port Authority launched the traineeships program in 2020 to provide First Nations women the opportunity to explore a new career in the maritime industry and grow Indigenous and female participation in our workforce. The program provides trainees with essential on-the-job skills and mentoring while they attain formal maritime qualifications required to succeed and progress in the industry.

Port Officer, Ruby Peterlin received Young Achievement Award at the National 2022 Daily Cargo News Australian Shipping & Maritime Industry Awards held in Melbourne. The Award recognised Ruby’s talent, hard work and commitment as well as her success since joining Port Authority after completing her HSC. Ruby - a 19 year-old First Nations woman from the Illawarra region of NSW, has also highlighted the incredible contributions young women and increased workforce diversity are bringing to the maritime industry.

Innovation to meet the future

In a NSW first, port Authority’s safe and sustainable anchorages project is protecting the unique rocky reef on the seabed of Port Kembla. Spearheaded by Port Kembla Harbour Master, Sharad Basin, this project is an exemplar sustainability initiative, driven by a passion to protect the ocean environment and ensure sustainability of the working port for future generations. Working closely with a network of key maritime agencies and marine scientists, Port Authority, established eleven designated anchorages, each with a diameter of 1.5 nautical miles, ending decades of anchoring in Port Kembla’s seafloor on an ad hoc basis and minimising impacts by at least 70%. Nearly 900 commercial ships visit Port Kembla every year with many putting down anchor. Anchored vessels swing with shifting winds and tides, the associated chains scour the seafloor, damaging or removing flora and fauna.

Key benefits include safer anchoring for ships, eliminating seabed scouring, optimising our operations, improving processes to increase longevity of our business and influencing sustainable outcomes for the whole port community.

A benchmark of innovation, Port Authority is investing in ensuring it is ready to embrace all potential future demands on the port. Port Kembla, has implemented a range of new innovative systems that are delivering sustainability benefits within and beyond the business including a new Dynamic Under Keel Clearance system, upgraded Vessel Traffic Services (VTS), high tech oceanographic monitoring systems and the introduction of a state-of-the-art port management system. Together these are collectively making shipping more efficient, safer and sustainable for the long term.



Ports

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.

6 PORTS in NSW



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



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



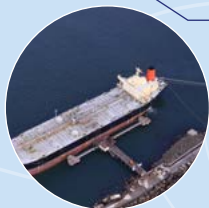
Sydney Harbour The world-famous working harbour

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



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

Executive team



Philip Holliday
Chief Executive Officer and Director



Amy Beaumont
Group General Counsel
 Legal
 Environment, Planning and Sustainability
 Work Health and Safety
 People and Culture



John Finch
Chief Operating Officer
 Marine operations
 Vessel Traffic Services
 Pilotage
 Group Survey
 Dangerous Goods
 Emergency response



Kristie Langley-Gliddon
Chief Financial Officer
 Finance
 Corporate planning and reporting
 Corporate services
 Company secretariat



John McKenna
Chief Customer and Commercial Officer
 Cruise
 Property
 Commercial
 Security



Trent Morosin
Group Executive, Infrastructure, Assets and Development and Chief Risk Officer
 Asset management
 Projects
 Infrastructure
 Risk



Garry Voutos
Chief Information Officer
 IT strategy and operations
 Cyber security



Kylie Yates
Group Executive, Strategy and Stakeholder Relations
 Corporate affairs
 Government relations
 Community and stakeholder engagement



Board of Directors

During the 2022/23 year, the composition of the Board changed by rotation.

Zorana Bull's term as a Director ceased on 12 February 2023. Dr Deborah Dearing was appointed as a Director effective 13 February 2023, maintaining the Board at full capacity.



David Marchant AM
Chair

Appointed Chair April 2022



Philip Holliday
CEO and Director

Appointed CEO December 2019



Matthew Irwin
Director

February 2019



Dr Kirsten Molloy
Director

March 2021

David is Chair, Queensland Rail and Queensland Rail Ltd and a Board Member of Airservices Australia.

He has previously held a range of executive positions including Managing Director, Lend Lease Engineering and Infrastructure Services and Managing Director and CEO, Australian Rail Track Corporation Ltd.

Committees:

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

As CEO and Director, Philip leads Port Authority in managing the navigation, security and operational safety needs of commercial trade and cruise shipping in Sydney Harbour, Port Botany, Newcastle Harbour, Port Kembla, Eden and Yamba.

Philip joined Sydney Ports Corporation in 2011 as Executive General Manager, Operations and Harbour Master. Following the amalgamation of the Sydney, Newcastle and Port Kembla port corporations, he then became Chief Operating Officer and Harbour Master, Sydney.

Philip spent his early career in the shipping industry, gaining his Class 1 (FGN) Masters certificate before joining the UK's largest port operator, Associated British Ports (ABP) in a port operations role. Following a number of roles within ABP he became the Harbour Master for the ABP Port of Southampton and the Marine Advisor for the group's 21 UK ports.

Matthew has spent over 30 years involved in infrastructure, utilities and major project delivery and currently provides a range of consulting and advisory services. Matthew is advising the NSW Government on renewable infrastructure and is a panel member of Infrastructure NSW.

Prior to joining the Board, Matthew held the position of Chief Financial Officer at TransGrid up to 2018, the NSW electricity transmission business. Matthew has held senior executive and leadership positions with Transfield Services (now Broad spectrum), Leighton Group in Australia and Asia and Deutsche Bank in Sydney, Johannesburg and London.

Matthew is Chair of University of New England Smart Regional Incubator Advisory Committee. Prior Board appointments include Expressway Spares Limited, Transfield Services Infrastructure Fund, Macarthur Water and Yan Yean Water.

Committees:

Chair, Audit and Risk; Member, Nominations.

Kirsten is a business leader and Non-Executive Director, sitting on a range of Boards of commercial and not-for-profit businesses since 2013. She is also a Non-Executive Director of the NRMA, the Hunter New England Local Health District (HNELHD) and the Wallbridge Gilbert Aztec.

Kirsten's executive career included a role as CEO of HVCCC, a complex member-based construct in the resources/supply chain sector, and executive commercial and technology roles at Orica, a large global mining equipment, technology and services (METS) organisation. She provides leadership and strategy advisory services, workshops, executive mentoring and coaching via her business Verity Leadership. Kirsten is very interested in social progress and community and is a passionate advocate for diversity and inclusion. Kirsten is President of the Equal Futures Project, an organisation creating awareness and raising funds in support of diversity, equity and inclusion.

Committees:

Member, Audit and Risk; Chair, People and Culture (replacing Zorana Bull).



Andrew Scipione AO APM
Director

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, World Vision International, Special Olympics Australia, Georges River Life Care (a not-for-profit community support service). Previously Andrew was an external strategic advisor to the Strategy and Performance Board, Australian Federal Police.

Committees:

Member, People and Culture.



Justine Jarvinen
Director

April 2022

Justine (JJ) is an energy executive with international experience spanning the energy, finance, education and non-profit sectors over 28 years. JJ has a wealth of experience across the energy value chain, and has worked in technical, commercial, strategic, management, advisory and governance roles, for organisations such as Exxon, Shell, Caltex, JBWere and AGL Energy.

JJ is Managing Principal Sustainability and Climate Change at Aurecon, Director of energy technology company Wattwatchers and Director of the UNSW Foundation. She was previously the director of Climate-KIC Australia and ASX-listed Milton Corporation and CEO of the UNSW Energy Institute. She is a graduate of the Australian Institute of Company Directors, and holds a Bachelor of Engineering (Chemical) with First Class Honours.

Committees:

Member, Audit & Risk; Member, People and Culture.



Dr Deborah Dearing
Director

13 February 2023

Deborah is widely recognised for her leadership in improving the design quality of cities and communities. She has over 30 years of international experience in urban design, strategic land-use planning, heritage conservation, affordable housing and property development in both public and private sectors.

Deborah has held senior executive roles with the NSW Department of Urban Affairs and Planning, Architects and Stockland, and board positions with the NSW Heritage Council, the Australian Institute of Architects, City West Housing, Liveable Housing Australia and the Sydney Harbour Federation Trust. She is currently a Director of Greater Sydney Commission.

She has received numerous prestigious awards, including Life Fellowship of the Australian Institute of Architects, Fellowship of the Planning Institute of Australia and the NAWIC Ryder Hunt Award for leadership in the Construction and Development Industry. She is President of the NSW Architects Registration Board, a member of the Victorian Design Review Panel and Sydney University's Henry Halloran Trust.

Committees:

Member Audit & Risk Committee



PREVIOUS BOARD MEMBER

Zorana Bull
Director

until 12 February 2023

Zorana is a Non-Executive Director of HealthShare NSW. She is the Managing Director of strategy and management consulting firm Altura Partners Pty Ltd.

She was previously a Partner with international consulting firm PA Consulting Group, with postings in Europe and Asia-Pacific, and Chief Operating Officer of the Australian business. During this time, she specialised in strategy development, restructuring and performance turnaround.

Prior board appointments have included Moorebank Intermodal Company Ltd, AirRoad Pty Ltd, Guide Dogs NSW/ACT, Australian Centre for Eye Health and Fancy Engineering Ltd.

Committees:

Chair, People and Culture; Member, Nominations.

Zorana's term as Director ceased on 12 February 2023.



Vision and Strategic Plan 2020-2025

Our plan for a successful, sustainable future

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

This plan offers our teams 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.



Our vision

Navigating a safe and prosperous future together



Our values

Care, Accountability, Integrity, Collaboration



Our purpose

To provide safe, efficient and sustainable maritime services and port assets for our customers and stakeholders

Our strategic goals

The key to our future success, our plan sets out our long-term objectives essential for a successful and sustainable future.

- 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.

Committing to a sustainable future

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

Our Sustainability Plan identifies key 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.

To realise our goals, all our activities are guided by sustainable business governance practices and procedures to embed sustainability across our business, including:

- Financial sustainability
- Business continuity
- Regulatory compliance
- IT resilience and integrity
- Contract management
- Risk mitigation and control.



Our Strategic Pillars

Our five strategic pillars are a framework to align our work and deliver initiatives that contribute to securing our strategic goals.

	<p>One team, one culture, one Port Authority</p>	<p>Creating a connected and collaborative culture that aligns our ways of working across our ports.</p>	<p>This strategic pillar 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 services delivery</p>	<p>Adding value to our services and building long-lasting and sustainable relationships with our customers.</p>	<p>This strategic pillar 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</p>	<p>Increasing the quality, efficiency and reliability of our service delivery.</p>	<p>This strategic pillar 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</p>	<p>Ensuring our port assets are safe, efficient, sustainable and optimised to capitalise on future opportunities.</p>	<p>This strategic pillar 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</p>	<p>Strengthening our relationships to promote our role and foster support for the working ports of NSW.</p>	<p>This strategic pillar 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.

Sustainability



Vessel seamate arriving into Port Botany

Port Authority is committed to ongoing collaboration with our people, customers, stakeholders and communities to improve social and environmental outcomes in and around our ports and help ensure a positive legacy for future generations.

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.



In October 2022, Port Authority took out a prestigious sustainability award at the Banksia Foundation's 2022 NSW Sustainability Awards, in the category of Large Business Transformation. This award recognises two years of commitment to a sustainability journey that has led to significant changes within, and beyond, Port Authority's business. This award recognises outstanding achievements that align with multiple United Nations Sustainable Development Goals (SDGs) and the sustainability principles and practices across business activities.



In March 2023, Port Authority was named one of five finalists in Australia's biggest sustainability awards, the prestigious National Banksia Sustainability Awards, in the category of Large Business Sustainable Leadership Award.

Sustainability Governance

In June 2023, the Board's Audit & Risk Committee charter was amended to expressly provide oversight on:

- Sustainability risks, opportunities and overall strategy; and
- Monitor and review of environmental, social and governance compliance.





UN Sustainability Development Goals

Our Sustainability Plan is aligned with the United Nation's Sustainability Development Goals (SDGs)



Embedding sustainability is an ongoing transformative project requiring a commitment from all parts of the business to deliver on our Vision and Strategic Plan and the Sustainability Plan.

Port Authority's Sustainability Plan is the result of an employee-led, collaborative and co-design process that occurred concurrently with the development of the Vision and Strategic Plan.

Sustainability Plan

The development of the Sustainability Plan directly involved approximately 60 staff, or about 18% of our total workforce, and six key external stakeholders to co-create a plan and identify the material sustainability topics for Port Authority. Engagement methodologies were quantitative and qualitative.

Thirteen different opportunity areas were identified under the four sustainability focus areas.

The Sustainability Plan's ongoing use by the organisation is supported by:

- a toolkit, providing a step-by-step guide for defining and developing a sustainability initiative
- an initiative worksheet, providing a template to help define and develop an initiative
- a Next Steps Framework, showing the steps from defining to delivering a sustainability initiative
- training of all staff through a high-level on-line induction module, and supplemented by in-person training of the Divisions on the Plan and to help facilitate embedding of sustainability across the organisation.

The Sustainability Plan provides a framework for embedding sustainability initiatives across our organisation to improve social, environmental and economic outcomes in and around our ports. The Plan includes the structure and guidance to deliver initiatives in each of our four sustainability focus areas:



Our People

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



Environment and Places

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



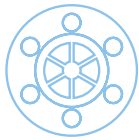
Operations and Ways of Working

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



Communities and Partnerships

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



Our People

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



Initiative	Action/Target	Status	Outcome / Results
Leadership Development Framework	Develop and launch in FY23 and commence implementation	Fully achieved	<ul style="list-style-type: none"> – Developed and launched – Implementation commenced to: <ul style="list-style-type: none"> › inform recruitment › provide self-guided learning opportunities › support formal learning programs
	Commence roll-out of Leadership Development Programs	Fully achieved	<ul style="list-style-type: none"> – Executive and Senior Leaders programs commenced
	FY24 - Embed leadership development capability program	Ongoing	<ul style="list-style-type: none"> – Executives and Senior Leadership team programs ongoing – Leading Others and Emerging Leaders program in development
Training and Inductions	Develop and commence a new onboarding program for new staff	Ongoing	<ul style="list-style-type: none"> – ‘Onboard’ program launched – Face to face inductions commenced
	Embed sustainability with training and outreach	Ongoing	<ul style="list-style-type: none"> – All staff required to undertake a general sustainability and environmental induction – In-person training and awareness of the Sustainability Plan provided to some Divisions and teams
Diversity and Inclusion	Develop a Diversity and Inclusion (D&I) Action Plan in FY23	Fully achieved	<ul style="list-style-type: none"> – D&I Action Plan was endorsed by the Board in June 2023 – Employee Reference Groups (ERGs) formed, reflecting the five D&I focus areas – Executive sponsors appointed – D&I Policy in review
	Achieve a 50% gender balance across the organisation by 2030	Ongoing	<ul style="list-style-type: none"> – Half of all new hires in FY23 were female – Current representation at 24% female organisation wide – Representation of women in leadership and operational positions requires further attention – Operations makes up 70% of total employees and is made up of 13% female representation – Women in Maritime traineeships across all Ports to commence FY24
	Continue to embed flexible working across organisation with new flexible working policy to be completed in FY24	Ongoing	<ul style="list-style-type: none"> – Flexible working group appointed to deliver on organisational framework
Work, Health & Safety	Complete the review and implementation of Fitness for Work Policy, WHS Management System and training in FY23	Partly achieved	<ul style="list-style-type: none"> – Steps taken to enhance fitness for work standards, particularly in operational roles – Delayed – Fitness for Work Policy to be implemented by Q2 2024



Leadership Development Framework launch

For FY23, one of our key priorities was the successful launch of a Leadership Development Capability Framework and Program. This initiative aimed to foster a strong leadership culture within our organisation and equip our teams at all levels with the necessary skills and capabilities to drive us forward.

To develop this Framework, we engaged with employees across all levels of the organisation to gain insights into our history, current state, and future challenges and aspirations. This collaborative effort allowed us to identify the specific leadership capabilities needed to effectively execute our strategic priorities and achieve our organisational goals.

Our Framework is designed to provide several essential benefits:

1. **Clear Expectations:** It offers a clear understanding of what exceptional leadership entails within the context of Port Authority.
2. **Alignment:** The Framework aligns the required leadership capabilities with our strategic direction, ensuring that all efforts are focused on our shared goals.

3. **Common Language:** It instils a common language and standard leadership practices throughout the organisation, fostering consistency, alignment, and trust.
4. **Development Programs:** We have developed purposeful and targeted capability development programs for all levels of leadership.
5. **Career Development:** The Framework also provides a roadmap for our team members to plan their career progression within the organisation.

The Framework represents a crucial pathway to achieving our strategic priorities and goals as an organisation. It has been finalised and is already being implemented in various ways, such as informing recruitment processes, providing self-guided learning opportunities, and supporting formal learning programs. Going forward, the Framework will also be utilised in 360 degree assessments and performance conversations, enhancing its impact on our leadership development efforts.

Our Leadership Development Programs began with Executives and senior leaders in FY23, with the intention to extend these programs to include all leaders and emerging leaders in 2024. Adopting a top-down approach, the initial focus is on building and enhancing the leadership capabilities of our Executives and senior leaders under the Leadership Capability Framework. This approach establishes a valuable feedback loop between the two programs, allowing Executives to contribute, champion, and inform the Senior Leadership Program. Through this collaboration, we aim to remove obstacles, gain clarity on succession planning, and ensure a seamless leadership transition within the organisation.

By prioritising leadership development, we are investing in the future success of Port Authority, cultivating a strong and effective leadership culture that will drive us towards even greater achievements in the years to come.



Our people *continued*

Training and Inductions

ONBOARD

FY23 saw a focus on reinventing induction and orientation.

Strong induction and orientation programs play a crucial role in the success and productivity of new employees. These programs are designed to welcome, introduce, and integrate new hires into Port Authority's culture, values, and operations.

The induction and orientation program was designed to help new employees become familiar with their roles, responsibilities and the organisation's processes.

The orientation program includes team building activities, introductions to colleagues, and opportunities for networking. These elements fostered better relationships and communication among team members, leading to improved collaboration and more cohesive work environment.

Sustainability and Environment Induction and Outreach

FY23 marks the first year that all Port Authority staff were required to undertake a general sustainability and environmental induction. This induction provides all staff with:

- Port Authority's sustainability vision
- An overview and information on the elements of the Sustainability Plan, its focus areas and opportunity areas
- An introduction to useful resources and tools to help develop sustainability initiatives
- An introduction to the new Corporate Environmental Management Plan (EMP) and Environmental Policy
- General responsibilities and requirements for staff under the EMP.

Sustainability outreach and training activities to various Port Authority teams continues with the overarching aims of embedding sustainability across the organisation, assisting Divisions and teams with the consideration of sustainability initiatives to prioritise in business planning and to engage sustainability advocates across the organisation.

Building a Stronger and Inclusive Future Workforce

Port Authority acknowledges the critical importance of fostering Diversity and Inclusion (D&I) within its organisation. Its Workforce Plan underlines the significance of cultivating a diverse workforce while ensuring an inclusive work environment. Embracing a progressive approach, Port Authority has set a target of achieving a 50% gender balance by 2030, with current representation at 24%. Our focus lies on attracting and retaining more women, evident by the fact that half of all new hires in 2022 were women. However, the representation of women in leadership and operational positions requires further attention, particularly in Operations, where women currently hold only 13% of positions. As approximately 70% of employees work in Operations, accelerating progress on D&I in this area will be critical. The cultural diversity of employees is broadly representative of the Australian community, but other areas of diversity (such as LGBTIQ+, people with disability) are under-represented.

A central component of the project has been to understand the lived experience of employees, by gathering the perspectives of members of the five newly-formed Employee Reference Groups (ERGs) that reflect the five D&I focus areas:

1. Gender balance
2. LGBTIQ+
3. Aboriginal and/or Torres Strait Islander
4. Cultural and Linguistic Diversity
5. Disability and carers

Port Authority's values of care, accountability, integrity and collaboration underpin the inclusion outcomes intended in this strategy and action plan.



Set target of achieving

50%

gender balance by 2030



70%

of employees work in Operations.



Tia Ping - Port Authority Indigenous Female Traineeship graduate

Tug *Tedd Noffs* – Botany

Work Health and Safety

Safety Performance

Port Authority is pleased to report that no employees or contractors sustained serious injuries during the reporting period. Additionally, there were only three workers compensation claims, all short-term, which is a notable reduction from the previous years sixteen claims, six of which were long-term.

In January two incidents occurred at the Overseas Passenger Terminal that were SafeWork NSW notifiable, one being an injury to a member of the public. SafeWork were satisfied by steps taken by Port Authority and did not attend the site. As an outcome a deep dive into WHS critical risk management was commenced at the cruise terminals and is nearing completion.

There were no dangerous incidents or high potential near misses across the rest of the organisation. There were no prosecutions relating to any breach of the *Work Health and Safety Act 2011* (NSW) during the year.

○ Zero lost time injuries

○ Zero dangerous incidents

Health and wellbeing

Employee health and well-being have been a top priority for Port Authority and is supported by results from the employee assistance program. The response to workplace psychosocial risks has continued, with mental health training being provided to employees and supervisors through six courses during the reporting period. This training equips staff with the necessary skills to identify and support colleagues who may require assistance, aligned to our core value of care.

Fitness for work

Port Authority has taken steps to enhance fitness for work standards, particularly in operational roles. An update to the Pilotage code and a review of return-to-work processes have been conducted, ensuring that employees are fit and ready to perform their duties safely. An internal audit of fitness for work practices revealed no major findings, demonstrating the organisation's commitment to maintaining a healthy and capable workforce.

Keeping our people COVID safe

COVID controls have been reviewed with consultative groups at regular intervals. Many controls have been wound back with further changes expected at the next review.

Systems and compliance

A focus on high-risk work and critical risk management led to significant updates in the Work Health and Safety Management System (WHSMS). The revision of Port Authority confined spaces and asbestos systems to align with current legislation has enhanced safety standards. Furthermore, standardising emergency drills in marine operations across all ports has further improved preparedness.

As part of continuous improvement efforts, the business has identified contractor management and safe systems of work as an area that requires attention. Consequently, a project will be led by the WHS team to address and strengthen these aspects further.

Trends and indicators

Port Authority has witnessed positive trends in both lag and lead indicators. Incidents are being promptly investigated, addressed, and closed out, indicating strong management commitment to safety. Workplace inspections and safety conversations continue to be a focal point, fostering a culture of safety awareness. The decreasing trend in non-compliant pilot ladders is a testament to the successful collaboration with Harbour Masters, AMSA and ship owners, leading to reduced risk to employees.

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 recorded
- LTIFR: the calculation of the number of lost time injuries per million hours worked
- TRIFR: the calculation of the number of lost time injuries and the number of medical treatment injuries per million hours worked
- Incidents and hazards reported: includes reports from pilots of safety deficiencies onboard piloted ships.

Port Authority work health and safety statistics

Indicator	2020/21	2021/22	2022/23
Serious injuries	0	0	1
Lost time injuries	2	1	0
Medical treatment injuries	3	3	3
Lost Time Injury Frequency Rate (LTIFR)	3.0	1.6	0
Recordable Injury Frequency Rate (TRIFR)	7.6	6.4	4.3
Dangerous incidents	0	0	0
High potential near misses	2	3	1
Incidents and hazards reported	97	279	323
Workplace inspections	143	204	337
Percentage of planned WHS meetings held	100%	100%	100%



Environment and Places

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



Initiative	Action/Target	Status	Outcome / Results
Net Zero Strategy	By end 2022: operate on 100% certified renewable electricity at Bays Port (Glebe Island and White Bay)	Fully achieved	<ul style="list-style-type: none"> Target met 6 months in advance Renewable Power Purchase Agreement (PPA) for wind and solar power signed as of 1 July 2022, to cover all 'large sites' All 'small sites' 100% renewable through State Government contract as of 1 January 2023
	By 2024: operate on 100% certified renewable electricity for all of Port Authority's electricity consumption	On target	<ul style="list-style-type: none"> All 'small sites' 100% renewable through State Government contract as of 1 January 2023 PPA solar farm expected to commence operations supplementing wind farm electricity generation
	By 2030: achieve a 75% reduction in absolute Scope 1 and Scope 2 emissions from 2019 baseline	Ongoing	<ul style="list-style-type: none"> By 2024, expectation for Scope 2 emissions to be near zero Energy efficiency assessments of key sites completed To commence vessel and vehicle emission reduction project late 2023 (Scope 1 emissions)
	FY24: complete initial alternative vessel fuel and propulsion technology research and investigation and plan for future adoption within vessel fleet strategy	To commence	
	FY24: Vehicle fleet transition strategy finalised and schedule EV infrastructure within key sites in future CAPEX plan	To commence	
	By 2040: Net Zero	Ongoing	<ul style="list-style-type: none"> By 2024, expectation for Scope 2 emissions to be near zero To commence vessel and vehicle emission reduction project late 2023 (Scope 1 emissions)
	By July 2023: Scope 3 Emissions – define, measure and commit to a reduction target	Partly achieved	<ul style="list-style-type: none"> Scope 3 (Value Chain) Emissions Pilot Project completed in August 2022 via NSW Sustainability Advantage Scope 3 emissions boundary set Emissions baseline set Consulted with key stakeholders and identified Scope 3 reduction opportunities and areas for further collaboration No reduction target set but a commitment to identify and collaborate on Scope 3 emissions reduction initiatives
	Shore power – provide 100% certified renewable electricity for ships in Bays Port from 2025	Ongoing	<ul style="list-style-type: none"> Industry consultation completed Shore power and power supply concept designs completed RFT issued for shore power equipment design, fabrication, supply and installation December 2024 – launch shore power at White Bay Cruise Terminal and Glebe Island 8



Initiative	Action/Target	Status	Outcome / Results
Climate Risk	FY24 - Complete climate change risk assessment, adaptation plan and monitoring plan	Commenced	– Risk assessment process commenced June 2023 and is expected to be completed by end 2023
	FY24 - Embed risks within existing enterprise risk framework	To commence	
	FY24 - Commence Taskforce on Climate related Financial Disclosures reporting for internal purposes	To commence	
Noise management	Noise Attenuation Program – provide treatment to eligible residences under the Noise Mitigation Strategy for White Bay Cruise Terminal	Completed	– Noise attenuation provided to 69 eligible residences
	Port Noise Policy and White Bay Cruise Terminal Noise Restriction Policy – undertake noise monitoring of all vessels at Bays Port	Ongoing	– Average of 90% compliance with the Port Noise Policy and White Bay Cruise Terminal Noise Restriction Policy Trigger Levels
Environmental Management Plan	Undertake review of Environmental Management Plan and Environmental Policy	Completed	– Corporate EMP and Environmental Policy reviewed and updated during FY23 with clarifications and improvements identified for action during FY24
	Implement updates to EMP as identified in review	To commence	
Waste Reduction and Diversion	Continue to investigate additional waste reduction and diversion opportunities at the Overseas Passenger Terminal (OPT)	Ongoing	– For FY23, collaborative efforts with OPT restaurant tenancies resulted in a total waste diversion rate from landfill from the OPT facility of 51.7% and avoided over 64 tonnes of food waste and organics from going to landfill.

Net Zero and Carbon Emissions Reduction

In August 2021, Port Authority committed to achieving a 75% reduction in our Scope 1 and 2 greenhouse gas emissions by 2030 (based on 2019 baseline year) and to reach Net Zero by 2040. These ambitious targets were selected, in part, to meet or exceed the Science Based Targets Initiative aiming to limit global warming to 1.5°C.

In FY22/23, Port Authority continued delivering on actions under its Net Zero Strategy.

A high-level road map to achieve the Net Zero targets has been developed and further refinement of the roadmap and implementation of initiatives to achieve the targets is being overseen by an internal Working Group.

A significant element is the development and implementation of an energy strategy.

Additionally, work was completed on energy efficiency assessments of our four main energy consuming sites (over 70%) of our total electricity usage. These assessments have identified several opportunities to improve efficiencies and reduce energy consumption, including nominal payback periods, to allow informed decisions to be made about where to target time and financial resources.

In late June 2022, Port Authority executed a Power Purchase Agreement (PPA) for 3.7GWh of renewable electricity supply annually intended to be sufficient to cover all 'large sites' (over 90% of total electricity usage). Port Authority has executed a separate renewable energy agreement covering the small sites from 1 July 2022 under the State government supply contract, which provides 100% green power from 1 January 2023.

Port Authority's PPA includes 2.5GWh of wind power from an operating wind farm at Sapphire Inverell, from 1 July 2022, and 1.2GWh of solar power from a solar farm at Cootamundra due to commence production in mid-late 2023. A PPA is a long-term commitment which ensures that the energy used by a business or project results in an equivalent amount of energy being added to the grid from renewable sources.

Environment and Places *continued*

Renewable Electricity and Emissions Reductions

From 1 July 2022, Port Authority’s electricity consumption for Bays Port was 100% renewable, six months ahead of target.

This equates to approximately 47% of Port Authority’s total electricity consumption for FY23 being renewable.

With the addition of solar power in mid-late 2023, Port Authority expects to achieve its target of renewable electricity supply equivalent to 100% of its electricity usage for the whole organisation by end 2023.

Energy Strategy

Work on implementing the broader energy strategy continues, including:

- planning for behind-the-meter solar PV installations at key sites
- delivery of target recommendations from the key site energy efficiency assessments
- operational efficiencies in our vessel operations
- consideration of future 100% renewable shore power electricity loads
- the potential for an embedded network at Bays Port, which would allow for all of our port tenants to also transition to 100% renewable electricity.

With the PPA delivering renewable electricity to Port Authority and Scope 2 emissions rapidly being reduced and eliminated, the focus will now shift to Scope 1 emissions. Emissions reduction projects for both Port Authority’s vessel fleet and vehicle fleet will commence in FY24.

Scope 3 Emissions

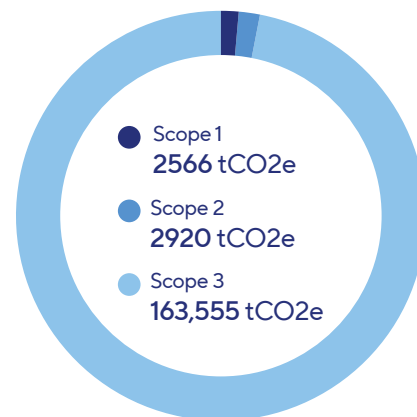
In 2022, Port Authority was selected as one of only six organisations to be part of a Scope 3 greenhouse gas emissions pilot with the Sustainability Advantage program. The intention of the pilot was to improve the understanding and handling of emissions that further occur within an organisation’s value chain. The pilot project was completed in August 2022.

Through this work, Port Authority set its Scope 3 emissions boundary, a 2019 Scope 3 emission baseline year (to coincide with the Scope 1 and 2 baseline year), consulted with key value chain stakeholders and identified emissions reduction opportunities and areas for further exploration and collaboration.

Of the 15 categories of Scope 3 emissions established under the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Protocol (GHG Protocol) (WBCSD and WRI, 2011), nine were determined to be relevant to Port Authority, based on criteria from the GHG Protocol and the Climate Active (2021) Technical Guidance Manual. Of these nine, only four represented more than 1% of the total Scope 3 emissions, while one (shipping, including tugs) represented over ¾ of all Scope 3 emissions.

For the 2019 baseline year, the total estimated Scope 3 emissions were 163,555 tonnes of CO2 equivalent (tCO2e). This compares to 2566 tCO2e Scope 1 emissions and 2920 tCO2e Scope 2 emissions.

Port Authority total estimated by scope (2019)



Recognising the complexity, importance and relative size of its Scope 3 emissions, Port Authority consulted with key value chain stakeholders to identify Scope 3 reduction opportunities and areas for further collaboration. Collaborating and partnering will be essential to understand and quantify vessel emissions in NSW ports and to identify and progress reduction options for Scope 3 emissions.

Following completion of the pilot project, Port Authority has signed agreements with key value chain stakeholders to collaborate on carbon emission reduction opportunities. Additionally, Port Authority’s groundbreaking shore power commitments at Bays Port will enable a significant reduction in Port Authority’s Scope 3 emissions as well as the Scope 1 emissions of various shipping lines.

Climate change risk assessment

Port Authority is progressing identification of climate change risks and management in its risk assessment processes.

The climate change risk assessment process follows the Department of Planning, Industry and Environment Climate Risk Ready NSW Guide which has been designed to provide practical guidance for the NSW Government sector to assess and manage climate change risks.

The climate change risk assessment will consider the three types of climate risks (physical, transitional and liability) and will be prepared in line with the Treasury Policy Paper Internal Audit and Risk Management Policy for the General Government Sector which recommends that NSW Government entities consider climate change risks that might impact their ability to achieve government objectives.

Summary of steps being undertaken:

- Conduct Initial Health Check Assessment
- Develop climate risk registers (physical and transition risk/opportunities) based on three climate scenarios and a range of climate hazards
- Conduct stakeholder workshops with relevant staff to consider climate scenarios and hazard exposure review
- Develop implementation and adaptation report and plan, and monitoring and evaluation plan
- Prepare content for first Taskforce on Climate related Financial Disclosures reporting for internal consideration

The assessment commenced in June 2023 with the work is expected to conclude at end of 2023.



Port Authority's staff removing rubbish from the Seabin

Waste

Seabin and marine litter

Port Authority's Seabin at Moores Wharf continued its valuable role in removing marine litter. In FY23, it removed on average approximately 3kg of marine litter from Sydney Harbour every day and, over the course of the year, filtered and cleaned the equivalent of 100 Olympic-size swimming pools of water.

Seabin results for FY23

Litres of Water Filtered¹

250 million

Marine Litter Captured²

1100kg

Number of plastic items captured³

36,600

1. Calculated using the recorded runtime percentage of the unit

2. Estimated - calculated using daily average data derived from site specific data

3. Estimated - extrapolated using information from site specific data collections

A great example of an employee-led sustainability initiative, Port Authority's marine operational staff continue their daily management of the Seabin including emptying the rubbish for collection, sorting and reporting.

Waste reduction, recycling and diversion

In FY23, Port Authority entered into a new waste management contract for all Port Authority owned sites State-wide. This has enabled reporting on the landfill and waste diversion statistics for the year.

Generation and diversion Port Authority wide FY23

Total Landfill (tonnes)

359.1⁴

Total Waste Diversion (tonnes)

194

% Diversion from Landfill

35%⁴

4. Does not include quantities of 'sausage booms' used in small emergency response booming and recovery activities, disposed of in September and October 2022 as hazardous materials.

Port Authority undertook a waste management and diversion initiative at the Overseas Passenger Terminal (OPT) at Circular Quay in Sydney, focussing on non-cruise ship related waste. This initiative involved close collaboration with our three restaurant tenancies to improve waste management practices in a shared garbage room facility and the introduction of new organic waste stream, supplementing comingle containers and paper/cardboard. For FY23, this collaborative initiative resulted in a total waste diversion rate from landfill from the OPT facility of 51.7%, far exceeding the Port Authority average. It also avoided over 64 tonnes of food waste and organics from going to landfill. Looking ahead, Port Authority will continue to investigate additional waste reduction and diversion opportunities at the OPT, including on cruise days and waste generated during passenger embarkation.

Environment and Places *continued*



Noise monitoring equipment at White Bay

Management of Port Noise

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

Working ports like Bays Port (Glebe Island and White Bay) bring substantial benefits to NSW but these benefits can be accompanied by impacts including noise emissions that affect those living and working nearby. We are committed to working with communities and developing strategies to address these impacts.

In FY23 Port Authority continued monitoring of ships berthed at Bays Port against the noise trigger levels in its Port Noise Policy (for bulk and other commercial ships) and Noise Restriction Policy (for cruise ships). The results are summarised below.

Ship Type	No. ships monitored	No. compliant	% compliance
Bulk ships	47	35	75%
Cruise ships	89	87	98%
Total	136	122	90%

Noise monitoring reports are available at: [Vessel Noise Operating Protocol – Noise Monitoring Reports | Port Authority New South Wales \(portauthoritynsw.com.au\)](#)

A number of strategies and plans are in place to mitigate noise from port operations.

Port Noise Policy and Noise Restriction Policy

Following the identification of exceedances of the Port Noise Policy and Noise Restriction Policy trigger levels, Port Authority issues a letter to each vessel in accordance with the consequences of its Vessel Noise Operating Protocol. When a non-compliance is identified, vessel operators and tenants are requested to provide a management plan to mitigate noise prior to the vessel’s next visit to the port. These plans are to include measures to be investigated and taken by vessel operators to mitigate noise from their ships, such as physical attenuation of the key noise sources (baffles and insulation) on the vessel and operational changes such as modifying discharge rates.

Noise Monitoring System

Establishment of the port monitoring system across the port is underway with the installation of four permanent monitoring devices which provide information about whole-of-port noise, including vessel and landside noise. An online monitoring platform has been developed which analyses the raw data and determines compliance of each vessel in the port with the Policy’s trigger limits. A further two monitoring devices on land surrounding the port will be installed following receipt of landowner approval.

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

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.



White Bay aerial

Noise Attenuation Program for White Bay Cruise Terminal

Port Authority has been providing acoustic treatments to eligible properties under the Noise Attenuation Program since October 2018. Port Authority developed the Noise Attenuation Program to address cruise ship noise impacts at White Bay Cruise Terminal as part of Port Authority's overall Noise Mitigation Strategy for the facility. The Program involves physical installation of treatments to residential properties near White Bay Cruise Terminal and White Bay 4 where modelling indicates average noise levels reach or exceed 55 decibels at night.

Noise treatment of a residence involves improving the sound-resistance of the property via measures such as replacing or upgrading windows and doors with those that are acoustically rated; enclosing or sealing gaps, vents and openings where practical; upgrading window and door seals; and provision of fresh air ventilation (fitted with filters) to rooms so windows can be kept closed to restrict the noise.

A total of 69 properties that accepted the Noise Attenuation Program were completed, with the final property finished in April 2023.

The Program demonstrates Port Authority's commitment to the surrounding port community and received positive feedback with over 90% of participants rating the contractors a 9 out of 10 or higher for the quality of work received.

Shore Power

Port Authority's shore power commitments at Bays Port will enable a significant reduction in noise and air emissions from the port through minimisation of operation of vessel engines and generators at berth. Once complete, this will include the bulk berths at Glebe Island 1, 2, 7 and 8 and the cruise berth at White Bay (berth 5). Whilst the specific noise and air emissions reduction from connecting an individual vessel to shore power has not been identified, it is generally understood that 'turning off' vessel generators and engines whilst at berth will significantly reduce a vessel's noise and emissions output and hence reduce impacts on the local community.

Monitoring and mitigation of air emissions

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, Port Authority has previously installed an air quality monitoring station that provides real-time data with results on our website. The monitored parameters included sulphur dioxide (SO₂), particulate matter less than 2.5 micrometres in diameter (PM_{2.5}), wind speed and wind direction.

This year air quality monitoring was temporarily paused while changes to the monitoring instrumentation are implemented and new equipment is installed. Port Authority has sourced a specialist air quality contractor to install the equipment and provide monitoring services for Bay Port precinct including White Bay Cruise Terminal and the bulk shipping berths at Glebe Island.

Once the system is reinstated, which is anticipated to be in late 2023, air quality reports will be available at: <https://www.portauthoritynsw.com.au/sustainability/environment/air-emissions>

Corporate Environmental Management Plan and Policy

Port Authority continued its implementation of its Corporate Environmental Management Plan which was developed in 2022. During the year a review of the Plan and Environmental Policy was undertaken with amendments made to keep the plan and policy up to date. These updates have been identified to be undertaken during FY24.

All staff are required to complete a general environmental training package with specialised training provided to staff whose roles may have direct environmental impacts.



Operations and Ways of Working

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



Initiative	Action/Target	Status	Outcome / Results
Embed sustainability in procurement	Review and update policy, procedures and templates and train staff	Fully achieved	<ul style="list-style-type: none"> Procurement Policy and Procedures updated to include sustainability as a key consideration RFT and RFQ templates updated to include sustainability as a key consideration Training sessions held for all Divisions in FY23
	Ensure goods and services procured were not the product of modern slavery	Ongoing	<ul style="list-style-type: none"> Embedded prevention practices at critical points throughout the procurement process
Improve operational and organisational efficiencies	FY24 – commence vessel operational efficiency program in at least one location	To commence	
	One Port – design, development and implementation of next generation port management system	Ongoing	<ul style="list-style-type: none"> Developed inhouse and implemented in Port Kembla and Eden in 2022 Target to be operational in all Port Authority ports by end 2023
	Develop metrics to measure whole-of-organisation performance of key strategic measures by October 2022 and implemented by 30 June 23	Fully achieved	
	Smart Port: supporting growth – Develop organisation wide transformation program to improve efficiencies. Efficiencies to be sustainable and rolled out over a 3 year period	To commence	

Sustainability in Procurement

Procurement, Legal and Sustainability staff held training sessions for all Divisions on the updated suite of procurement documents in FY23.

Modern Slavery

Port Authority opposes and will continue to oppose all forms of modern slavery, including forced or compulsory labour, trafficking in persons, debt bondage, deceptive recruitment practices, and child labour within its activities, undertakings, and supply chain.

We acknowledge the importance of having policies, procedures, and contracts in place to ensure we can assess and take action to address Modern Slavery risks within our supply base on an ongoing basis.

Our Procurement team are committed to responsible, ethical sourcing and supplier accountability. We have embedded prevention practices at critical points throughout the procurement process. By researching and completing due diligence of suitable suppliers in the market, through to requiring suppliers to make declarations in tender submissions, agree to specific warranties in our contracts and abide by the Supplier Code of Conduct (publicly available on our website).

The annual submission of the Modern Slavery Statement outlines the critical steps taken and the effectiveness of each action throughout the year. Consequently, Port Authority procurements were not the product of modern slavery.

No issues were raised by the Anti-slavery Commissioner during FY23 concerning the operations of Port Authority.



Operational and Organisational Efficiencies

Vessel operational efficiencies

As part of the Net Zero strategy and a key element in reducing Port Authority's Scope 1 emissions, Port Authority will commence a vessel energy efficiency program in at least one port location in FY24. This program is expected to leverage detailed usage data as well as existing key industry stakeholder relationships to develop a strategy to reduce emissions from vessel operations.

OnePort

Port Authority has designed and developed a next generation port management system, OnePort, to replace three legacy port management systems used in our various ports. OnePort is a port community system serving various port stakeholders, introducing efficiencies in processes, standardisation of language and increased data capture. The target is for OnePort to be operational across all Port Authority ports by February 2024.

Subsequent stages of OnePort will investigate using data to help drive operational efficiencies across the supply chain of vessel movements, including the possibility of tracking and reporting on vessel emissions.

Smart Port – supporting growth

As a key strategic initiative for FY24, an organisation-wide transformation program will be developed with the aim of improving efficiencies through the implementation of a range of sustainability-focussed initiatives across all parts of the business. A 3-year framework of efficiencies will be developed, including determination of a baseline for tracking and reporting.



Port Officer, Ruby Peterlin



Communities and Partnerships

Connecting and collaborating with stakeholders to improve social, environmental and economic outcomes



Community and stakeholder engagement

Port Authority values its relationships with the communities across the ports of NSW. We listen and engage with our local port communities to continually understand their needs with a view to balance these needs with the operational requirements of working ports. Port Authority is continuing to work with key stakeholders to promote and facilitate cruise tourism in established regional cruise ports such as Eden, Newcastle, Batemans Bay and Trial Bay.

Kantar Public - 2022 Stakeholder Perception Research

In 2022, Port Authority commissioned Kantar Public to undertake stakeholder and community engagement research to help understand the views of its stakeholders and port communities and support the establishment of reputation and engagement benchmarks against which it can track its progress annually.

The overarching aim of the research was to provide an evidence-based benchmark of Port Authority's customer satisfaction and provide insight as to how perceptions and reputation can be optimised to inform strategic action planning and drive customer engagement.



72

Community Engagement benchmark



85

Stakeholder Engagement benchmark

Community complaints and enquiries

We provide a 24/7 community enquiries phone line – managed by Service NSW – to manage and concerns regarding port activities. This ensures that community complaints are managed any time of the day or night and in real-time, where possible.

All complaints are registered in one consolidated database and are responded to within three business days.

Glebe Island and White Bay Community Liaison Group

Glebe Island and White Bay in the heart of Sydney Harbour is a working port precinct near residential areas. The Glebe Island and White Bay Community 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 allow us to develop solutions that meet the needs of the community and port operators.

The CLG, which meets quarterly, is facilitated by an independent Chairperson and is made up of representatives from the Balmain, Rozelle and Pyrmont areas.

<https://www.portauthoritynsw.com.au/community/glebe-island-white-bay-community-liaison-group/>

Eden Cruise Wharf Community Consultative Committee

Port Authority also meets quarterly with the Eden Cruise Wharf Community Consultative Committee (CCC), which 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).

The CCC is facilitated by an independent chairperson and is made up of community representatives from port businesses, maritime user groups, residents surrounding the Port of Eden and the relevant maritime authority, a council representative, and members of the project team.

Port Botany, Newcastle

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





Community events, support and sponsorships

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.

Hosting Vinnies CEO Sleepout 2023

Around 250 CEOs and Executives slept overnight at the White Bay Cruise Terminal after we handed over keys for the annual Vinnies CEO Sleepout. It was the fifth time the event – which raises millions to support Australians experiencing homelessness – was held at White Bay.

This year, over \$8.5 million was raised nationally. These funds will go to providing crisis accommodation, food, healthcare, counselling, education, employment, and support to find a permanent home for people throughout the country, all year round.

NAIDOC week

The comeback of the National Indigenous Art Fair post-Covid heralded the commencement of NAIDOC week and the start of the new financial year. More than 10,000 people attended the very popular event over the two days at the Overseas Passenger Terminal, and more than \$540,000 worth of artworks were sold to help improve and health and living outcomes for Australia's First Nations People in remote communities.

Donations to seafarers charities

We continued our tradition of giving at Christmas and spreading some festive cheer by donating \$25,000 to seafaring charities including Mission to Seafarers and Stella Maris.

This donation is broken up into \$5,000 donations to Newcastle, Sydney, Stella Maris, Port Kembla, and Eden. These donations are in recognition of their important work to improve the lives of seafarers and has been well received by the missions and many staff, and aligns with our Sustainability Plan focus area "Our People: Charities, volunteering and advocacy" as well as our corporate value of Care.

Partnering with the Australian National Maritime Museum

We continued our partnership with the Australian National Maritime Museum this year with 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 Sydney Harbour Gallery shows 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.

Supporting Sydney's major celebrations

We once again provided our port assets to assist with staging Sydney's biggest community events: New Years Eve, Australia Day and VIVID Sydney. Read about these events on page 52.



Port Officer, Peter delivering Christmas care packages

Communities and stakeholders *continued*

Communications

The Corporate Affairs team has been actively promoting Port Authority by highlighting our team, projects, and initiatives. We're also working on gaining support and building a positive reputation for the operational ports in NSW. This comprehensive strategy involves expanding our presence in the media, establishing connections, and making joint announcements with key partners. Our enhanced social media presence and higher website traffic have played a crucial role in achieving these objectives.

Media

Our media efforts yielded impressive results:

- **Media Coverage:** Our team shared 25 media stories and announcements, resulting in mentions of Port Authority in more than 1300 news articles. Our media reach also grew by over 20%.
- **Proactive Media Strategy:** We achieved ongoing growth in media coverage for Port Authority through a well-planned and proactive media strategy. This success was further bolstered by significant media announcements from our Minister and with our industry partners and well-executed coverage of our response to the MV Portland Bay maritime incident.

Port Authority's social media strategy delivered:

- **Enhanced Engagement:** We focused on enhancing engagement and expanding our audience outreach by highlighting our operational, sustainability, and heritage initiatives. This approach resulted in strong growth in engagement across our LinkedIn, Instagram, and YouTube platforms.
- **Follower Growth:** Our follower count increased by 18% on LinkedIn and 15% on Instagram, driven by over 200 social media posts, photos, and videos.
- **Impressive Metrics:** Our LinkedIn posts garnered over 5.6 million impressions, 10,000 shares, and numerous comments. Additionally, our YouTube videos accumulated a significant watch time of 728 hours.

- **Content Diversification:** We diversified our content, aligned it with our stakeholders, and shared success stories. This strategy led to impressive growth, with Instagram experiencing a 60% growth rate in impressions, and LinkedIn gaining a 22% increase in followers during 2021.

In summary, our media and social media efforts in 2022-23 have generated substantial visibility and engagement for our brand, thanks to strategic planning and effective content sharing.

Social media platforms

Platform	Profile	Key Metrics	Notes
LinkedIn	linkedin.com/company/portauthoritynsw	12,086 Followers (+18%) 1,053 Page views (+28.9%) 77 Posts 5,151 Reactions 169 Comments 114 Shares	
Instagram	@portauthoritynsw	3,132 Followers (+15%) 122 Posts 1.47 Profile engagement rate (+4.77%)	
YouTube	youtube.com/PortAuthorityofNewSouthWales	31.4k Views 728.3 Total hours watched +163 Subscribers	
Twitter	twitter.com/portauthnsw		Launched to support crisis communications during the MV Portland Bay event in July 2022. Plans to now grow X engagement outside of incidents and events is in place for 2023/34.

	2021/22	2022/23	Difference (no & %)
LinkedIn followers	10,208	12,086	+18%
Instagram followers	2,722	3,132	+15%
Youtube video views	21.6k	31.4k	+37%
Website sessions	782,833	1,549,514	+97%
Website unique page views	1,261,175	1,940,267	+89%



Internal communications

Internal communications were focused on informing, influencing, and engaging employees by providing timely and relevant information through appropriate channels. Key achievements included:

- The delivery of 43 CEO All Staff Updates covering significant strategic milestones, unfolding incidents, noteworthy achievements, and milestones such as Awards success, MV Portland bay response, ongoing COVID updates and new vessel updates.
- Publication of 91 articles on Port Authority's intranet, Dockside.
- Achieved over 16,000 unique page views of the intranet's News & Events section, reflecting a 15% increase from the previous financial year as result of a strong pipeline of interesting staff news and stories.
- The average time spent reading news articles also increased compared to the previous year, reaching 2 minutes and 45 seconds indicative of the strategic editorial management of the content and timing.
- Launched a company-wide Intranet Content Champions program and initiated a review of our intranet content and pages across the business.
- Strategically planned, coordinated, and executed two highly successful all staff hybrid corporate events, titled All Hands, to share important information and provide an important opportunity for the business to come together as one. The March 2023 event recorded the largest audience ever, with a remarkable 52% growth in audience size compared to the July 2022 event. A remarkable 96% of staff reported finding the March event enjoyable or very enjoyable, with all presentations deemed beneficial.
- Continuation of the weekly staff photo competition titled Port Focus, which maintained strong interest throughout the year, resulting in the submission of 224 entries by staff members. This initiative has fostered considerable pride in the accomplishments of Port Authority and the entries were shared with all staff on the intranet and Port Authority's social media channels.

Digital

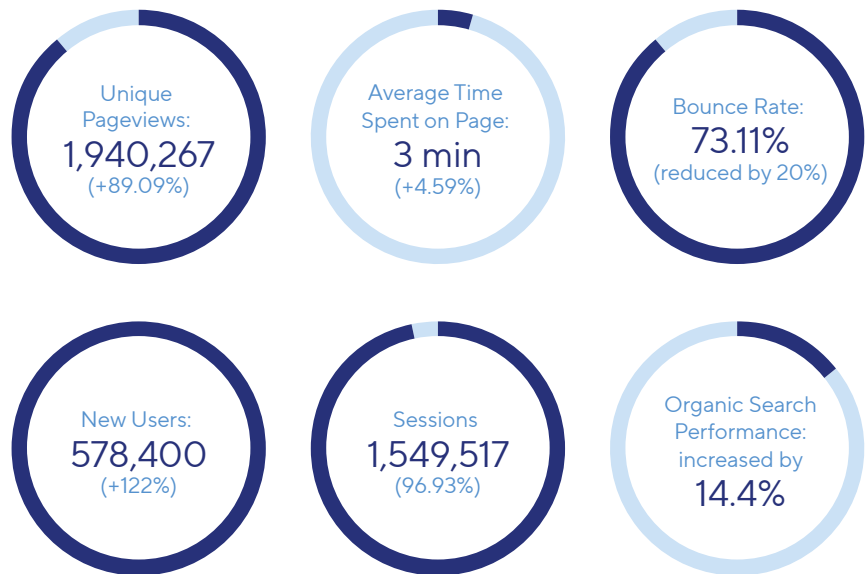
Port Authority's website www.portauthoritynsw.com.au

Our website continues to be a crucial resource for Port Authority, providing essential operational procedures, news, and information to our customers, communities, partners and stakeholders across NSW, Australia and the world 24/7, 365 days of the year.

We have consistently implemented ongoing developmental and functional enhancements to our website to improve the user experience and facilitate easier access to information while we plan towards developing a new website in 2024/25.

Ongoing improvements were able to achieve a substantial increase in website engagement with nearly 2 million unique page views, marking an impressive 89% growth compared to the previous year. Additionally, we successfully attracted over 500,000 new users, reflecting a remarkable increase of over 120%.

Key performance metrics include:



In addition to our website efforts, we conducted 5 Email Signature Marketing (ESM) campaigns throughout the year to support routine ESM Corporate branding initiatives, including:

- Welcome back cruise – cruise season 22/23
- Happy Holidays – to share well wishes with all stakeholders for the festive season
- World Pride – to celebrate Sydney as the host of annual World Pride event and to promote the agenda of our LGBTQI+ ERG
- National Banksia Award finalists
- NAIDOC Week

Communities and stakeholders *continued*

Newsletters

Port Matters

“Port Matters” serves as Port Authority’s primary community and business-to-business newsletter, dedicated to promoting our organisation’s role, showcasing our team members, highlighting our initiatives, and spotlighting the operational ports in New South Wales (NSW). This newsletter is distributed on a quarterly basis to a substantial audience of over 2,600 subscribers.

The themes explored in this year’s editions included Port Authority’s response to the MV Portland Bay incident, the reintroduction of cruise in NSW, and the noteworthy achievements and accolades we received in the realm of sustainability.

Subscribe to our newsletter | Port Authority New South Wales (portauthoritynsw.com.au)

Project communications

In the realm of project communications, we continued targeted campaigns to effectively inform our communities and stakeholders about our ongoing developments and major projects. These efforts not only served to keep our stakeholders well-informed but also played a vital role in garnering recognition.

Corporate Affairs worked on a number of Award submissions over the year including the winning NSW Sustainability Advantage Award and, subsequently, our participation in the prestigious Australian Banksia Awards. Furthermore, Port Authority’s nomination in the highly esteemed National Trust Heritage Awards (NSW) for our Macquarie Pier community education and awareness approach, received a Highly Commended.



Port Authority CEO Phil Holliday addressing the media

Media Date	Media Release
2023	
23 June	Multi-agency training exercise at Port Kembla tests our preparedness
22 June	Port Authority to conduct annual emergency exercise at Port Kembla
16 June	Port Authority cadet to find his sea legs aboard Pacific Adventure
26 May	The Minns Labor Government acts to protect Yarra Bay from Cruise Ship Terminal
16 May	New fuel-efficient tugs on order for Newcastle Harbour
12 May	Newcastle’s Macquarie Pier highly commended in prestigious awards
8 May	Port Authority welcomes news Eden is a finalist for a top tourism award
26 April	Sydney’s Winter Cruise Season Set to Double
13 April	National Trust Names Newcastle’s Macquarie Pier finalist
5 April	First Trainee graduates from Port Authority Indigenous Female Traineeship program
3 April	Port Authority of NSW named a finalist in nation’s most prestigious sustainability prize
31 March	Australia’s cruising capital on show with updated industry resource
30 March	Sydney Voted Best Australian Cruise Port Again
14 January	Iconic Hornby Lighthouse officially heritage listed
9 January	Gearing up for Sydney Harbour’s busiest day of the year!
2022	
11 November	Port Authority Officer awarded prestigious young achiever award
9 November	Net Zero a "Shore" Thing
26 October	Port Authority wins top accolade for sustainability action
24 October	It’s back to the future as coal carrier sails into Newcastle
18 October	Eden Welcome Centre shines bright with prestigious accolade
14 October	MV Portland Bay Responders receive two words - Thank You
13 October	Port Authority named NSW Sustainability Award Finalist
8 September	Mental health in maritime
15 July	Multiagency marine exercise off Port Kembla
4 July	Portland Bay: emergency response underway



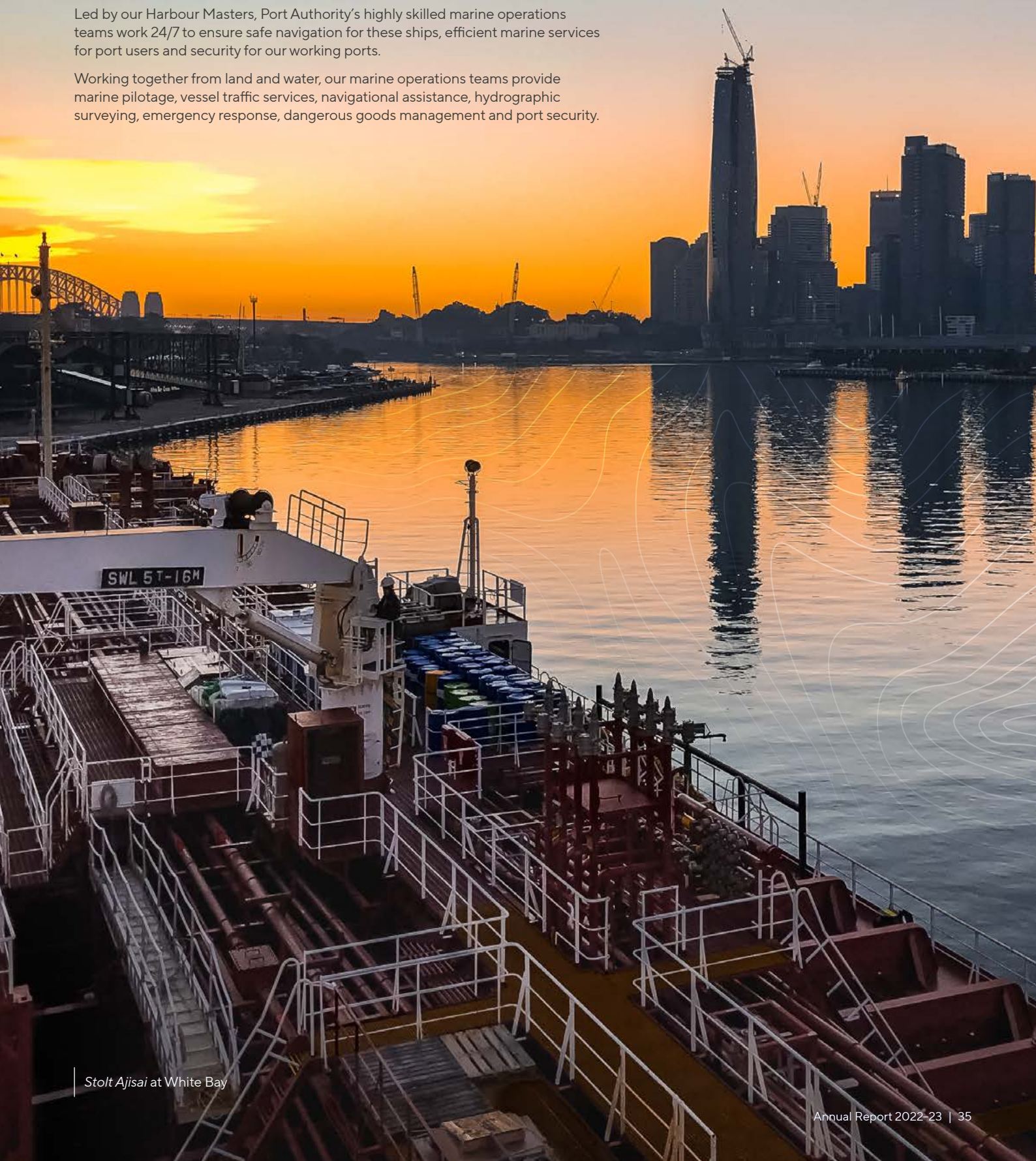
Marine operations

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.

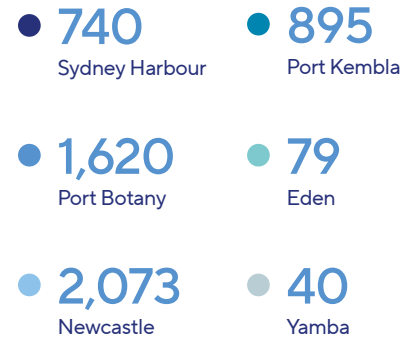


Vessel visits to NSW

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

A total of 5,447 commercial vessels visited NSW's six working ports over 2022-23. This is an overall 7% increase from a total of 5,068 in 2021-22 which can be attributed to re-establishment of the cruise industry to the same 2019-20 pre-Covid levels, and a robust Container Vessel performance at Port Botany despite the high inflation indicators in the Australian economy.

During 2022-23



Total commercial vessel visits (trade and cruise) to NSW ports

	2018-19	2019-20	2020-21	2021-22	2022-23	Variance from previous year
Sydney Harbour ¹	1,130	931	325	408	740	81%
Port Botany	1,660	1,531	1,388	1,379	1,620	17%
Newcastle	2,312	2,290	2,227	2,297	2,073	(10)%
Port Kembla	796	754	830	862	895	4%
Eden	104	106	112	91	79	(13)%
Yamba	38	30	21	31	40	29%
Total	6040	5642	4903	5,068	5,447	7%

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: 2022-23

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Sydney Harbour ¹	51	49	39	50	72	85	74	88	82	51	48	51
Port Botany	130	142	126	138	144	124	145	117	145	131	137	141
Newcastle	139	202	161	164	163	204	167	156	187	160	173	197
Port Kembla	71	69	81	76	88	76	78	69	78	69	68	72
Eden	6	7	6	4	9	9	6	8	13	4	1	6
Yamba	0	3	5	4	3	2	6	3	4	1	6	3
Total	397	472	418	436	479	500	476	441	509	416	433	470

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)



Port Botany

Total trade vessel visits to NSW by port

	2018-19	2019-20	2020-21	2021-22	2022-23	Variance from previous year
Sydney Harbour ¹	807	654	325	395	478	21%
Port Botany	1,660	1,531	1,388	1,379	1,620	17%
Newcastle	2,297	2,278	2,227	2,297	2,059	(10)%
Port Kembla	795	748	830	862	895	4%
Eden	89	88	112	91	45	(51)%
Yamba	38	30	21	31	40	29%
Total	5686	5329	4903	5,055	5,137	2%

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)

Cruise ship visits to NSW by port

	2018-19	2019-20	2020-21	2021-22	2022-23	Variance from previous year
Sydney Harbour	323	277	0	13	262	1915%
Newcastle	15	12	0	0	14	n/a
Port Kembla	1	6	0	0	0	0%
Eden	15	18	0	0	34	n/a
Total	354	313	0	13	310	2285%

Cruise ship visits to Sydney Harbour by terminal

	2018-19	2019-20	2020-21	2021-22	2022-23	Variance from previous year
OPT	214	165	0	3	168	5500%
White Bay ²	95	81	0	5	79	1480%
Other	14	31	0	5	15	200%
Total	323	277	0	13	262	1915%

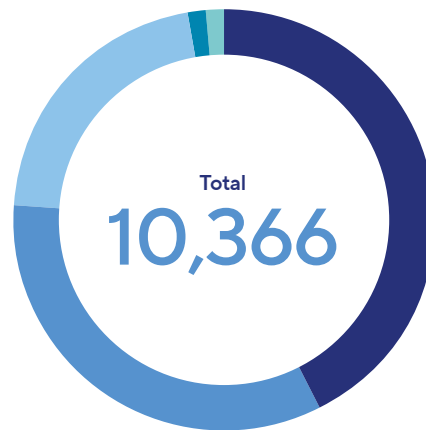
2. Includes visits to both White Bay Cruise Terminal and White Bay

Pilotage and operations

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.

Marine operations activities (pilotage movements)



- 990 Sydney Harbour
- 1,846 Port Kembla
- 3,157 Port Botany
- 95 Eden
- 4,188 Newcastle
- 90 Yamba

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

Supporting sustainability – wind powered vessel *Newcastle | 24 October 2022*

In September 2022, our Newcastle Harbour Master and marine pilot team were involved in simulation trials to accommodate the maiden port call of the first of its kind futuristic wind powered Panamax bulk carrier MV Shofu Maru fitted with a telescopic hard sail. The outcome of the simulation sessions was essential in ensuring a safe maiden voyage of the vessel on her first Newcastle port visit in October 2022.

Marine Pilotage Code review *All ports | November 2022*

Port Authority along with Transport for NSW (TfNSW), pilots and Unions completed a wholesale review of the NSW Pilotage Code – Volumes 1 & 2. This included a comprehensive review and update of all training, professional development, fatigue management and medical standards for marine pilots within NSW.

Port Safety Operating Licence (PSOL) mid-term review A *All ports | December 2022*

Port Authority along with TfNSW completed a mid-term review of the PSOL 2019-2023. The review updated the various regulatory and industry content to ensure the 5-year PSOL validity remained accurate and current.

Port development – LR2 (long range 2) tankers *Newcastle | 19 February 2023*

To support the industry requirements of accommodating larger LR2 petroleum tankers at Newcastle, extensive simulator studies were carried out to identify intrinsic risks and appropriate mitigation measures to facilitate the trade without compromising the safety of port operations. Post simulation, Newcastle’s Stolthaven terminal can accommodate LR2 tankers up to LOA 250.0 m X 45.5 m beam. Since Newcastle has been identified as a ‘national fuel storage’ hub, the maiden call of this current generation of the LR2 tanker provides industry with the required certainty. In February 2023, the dual fuel (LNG and VLSFO) propelled LR2 tanker Proteus Sinead (250 m X 44.0 m) successfully completed the first visit for a tanker of that size.

Meeting performance standards *All ports | May 2023*

Port Authority holds a 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). Port Authority is audited against its standards each year.

The audit focused on our Incident Management, Navigation Aids and Port Communications operational processes. The audit was undertaken utilising desktop reviews and conducting site-based visits and confirmed we meet all statutory operational obligations, relevant performance standards and quality assurance undertakings.

Pilotage Service Level Agreement (SLA) *Newcastle | June 2023*

Port Authority has entered into a formal SLA on Pilotage Service delivery with Port of Newcastle. This was a Strategic Initiative that sets out Port Authority’s commitment to meeting customer service expectations and gives industry confidence that certain prescribed levels of service will be met within the Port of Newcastle. This initiative is a game changer and a first for NSW.

Vessel Traffic Services

Our vessel traffic services teams provide a 24/7 service to manage the safe movement of ships into the ports of NSW.

During 2022-23

Our VTS teams responded to:

806

Marine incidents across our Sydney ports

49

Marine incidents in Port Kembla

15

Marine incidents in Newcastle

15

CCTV footage requests from government agencies

Port Authority NSW has three Australian Maritime Safety Authority (AMSA) accredited Vessel Traffic Services (VTS) centres located in Newcastle, Port Botany, and Port Kembla.

The purpose of VTS is to contribute to the safety of life at sea, improve the safety and efficiency of navigation and support the protection of the environment within a VTS area by mitigating the development of unsafe situations through:

- providing timely and relevant information on factors that may influence ship movements and assist onboard decision-making
- monitoring and managing ship traffic to ensure the safety and efficiency of ship movements
- responding to developing unsafe situations

VTS centres monitor and manage vessel movements by utilising Decision Support Tools (DST) such as electronic charts, radars, vessel Automatic Identification Systems (AIS), as well as high-definition CCTV installed around the harbour.

VTS is structured to be at the centre of all decision-making processes in the harbour. VTS operators are responsible for facilitating traffic control on the water and responding to community concerns, coordinating search and rescue with the Water Police and AMSA Joint Rescue Coordination Centre.

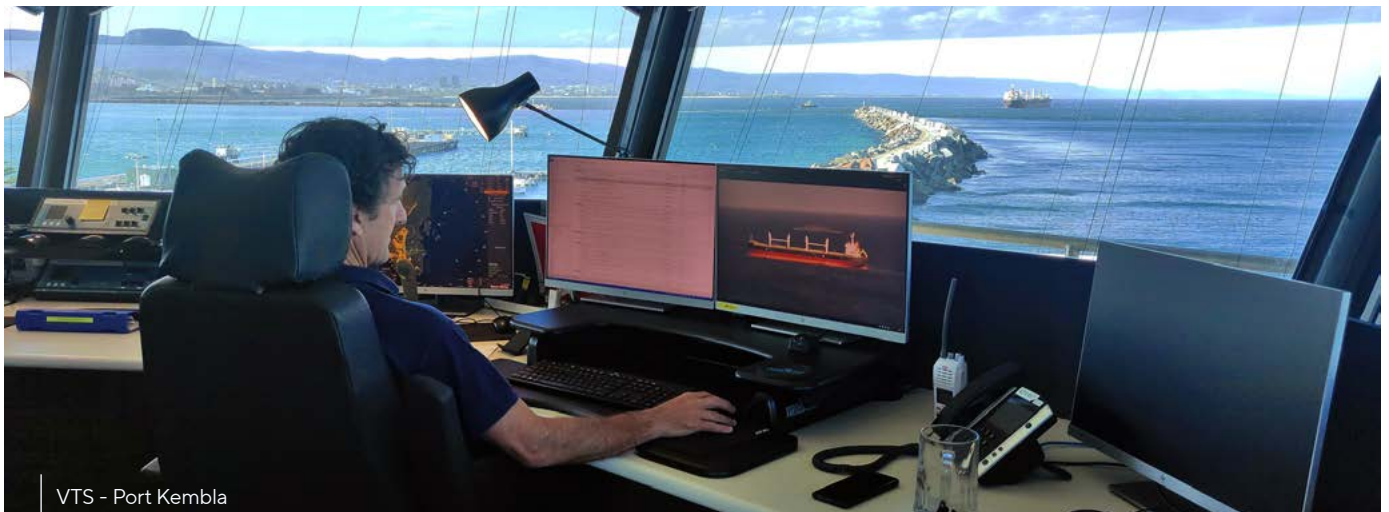
Sydney VTS is located in Port Botany while the back-up centre is available in a heritage listed Moore's Stores building at Millers Point. Our operators include ferry, inland passenger vessel and Royal Australian Navy training vessel Masters, water police, marine rescue, border force, and hydrography. To maintain a high level of professional development, VTS operators complete the dedicated refresher course at AMC College every five years to maintain high skill level.

In Newcastle and Port Kembla, our highly trained and experienced 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 the port.

Vessel Traffic Services activities

Streamlining weather information broadcast *Sydney / Port Botany*

Sydney VTS and Marine Rescue NSW (MRNSW) doubled-up broadcasting weather forecasts for local waters, unnecessarily occupying the radio channel. The process has been amended and the weather forecast is only broadcast by MRNSW. This frees up the communication channel to allow for other critical transmissions.



VTS - Port Kembla

Hydrographic survey



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

Port Authority’s 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 in our ports and harbours.

From this data, the survey team 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 assist to create nautical charts by the Australian Hydrographic Office.

The team also conduct surveys for external clients; carry out engineering, monitoring and environmental surveys; deploy and calibrate wave measuring buoys; maintain our met-ocean sensors and manage wave, wind, current and tide data at wavewindtide.portauthoritiesnsw.com.au.

During 2022-23

Our survey team conducted:

173	4	30	2	5
Port safety surveys	Whole of port surveys	Contract surveys	New met-ocean sensor installations	Met-ocean sensor upgrades



Hydrographic Survey activities

Air draft project

Sydney

The survey team developed an Air Draft Project Plan with the Sydney Harbour Master to ensure regulatory management and safety of cruise ships travelling under the Sydney Harbour Bridge. The process involves physical checks of cruise ships at berth to ensure compliance with their stated vessel air draft. In addition, all vessels new to Sydney Harbour who have never travelled under the Bridge must comply with the survey team air draft procedure. Port Authority continues to ensure a high level of safety to protect our most iconic assets in Sydney Harbour.

Port Safety surveys

Sydney, Port Botany, Port Kembla, Eden, Yamba and NSW minor port (Trial Bay)

In support of Port Authority's Port Safety Operating Licence (PSOL), the survey team conduct regular hydrographic surveys in our ports to ensure safe navigation for vessels. During the last year the team conducted 173 Port safety surveys across NSW;

- 48 Surveys of PSOL areas in Sydney Harbour
- 41 Surveys of PSOL areas in Port Botany
- 2 Whole of port surveys in Port Kembla (55 PSOL areas)
- 1 whole of port Survey in Eden (10 PSOL areas)
- 1 Whole of port Survey in Yamba (19 PSOL areas)

Trial Bay minor port was also surveyed with data sent to the Hydrographic Office for Electronic Nautical Chart (ENC) updates.

Port Kembla Offshore Anchorage Project

Port Kembla

The Survey team were part of a project team involving the Port Kembla Harbour Master and external stakeholders such as NSW Department of Primary Industries, NSW Department of Planning and Environment, NSW Ports, Australian Maritime Safety Authority, Transport for NSW and Wollongong University to develop offshore anchorage areas which are designed to encourage sustainable shipping. A set of criteria were established, and locations chosen to best suit shipping and consider existing marine ecosystems and previous anchorage locations. Eleven new anchorage areas have been charted to ENC.

Met-ocean activities

Met-Ocean upgrades

Newcastle, Sydney, Botany

Our met-ocean sensors take measurements of wave motion, 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 continues to be conducted by our Survey team and this year they commissioned two new sensors across our ports and upgraded a further five whilst ensuring the entire network remains online 24/7. The total sensor network is now 46 sensors across our six major port locations.

Balls Head Current Meter Enclosure

Upgrade & Pile relocation – Existing Balls Head navigation aid pile SYD47 was end of life and being replaced. This pile housed an existing current meter processing enclosure. An updated pile location was chosen better defining the channel with greater solar access. An upgraded enclosure system was commissioned with increased battery/solar array with monitoring capabilities. A safe working platform was engineered into the new pile to allow safe access of met-ocean equipment.

Fort Denison Tide System Upgrade

Primary tide gauge circa 2006 upgraded with new radar technology. Complete redesign and fabrication of the enclosure and sensor mounting. Fort Denison tide gauge site was recognised this year by the World Meteorological Organisation (WMO) as a centennial measuring station endorsing the site and its global significance.

Contract surveys

During the year our survey team carried out 30 contract surveys for clients and stakeholders across the ports, including:

New tide gauge -Dyke Point 6

Newcastle

Port of Newcastle (PoN) engaged the Survey team to commission a tide gauge at Dyke 6 Berth, Newcastle. The purpose of the installation is to allow a greater understanding of water levels upstream of the primary tide gauge site, especially through flood events. This will assist PoN and their dredge operations, however it is also a valuable source of information for Port Authority pilots.

Marine Attenuator Project – Transport for NSW

Eden

The Survey team conducted final port bed clearance surveys following the Eden Attenuator Construction Project to ensure the area was clear of obstructions following the project construction activities. This type of survey work ensures projects remove all debris which could cause a navigation or environmental hazard.

Property lease/licence – pre and post occupation survey works

Sydney

The Survey team have begun conducting a pre and post survey as part of lease/license activities in Sydney Harbour which involve occupation of the waterside berthing area of our wharves. Following an increase in the number of obstructions entering our berthing areas the survey team are now conducting checks to ensure navigation safety and environmental management of our licenced areas.

Mapping and GIS activities

Geographic information system (GIS) Project

All ports

The Survey mapping team have continued with the development and growth of an internal built GIS system which is designed for the port environment. The GIS tool spatially connects the user to their working location with visual tools and enables greater planning and collaboration tools across the port. Our Operations, Assets, Projects and Property teams are actively utilising the tools with enhanced GIS projects planned over the next 12 months.



Tide gauge, Newcastle

Dangerous goods



Port Botany operations

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

During 2022-23

Our operations teams handled:

1,892

Vessels carrying dangerous goods

20,985,924

tonnes of dangerous goods cargo transiting NSW ports

Port Authority has oversight of the handling and storage of dangerous goods in our ports. We ensure that dangerous goods within the port operational areas are stored, segregated and handled as per state, national and international regulations and standards.

We do this by:

- Administering mandatory advance notifications for dangerous goods
- Evaluating and approving applications to conduct hot works and engine immobilisations on board vessel
- Auditing terminals to ensure that dangerous goods are segregated and separated as per regulations and do not exceed their permitted time limits in port
- Conducting Inspections onboard vessel prior to the transfer of bulk dangerous goods

The Dangerous Goods Management Guidelines, published by Port Authority, aim to adopt a standardised approach across all our ports and are used in conjunction with the various legislative instruments.

When non-compliances are identified, Port Authority issues notices and fines as laid down in the *Ports and Maritime Administration Regulation 2021* and ensures that persons involved in the handling of dangerous goods are appropriately trained by conducting audits and training sessions.

	Number of advance notifications	Number of vessels carrying DG	Total qty of DG (tonne)
Yamba	–	–	–
Newcastle	293	156	3,527,747
Sydney	1,607	69	3,518,475
Botany	167,209	1608	13,569,992
Port Kembla	176	52	369,542
Eden	18	7	168
Total	169,303	1,892	20,985,924

Dangerous goods activities

Building of the Dangerous Goods Module in the OnePort System

Sydney, Newcastle, Port Botany, Eden, and Port Kembla

Port Authority is building an extensive Dangerous Goods module within the OnePort System that will seamlessly encompass all aspects of Dangerous Goods Management and will integrate with other vessel booking and VTS functions.

Revision of the Dangerous Goods Management Guidelines and Procedures for bunkering of caustic soda

All ports

Port Authority has carried out extensive consultations across our ports and with external stakeholders to update our procedures in line with regulations and global best practices.

Exercise Hopeng

Port Botany | 23 November 2022

Port Authority carried out a dangerous goods response exercise simulating response to a ship fire from a leaking dangerous goods container. Port Authority, Fire and Rescue NSW, NSW Ports and the EPA established a functioning Multi-Agency Incident Control Team to deliver a coordinated response to the incident.



Emergency response

Protecting our coastline and port environments

Port Authority's highly trained emergency response teams respond to hundreds of marine events and incidents each year. The teams are available 24/7 and cover an extensive area of NSW coastal waters, including our ports of Sydney Harbour, Port Botany, Newcastle Harbour, 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.

We maintain a variety of response equipment and purpose-built vessels equipped to respond to incidents. This ensures the safety of ships, the security of our ports and the protection of our marine environment. Port Authority's well planned and tested processes ensure response to all reported incidents is both fast and effective.



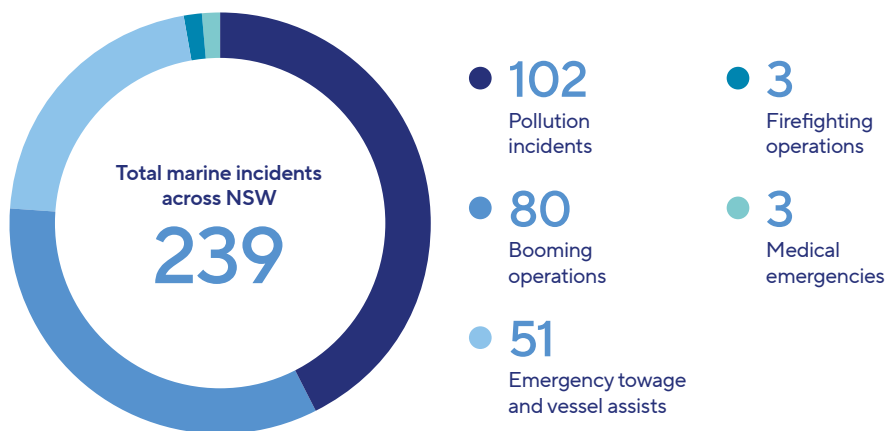
Emergency response *continued*



MV Portland Bay

Summary of incidents

Our emergency response teams responded to:



Port Authority responded to 239 marine incidents across NSW during 2022-23.

In July 2022, Port Authority successfully managed a major incident during adverse weather. MV Portland Bay called for assistance when a main engine failure caused the vessel to drift toward the NSW coast, perilously toward the rocky shoreline of the Royal National Park. A Port Authority Incident Management Team was swiftly established, plans were developed and activated, with the assistance of commercial towage operators, to safely berth the vessel in Port Botany. This incident was covered extensively in the media and had the potential to be a major pollution incident for the state.

Several minor incidents occurred throughout the year including the Sydney 2000 oil spill at King Street Wharf in Sydney and the Southern Swan taking on water in Sydney Harbour, which both required booming and assistance from Port Authority. Port Authority also responded to several fires on Sydney Harbour.

Emergency responses by port:

	Sydney Harbour	Port Botany	Newcastle	Port Kembla	Eden	Yamba	Total
booming operations	78	1	0	1	0	0	80
pollution incidents	75	16	7	4	0	0	102
firefighting operations	3	0	0	0	0	0	3
emergency towage and vessel assists	39	10	1	1	0	0	51
medical / lifesaving emergencies	0	1	0	2	0	0	3
TOTAL	195	28	8	8	0	0	239



Pilotage and rescue of MV Portland Bay

Significant Emergency responses

Vessel assistance – MV Portland Bay

Coastal waters between Port Kembla and Port Botany | 4 - 6 July 2022

In the early hours of 4 July 2022, Port Authority's Vessel Traffic Services received a Pan Pan (urgency call) from MV Portland Bay. The vessel had a main engine failure, in adverse weather, and was drifting towards the NSW coast, off the Royal National Park. Port Authority established an Incident Management Team, working with other agencies and commercial towage operators to prevent the vessel running aground.

On 6 July 2022, Port Authority pilotage team and salvors boarded the vessel and, with the assistance of commercial tugs, were successful in towing the vessel into Port Botany. Over three days, the team worked to ensure the safety of the Portland Bay and to prevent a major pollution event for the state of NSW.

Oil Spill – Captain Cook Cruises vessel Sydney 2000

Sydney Harbour – King Street Wharf | 26 - 29 December 2022

On the morning on 26 December 2022, Captain Cook Cruises reported the vessel Sydney 2000 had a diesel spill at its berth in King Street Wharf. Marine Operation crews arrived to a substantial amount of diesel spreading throughout the area. Containment booms were deployed, which successfully stopped the spread of diesel, and absorbent material was deployed to collect the diesel. Throughout the day, and into the next morning, crews worked to recover the diesel spill and ensure it was contained.

Vessel assistance – Southern Swan

Sydney Harbour – Campbells Cove | 23 February - 7 March 2023

On 23 February 2023, reports came in that wooden tall ship Southern Swan, berthed in Campbells Cove, was taking on water and the vessel's pumps were unable to prevent the flooding of the vessel. Port Authority provided pumps to assist with the water ingress and deployed oil spill boom around the vessel as a precautionary measure. The vessel required slipping to undertake repairs. Port Authority worked closely with other agencies and stakeholders to ensure the safe movement of the vessel to the slipway.

Charter boat fire - Seawind catamaran

Sydney Harbour – Darling Point | 25 February 2023

Crews responded to a small charter vessel, in the vicinity of Barangaroo, on fire with 17 people onboard. In a multi-agency response, Transport for NSW – Maritime were able to evacuate the people onboard while Port Authority crews and assets, alongside Fire and Rescue NSW, were able to extinguish the fire safely.

Emergency response exercises and training *continued*



Port Kembla emergency exercise – oil fire response

Emergency response exercises

Port Authority ran several exercises to further refine our emergency response preparedness and procedures. The exercises enable our emergency response teams to test their capabilities and strive to enhance our plans across all our ports. Both field deployment and desktop exercises were conducted to ensure all aspects were well versed.

Further, the involvement of key emergency response agencies such as Fire and Rescue NSW (FRNSW), NSW Police, Transport for NSW (TfNSW), Marine Rescue NSW (MRNSW) and NSW National Parks and Wildlife Services (NPWS), as well as key port stakeholders, helps to develop important working relationships and collaboration.

Sneaky Providore

Port Kembla | 15 July 2022

This multi-agency operation led by Port Authority and NSW Ports was a full-scale deployment of personnel and resources to a simulated suspicious consignment on a ship at Port Kembla berth 102. As evacuations were underway, an oil spill was detected, and an incident management team was established. Several government agencies were involved in the exercise including FRNSW, NSW Ambulance, TfNSW, the Environmental Protection Agency and key port stakeholders.

Newcastle Spillex

Newcastle | 21 September 2022

A desk top exercise was conducted for the Incident Management Team on 20 September then on 21 September Newcastle Port Officers participated in an oil spill response exercise that involved booming operations adjacent to the main shipping channel and simulated booming operations to the west of Mayfield 7 berth. Boom from the containers positioned at M7 and K10 was deployed, and crews exercised the safe deployment, towing and anchoring of boom adjacent to the main shipping channel. The exercise was also observed by a representative from Port of Newcastle.

Exercise Hopeng

Port Botany | 23 November 2022

A combined exercise between Port Authority and FRNSW to test the capabilities in establishing a multi-agency incident control team for a leaking dangerous goods container culminating in a fire onboard a ship. The exercise involved standing up an Incident Management Team using personnel from Port Authority, FRNSW and other relevant government agencies and external stakeholders, these included TfNSW, Regional Emergency Management Office and NSW Police, NSW Environmental Protection Agency, NSW Ports and Patricks Stevedores.

Yamba Spillex

Yamba | 7 December 2022

This oil spill response exercise was undertaken in Yamba port waters. The aims of the exercise were to test the adequacy of pre-positioned oil spill response equipment, increase the interoperability of Port Officers from Yamba and Newcastle, and provide an understanding of oil spill response capabilities to external agencies.

The exercise involved deployment of boom from a pre-positioned emergency response trailer at Goodwood Island Wharf to contain a simulated spill from a small commercial vessel berthed at Goodwood Island wharf.

Port officers from both Yamba and Newcastle successfully deployed and recovered the boom in a safe and efficient manner.

Port of Eden – Snug Cove

11 February 2023

This exercise was conducted to test the fire response capabilities within the Port of Eden. Scenario that a fire has broken out in the engine room of the Tug “Twofold Bay” berthed alongside the Cruise Wharf in Snug Cove. Attempts to extinguish the fire by vessels crew have not been successful and assistance is required. Large amounts of smoke are emanating from the vessel.

FRNSW, Towage providers Svitzer and Pacific Tugs and Port Authority staff responded to the onboard fire.



Botany boom deployment

Exercise Sydney Cove

Sydney Harbour | 22 June 2023

This exercise put to test Port Authority's capabilities to respond to a large pollution spill in Sydney Cove. An Incident Management Team was established with other government agencies and external stakeholders. The exercise focused on Port Authority's Pollution Response Plan Sydney and involved multiple vessels deploying booms to simulate containing and deflecting oil. The exercise also had an emphasis on the commercial implications and sensitivities of such a high-profile location.

Scoped

Port Kembla | 23 June 2023

This multi-agency operation, led by Port Authority and NSW Ports, was a full-scale deployment of personnel and resources to a simulated oil spill due to an accidental discharge from the vessel at berth 104, and an incident management team was established. Several government agencies were involved in the exercise including FRNSW, NSW Ambulance (recovery of injured person from the vessel), TfNSW, the NSW Environmental Protection Agency and key port stakeholders. The vessel master and crew also practised the accidental spill and extraction of an injured crew member from the engine room of the vessel.

Emergency response training

Constantly striving to improve Port Authority's preparedness in emergency response and incident management, AMSA ran AIIMS (Australasian Inter-Service Incident Management System) training for all Executive and senior managers.

Other training that was completed to assist Port Authority's compliance responsibilities included Oil-Spill Sampling Training. This training program was rolled out to support Port Authority in our duty to investigate and enforce Marine Pollution incidents. In addition, staff attended Basic Equipment Operators Course, Marine Pollution Response Course and Level 2 and Level 3 Incident Controllers Course to further prepare for marine pollution response.

Port Authority staff, alongside other government agencies, form both the National Response Team and State Response Team. These teams respond and assist in various marine incidents, both nationally and internationally. Each year Port Authority representatives participate in workshops and exercises as part of their commitment to the teams.

State Response Team (SRT) Workshop

Wollongong | 6 - 7 September 2022

Thirteen Port Authority staff attended the SRT workshop in Wollongong. The workshop discussed several case studies including the recent stricken bulk carrier MV Portland Bay and NSW flooding events. Guest speakers also discussed engaging topics relevant to maritime incidents.

Australasian Inter-Service Incident Management System (AIIMS) training

Sydney | November 2022

AIIMS provides the fundamentals for incident management and is the nationally recognised systems for multi-agency incident management. Twenty-four Executives and senior managers from Port Authority attended this course facilitated by AMSA.

National Response Team (NRT) Workshop and Exercise

Various | 2022/23

Throughout the year, a total of sixteen staff attended three different workshops or exercises as part of their involvement in the NRT. Our staff benefit and provide valuable input as part of their participation, sharing knowledge and gaining valuable experiences.

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.

Port Authority did not dispose of any land assets of value greater than \$5 million during the period 1 July 2022 to 30 June 2023.

Glebe Island and White Bay

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

The Glebe Island and White Bay berths are owned by Port Authority and are significant maritime related economic assets. These berths have been a part of the working port since 1901 and are located at the heart of Sydney Harbour’s maritime industry. This port precinct provides strategic capabilities and outcomes for the State of New South Wales, including the facilitation of the maritime supply chain for construction materials, the enablement of cruise vessel calls, providing support to the wider working harbour, and the provision of berth adjacent hardstand for major transport projects.

The berths also provide a staging area for the city’s celebrated harbour events, and a location for Australian and international media and film shoots. The precinct is home to a number of maritime contractors and harbour service providers that maintain Sydney’s jetties and provide services within the port supply chain such as tugs, barges and bunker fuel vessels.

Glebe Island and White Bay: trade vessel visits by year:

	2019-20	2020-21	2021-22	2022-23	Variance from previous year
Glebe Island	89	52	60	76	27%
White Bay	295	136	146	272	86%
Total	384	188	206	348	69%

Infrastructure projects

Major infrastructure projects (Sydney Metro West (SMW) / West Connex Stage 3B (WCX)) have continued their use of Glebe Island and White Bay to assist with facilitation of their projects in the Bays precinct.

During September 2022, White Bay was used to take delivery of, and store two tunnel boring machines currently being used in the SMW transport project.

Glebe Island also continues to be used for the critical NSW Government infrastructure projects, with Infrastructure NSW (INSW) (Sydney Fish Markets Redevelopment in Blackwattle Bay) continuing to occupy land on Glebe Island 2.

It is expected that the SMW and INSW projects will continue with their current land use over the next 12 months, with adjustments to land use sizes as required on additional ad hoc uses. WCX will slowly reduce the size of their land occupation as their project comes to an end, but it is expected that these areas will be utilised for other short- and long-term project uses.

Ongoing co-ordination between these projects and the port operations, including cruise ship movements and long-term tenants is continuing seamlessly and without incident.

Port activities

Throughout July and August 2022, the White Bay site was utilised in the disposal of the ‘Baragoola’ ferry, a historic vessel that had sunk earlier in the year, and November 2022 saw the successful resumption of the cruise vessels calling to White Bay.

In February 2023, the international sailing competition ‘Sail GP’ used Glebe Island 1 for its ‘back of house’ operations. Port Authority also continued to provide support for major arts and entertainment events including those sponsored by the City of Sydney and NSW Government. Glebe Island and White Bay were used as operational bases for Opera Australia, Australia Day, Vivid Sydney and New Year’s Eve celebrations. Throughout the year, the precincts have been used to shoot a variety of movies, advertisements and TV shows.

Port maintenance

White Bay 2 wharf is undergoing upgrade works which involve the reconstruction of the older part of the wharf (built in 1958) and restoration and protection of the newer section of wharf (built in 1968). The project aims to restore the wharf to its maximum operational loading and to extend the entire wharf’s serviceable life by 30 years.



Vessels and equipment

Our vessels and equipment provide Port Authority with the on-water capabilities to ensure our ports are safe and secure.

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.

We manage a fleet of customised/fit for purpose vessels which includes a variety of vessel types performing different tasks; powerful pilot vessels to transfer our marine pilots to ships at sea; firefighting tugs to combat on-water and shoreline fires; emergency and oil spill response vessels which deploy booms to manage marine incidents; survey vessels to scan the seafloor for hazards and operations vessels to allow our teams to manage our marine infrastructure.

Vessels and equipment activity

External reviews

Ongoing AMSA survey visits, showing reduction in identified deficiencies over the past three years, demonstrating improved management of the vessels’ maintenance and compliance conditions.

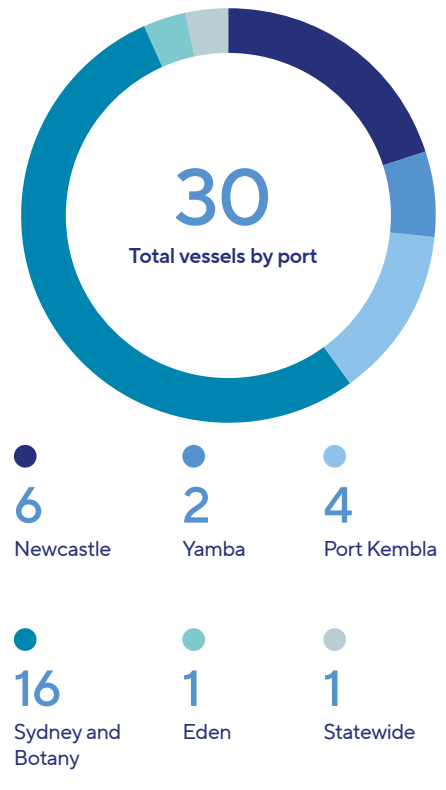
Management Strategy

- Vessel Traffic Services function transitioned to IT, providing broader technical knowledge and support.
- PFAS foam removed from Ted Noffs and Shirley Smith vessels, limiting environmental risk.
- Continued asset optimisation efforts resulted in the sale of Response Vessel in Sydney, refurbishment of Response Vessel 1 in Newcastle, and the repurposing of Brian Cecil to provide redundancy during that refurbishment project.

Management improvement plans and achievements reaching previous targets

The first of our new multipurpose emergency response vessels is due for delivery in July 2023, with the second to follow soon after. The average age of the fleet post arrival of the new vessels will reduce, providing efficiencies in expected maintenance provision. To contribute to the maintenance and operational efficiencies, the fleet continues to transition to standardised equipment and systems.

Port Authority vessel numbers by port (at 30 June 2022)



Port Authority crane operations and oil spill response vessel *Manns Point*

Port assets *continued*

Port Authority vessels by name and function

Precinct	Vessel name	Vessel function
Statewide	Brian Cecil	Survey work, pilotage transfer
Eden	Quintrex Bayhunter	Marine operations, emergency response
Newcastle	Henry Newton	Pilotage
Newcastle	PT1	Pilotage transfer
Newcastle	Response 1	Pilotage transfer, oil spill response
Newcastle	Riverkeeper	Oil spill response
Newcastle	Governor King	Pilotage
Newcastle	RV3 Punt	Marine Operations
Port Kembla	Dinghy (flat bottom)	Marine operations, emergency response
Port Kembla	Elourie	Marine operations, emergency response
Port Kembla	Kestrel	Pilotage
Port Kembla	Shearwater	Pilotage
Sydney and Port Botany	Botany Punt	Survey work, shallow water inspections
Sydney and Port Botany	FRV2	Oil spill response, crane operations
Sydney and Port Botany	Manns Point	Crane operations, oil spill response
Sydney and Port Botany	Millers Point	In-harbour transfers, emergency response
Sydney and Port Botany	OSV Banks	Oil spill response
Sydney and Port Botany	OSV Denison	Oil spill response
Sydney and Port Botany	Port Explorer	Survey work
Sydney and Port Botany	PV Sever	Pilotage
Sydney and Port Botany	PV Sharp	Pilotage
Sydney and Port Botany	PV Sinclair	Pilotage
Sydney and Port Botany	Response I (sold December 2022)	Emergency response
Sydney and Port Botany	Response II	In-harbour transfers, emergency response
Sydney and Port Botany	River Truck 1	Oil spill response
Sydney and Port Botany	River Truck 2	Oil spill response
Sydney and Port Botany	River Truck 3	Oil spill response
Sydney and Port Botany	Shirley Smith	Firefighting
Sydney and Port Botany	Ted Noffs	Firefighting
Yamba	Alvina III	In-harbour transfers, emergency response
Yamba	Flat Punt	Marine operations, response vessel

Heritage

Port Authority is committing to conserving its port and maritime heritage. Across our ports, we own, manage and maintain 38 heritage-listed assets, including iconic landmarks and structures listed on the NSW State Heritage Register.

In FY23, Port Authority undertook a review, consolidation and update of our statutory Heritage and Conservation Register (Section 170 Register). This work involved the preparation of a thematic history of our organisation, a review and update of the details of each of our 38 heritage listings, reconsideration of the level of significance for selected listings and the preparation of an updated Heritage Asset Management Strategy (HAMS). The updated Section 170 Register and HAMS were submitted to Heritage NSW and formally accepted on 7 June 2023.

Of the 38 listings, 21 have been assessed as having State heritage significance including the iconic Glebe Island Silos and several lighthouses and aids to navigation dotted around Sydney Harbour. Port Authority's Section 170 Register also includes nine listings on the State Heritage Register, either as distinct items or as part of State heritage listed areas.



In May 2023, Port Authority's upgrade of the Macquarie Pier in Newcastle received a Highly Commended distinction at the 2023 National Trust Heritage Awards. The project, at one of Newcastle's most iconic locations, involved a full restoration and revitalisation of the highly utilized public walkway leading to Nobbys-Whibayganba headland as well as the installation of a suite of historic interpretative signage, and the development of a free fully immersive audio tour.

Item name	State Heritage Inventory Number	State Heritage Register Number	Location	Assessed Significance
Automatic Tide Gauge	4560010		Brotherson House, Port Botany	State
Bay Class Bronze Propeller	4560061		White Bay Cruise Terminal, Robert Street, Balmain	Local
Blues Point Light Structure	4560034		Blues Point Reserve, McMahons Point	Local
Bradleys Head Lighthouse	4560001	01430	Bradleys Head, Mosman	State
Dawes Point Fog Signal and Navigation Light	4560029		Hickson Road, Dawes Point	Local
Eastern Channel Lighthouse	4560031		South End Eastern Channel, Sydney Harbour	State
Eastern Channel Front Lead	4560003		80 Wentworth Road (corner Fitzwilliam Rd), Vaucluse	State
Eastern Channel Rear Lead	4560007		12A Wentworth Avenue, Vaucluse	State
Eden Harbour Master's Telescope and Barometer	4560063		Harbour Masters Office, Eden Welcome Centre, Snug Cove	Local
Glebe Island Bridge Approach	4560015	01914	Glebe Island, Rozelle	State
Glebe Island Dyke Exposures	4560056		Solomons Way, Glebe Island, Rozelle	Local
Glebe Island Plaque – Opening of Container Terminal	4560013		Monument Lookout, Glebe Island, Rozelle	Local
Glebe Island Sandstone Quarry Sample	4560014		Monument Lookout, Glebe Island, Rozelle	Local
Glebe Island Silos	4560016		Glebe Island, Rozelle	State
Glebe Island World War II Monument	4560012		Monument Lookout, Glebe Island, Rozelle	Local
Grotto Point Lighthouse – Front Lead	4560006		Lighthouse Track, Balgowlah Heights	State
Henry Head Lighthouse	4560009	01918	Henry Head, Botany Bay National Park	State
Hornby Lighthouse	4560002	02071	Inner South Head, Watsons Bay	State
Chance Brothers Lens	4560032		Port Authority of NSW Corporate Office	Local
Macquarie Pier (including sandstone retaining wall and steps)	3930015	01674	Nobbys Road, Newcastle East	State
Maritime Services Board Autograph Book	4560059		Port Authority of NSW Corporate Office	Local
Moore's Wharf Building	4560018		4 Towns Place, Millers Point	Local
Nobbys Headland	2170241	01674	Nobbys Road, Newcastle East	State
Obelisk Bay Obelisks (Front and Rear Leads)	4560028	00999	Middle Head, Mosman	State
Overseas Passenger Terminal	4560023		Circular Quay, Sydney	Local
Overseas Passenger Terminal – Mural	4560024		Circular Quay, Sydney	Local
Port Botany Old Government Wharf Remains	4560021		Port Botany, Banksmeadow	Local
Robertsons Point Lighthouse	4560004		Cremorne Reserve, Cremorne Point	State
Shark Island Lighthouse	4560008		Off Northern End of Shark Island, Shark Island, Port Jackson	State
Stone Boat Harbour (Relic)	2170258	01674	100 Wharf Rd, Newcastle East	State
Sydney Cove West Archaeological Precinct	4560025	01860	112-156 George Street, The Rocks	State
The Spit Lighthouse – Rear Lead	4560030		53B Parriwi Road, The Spit	State
Timber Cabinet 1, Enfield	4560058		Glebe Island Storage Shed	Local
Timber Cabinet 2, Enfield	4560057		Glebe Island Storage Shed	Local
Two Mooring Anchors	5063342		4 Towns Place, Millers Point (Moore's Wharf)	Local
Western Channel Lighthouse	4560005		Southwest End Western Channel, Sydney Harbour	State
White Bay Power Station (Inlet) Canal	4560062		Robert Street, Rozelle	State
White Bay Power Station (Outlet) Canal	4560026		Victoria Road, Rozelle	State



Overseas Passenger Terminal, Australia Day

Terminals and venues

Overseas Passenger Terminal (OPT) and White Bay Cruise Terminal (WBCT) continue to be the preferred venues for some of Australia's most trusted international and national brands. Port Authority hosted more than 70 events in financial year 2022/23.

Interesting activations including a zipline from the Northern Wharf of the OPT for Anaconda for Venue Advantage, a Tinder Rainbow for World Pride and conversion of the OPT into an airplane, airplane lounge and the Swiss Alps, replete with real snow for a major IT company.

Over the course of the financial year, major brands such as Samsung, Sephora and Big W were back with Port Authority and pre-covid favourites such as the Antiques Fair and Arc Agency both returned to host their showcase events.

Port Authority hosted the Elevate Sydney Sky show in January, which featured more than 600 drones launched from the northern wharf of the OPT.

Overseas Passenger Terminal Australia Day

2023 marked the 8-year milestone of a successful major event partnership between Port Authority and Australia Day Council of NSW.

Since 2015, Sydney Harbour has been the centrepiece of the Australia Day in Sydney program, with all events created to take place on, around or above the harbour.

Australia Day in NSW continued its leading role in honouring the strength and resilience of the nation's First Peoples through powerful representations of culture and history in 2023. The program returned to its full scale and scope, bringing people and communities together. At first light on 26 January the Dawn Reflection at the Sydney Opera House shone brightly with Kamilaroi woman Rhonda Sampson's artwork Diyan Warrane showcasing the important role of First Nations' women around the waters of Warrane (Sydney Cove). Dawn Reflection coincided with the raising in unison of the Australian and Aboriginal flags on the Harbour Bridge in a symbol of unity, recognition and inclusion.

The OPT was turned into a Kids Zone featuring inflatable obstacle courses, arcade games and wheelchair basketball proving a great hit with families who attended the event. Food trucks fed the hungry crowd and Port Authority hosted an event for their staff in the Customs Hall for the Australia Day Live evening program.

Vivid Sydney

Vivid returned to Sydney again with a magnificent display running from the Opera House around the Harbour Foreshore to Barangaroo, Darling Harbour and right through to Central Square. This year's festival's theme was based on the Natural Environment with lights, music and ideas all centred on Nature. Fuelling our imagination, nature has long been the source of creativity. Nature teaches us, soothes and heals us – helps us to be optimistic and remain open to the unknown. Nature evokes awe, emotion and hope – makes us strive to be better, embrace diversity and think differently. The Sydney Opera House sails were a highlight of Vivid 2023 featuring the last work of one of Australia's most celebrated artists – John Olsen.

The OPT was a focal point during Vivid 2023 – hosting First Light – a special and powerful acknowledgement inspired by our First Nations people and the first harnessable source of light and warmth – fire on the opening night of the event with special guests Yothu Yindi providing the entertainment with a fireworks display. Other popular events included the Drone Show hosted on eight nights during the festival which attracted massive crowds to the OPT Precinct.

The Arrivals Hall of the OPT featured Port Authority's own curated lighting activation – Rules of Three – based on the fact that Quantum physicists use the rule of three to simplify complex ideas and to explain how the particles of nature interact. The Entrance Portico also featured the Contours which was a visual interpretation of the Australian landscape from Wilcannia to Broken Hill.

Food Truck Boulevard in the Southern Forecourt was a major drawcard for activity around The Rocks with food truck vendors welcoming the chance to serve the Sydney visitor economy once again, providing an opportunity for many small businesses to get back on their feet after a very difficult two years.

Several large events were also held in the OPT during Vivid, these included Bon Fromage and the very popular Alpha Royale – car show that attracted more than 150,000 visitors over the third week of the festival.

White Bay Cruise Terminal Makers and Shakers Market

This popular event was held at WBCT for Christmas 2022 and the first quarter of 2023 featuring a curated line up of established and emerging creatives and offers shoppers the best in handmade: from beautiful homewares, stunning lifestyle products to delicious food. The Makers & Shakers Market is designed specifically for people who appreciate where things come from, how things are made and who made them.

Rabobank

Rabobank hosted the first event over 1500 pax given the new approval for increased capacity at WBCT. It was a logistical masterpiece fitting between the departure and arrival of two cruise ships utilising every bit of the terminal including a Hamptons-style marquee filling the wharf. The event showcased the latest in agricultural tech and proved an enormous success with Captain Cook providing the transport with ferries from Darling Harbour to the terminal for both guests and staff.

Vinnies CEO Sleepout

Port Authority hosted the Vinnies CEO Sleepout at White Bay Cruise Terminal in late June for the fifth year, where more than \$8.5 million was raised for Australia's most vulnerable community.



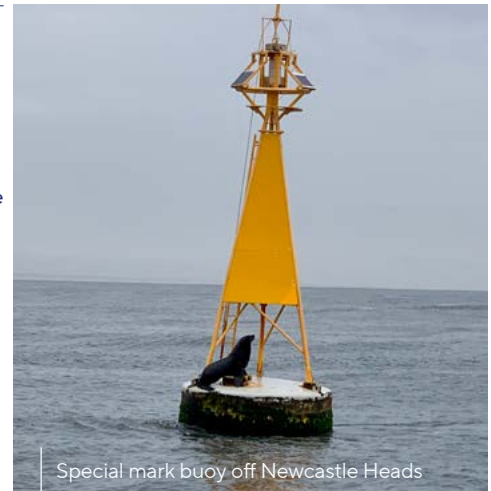
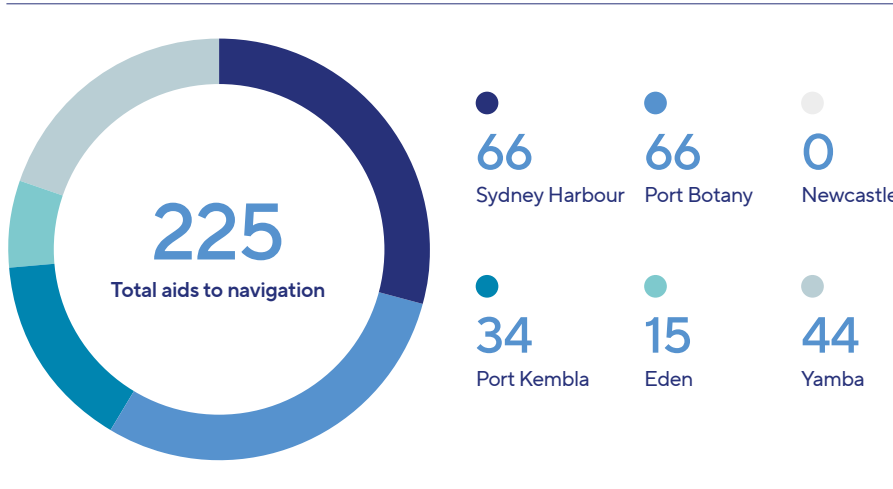
Aids to navigation

Our Aids to navigation guide vessels safely through the ports of NSW.

Port Authority’s network of buoys, markers, 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



Aids to navigation owned by Port Authority by type and port:

Port	Floating buoys	Fixed structures	Lighthouse	Total
Sydney Harbour	10	55	11*	66
Port Botany	13	52	1	66
Newcastle	0	0	0	0
Port Kembla	8	26	0	34
Eden	2	13	0	15
Yamba	14	30	0	44
Total	37	176	12	225

*Noting Fort Denison lighthouse is not owned by Port Authority, but only the navigation light affixed.

Yamba lead light replacement project

Yamba, Clarence River | February and March 2023

Replacement of front (Clarence River, near breakwall) and rear (Dart Island, Clarence River) navigation leads. The old structures had reached the end of their safe operational life.

The project met several objectives:

- From an operational point of view, to provide day and night-time lead lines that mark the deep-water section of the channel to guide vessels safely into the river, and provide an operationally reliable asset to meet PSOL and IALA requirements.
- From an asset management point of view, the objective of the replacement was to provide safe maintenance access in accordance with WHS guidelines, and lower whole of life asset ownership costs. The objective of the project was to create a standardised design for piled AtoNs and ease of construction in a remote environment.

The design of the new replacements is a monopile and tower design, being a standard design that accommodates standard components.

The new structures were fabricated in Sydney, transported to Yamba by road and required the use of a specialised crane barge.

The AtoN replacement locations are on Crown Land subject to native title claim, requiring Crown Lands Development Certificate and thorough consultation with Yaegl Traditional Owners Corporation, with which a strong relationship was developed. Several divisions of the business (Project, Assets, local Marine Operations) collaborated throughout the project to successfully complete the project in the remote location.

Port assets *continued*

Aids to navigation buoy replacement program

Sydney Harbour, various locations

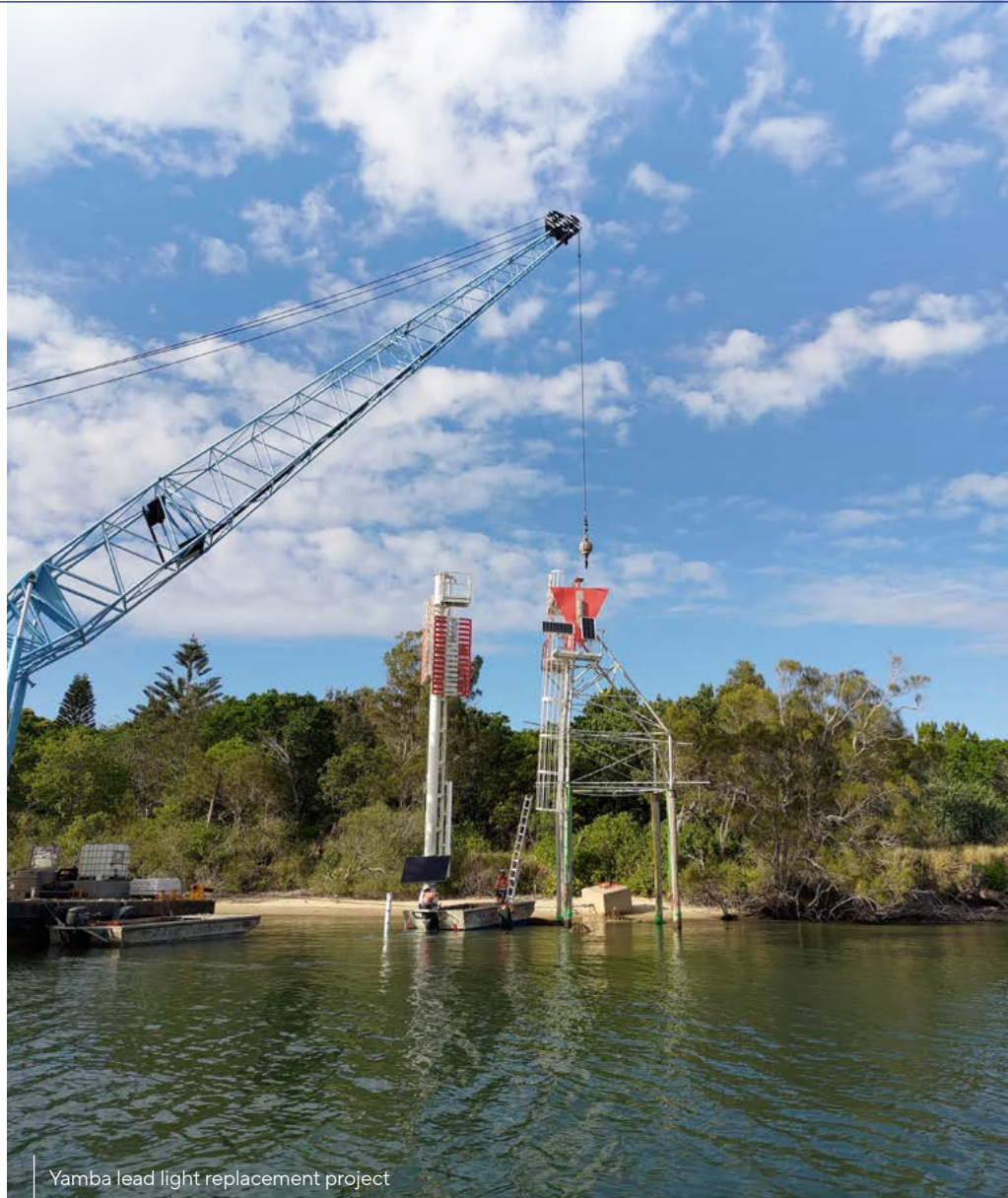
Having reached the end of their serviceable life, four steel navigation buoys are scheduled to be replaced with an elastomer buoy. The new buoys have an estimated 20-year design life, require minimal maintenance and offer increased impact resistance, therefore provide a cost-effective replacement solution. The mooring chains and anchors will be replaced together with the buoys. The buoys are manufactured in Spain and will be fitted with modern solar powered marine lanterns. Each buoy will feature a new name plate featuring Port Authority’s logo and VTS phone number. The new buoys have been delivered to Port Authority and are scheduled to be deployed in Sydney Harbour before the end of 2023. A similar project was completed in 2022 to replace four navigation buoys in Sydney Harbour with high-density polyethylene (HDPE) buoys. One additional replacement HDPE buoy is planned to be deployed along with the four new elastomer buoys.

Replacement of AtoN structure located on Sydney Airport land

Port Botany, Sydney Airport

Replacement of two AtoNs, being the front and rear navigation leads located near the end of the Sydney Airport runway, to provide a lead line for the main approach channel into Port Botany. Following detailed options analysis and testing of electronic simulations, it was recommended that the existing end of life rear lead light be replaced with a technologically advanced PEL (Port Entry Light) on a piled structure located in the water of Botany Bay. A new piled guiding light (front lead) was also recommended as contingency, should the new PEL ever fail to operate. This proposal eliminates the need to access Airport land for maintenance of the AtoN and meets the requirements of Sydney Airport and CASA (Civil Aviation Safety Authority). The main objective of the project included design and construction of the new structures to allow cyclic maintenance to take over for the full duration of their estimated lifecycles and avoid disruption to port operations and the safe passage of vessels during the site works.

Following completion of the final detailed design package, installation of the new piled structures is estimated to commence on site in October 2023 and be completed by December 2023.



Yamba lead light replacement project

Wedding Cake East (AtoN/in-harbour Lighthouse) life extension

Sydney Harbour, eastern channel

Wedding Cake East AtoN consists of timber piles supporting a concrete deck and a timber frame gas house and lamp house structure. There is evidence that the foundations and lighthouse have been replaced once since its original construction circa 1924.

The structure has reached the end of its design life and requires significant restoration works to extend its operational life.

Following analysis of several options, Port Authority’s Projects and Planning teams have conducted a thorough and collaborative process to ensure the recommended life extension works meet the requirements of Heritage NSW.

The recommended Scope includes restoration of the piled foundations in its existing location, platforms and two-tiered lighthouse, and upgrades to ensure compliance with modern safety requirements.

Maintenance management *Statewide*

We continue to manage the asset portfolio to ensure reliable performance of the AtoNs in accordance with our PSOL obligations. In FY23, the Asset Management team have conducted a review of the portfolio and the deliverables of our service providers. We utilise an asset management software to track planned maintenance, record outages and implement actions to rectify defects. The data informs recommendations for future required enhancements and evidences our activity to provide safe and efficient assets supporting operations under the PSOL.



Port security

Port Authority is committed to the security of its waterways, assets and infrastructure, the employees and public within these spaces:

- the waterways and shipping channels of Sydney Harbour, Port Botany, Newcastle Harbour, Port Kembla, Port of Eden and the Port of Yamba
- two world-class cruise terminals: Overseas Passenger Terminal (OPT) at Circular Quay and the White Bay Cruise Terminal (WBCT) at White Bay
- White Bay and Glebe Island wharfs used for dry bulk and import/export operations.
- Port Botany boat ramp
- Maritime Industry service providers that operate within the waterways.

Port Authority implemented several developments throughout FY23 to access contemporary risk information provided by federal and state agencies, improve security response and capability, including:

- Approval by the Department of Home Affairs of the revised Maritime Security Plans for Port Kembla and Port Botany.
- Implementation of the Cruise Terminal Operational Covid (CTOC) plan. The CTOC plan continued through the commencement of international and domestic cruise ships operations to the Port Authority cruise terminals, OPT and WBCT, to meet safety, health, and hygiene parameters in a COVID-19 environment.

- Updating of the access control systems for facilities and assets was completed at the OPT and WBCT.
- Continuing to build strong port wide security network hosting the scheduled Port Security Committee meetings in Port Kembla, Port Botany and Sydney.
- Participation in two operational exercises with NSW Police Force CT and Defence in Port Kembla and Port of Sydney to enhance Critical Infrastructure protective security, vehicle borne attacks and crime prevention, in particular addressing armed active offenders and trending 'lone wolf' attacks.
- Participation in the steering group for the Counter Terrorism NSW Government Agency Briefing hosted by the Assistant Commissioner and the NSW Police Counter Terrorism & Special Tactics Command.

Port Authority is continually monitoring facilities, undergoing security exercises and drills, and proactively developing contemporary security mitigation to evaluate and respond to the latest world events and trends.

Port Authority maintains a strong working relationship with Australian Government regulator from the Department of Home Affairs and has welcomed and was compliant with the external audits and inspections as part of the Department's maritime compliance plan.

IT infrastructure

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 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

OnePort All ports

The design and development of the next generation port management system, OnePort, continues.

This state-of-the-art data sharing platform was developed inhouse and implemented in Port Kembla and Eden in 2022, Newcastle in 2023, and now used by port users, vessel agents, towage and lines providers and Vessel Traffic Systems.

OnePort will be operational in all Port Authority ports by February 2024.

For further information about OnePort, visit page 59.

New independent VTS backup centre Port Kembla

Standby, geographically dispersed, vessel traffic services have been commissioned in Port Kembla to provide resilience in the event of emergencies to the primary centre. The new backup centre utilises upgraded hardware, software, networking services including fibre optics and separate power feeds from multiple grids.

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.

Overseas Passenger Terminal Berthing Infrastructure project

The objective of this project is to facilitate safe, efficient and reliable berthing at the Overseas Passenger Terminal (OPT), that can accommodate the requirements of current and future vessels. This includes installing a long-term engineering solution to mitigate the effects of scour and accretion and identified risks caused by modern day cruise ships.

The long-term scour protection solution will require the mobilisation of dredging plant, therefore capital dredging is also being considered to improve berthing safety and efficiencies. This would extend the capability of the berth and allow ships with larger overall lengths, such as the ‘Oasis of the Seas’ (+5000 Passengers) and future vessel designs, to berth without special requirements.

The berthing infrastructure project delivers long-term berth stability in two stages of works:

Stage One was completed in March 2021 and involved the installation of sheet piles to create an underwater retaining wall along the OPT’s southern embankment, to prevent the ongoing movement of sediment into the berth box. The sheet piles were installed from the water using a barge alongside the terminal’s wharf.

Stage Two 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

Commencement of Stage Two of the project, involving the installation of seabed protection, awaits the issue of a sea dumping permit for dredge spoil from the Federal Department of Climate Change, Energy, Environment and Water (DCCEEW). Port Authority is currently working through the process of submitting additional information to DCCEEW to finalise the permit. Following the anticipated issue of the permit in late 2023, it is anticipated that Stage Two works will be carried out mid 2024, in the cruise low season, to maximise access to the berth.

Project costs

\$27.9 million

Timeline



Cruise ship at berth, Sydney



Shore Power

Introducing shore to ship power to the Bays Port precinct is one way Port Authority is helping to address climate change and reducing potential noise impacts from vessels at port on the local community:

- The supply of purchased certified renewable energy for shore power could potentially achieve an estimated reduction of up to 14,000 tonnes of CO2 emissions per annum - around 4,000 tonnes from the cruise berth and 10,000 tonnes from the bulk berths, once all berths are live.
- This is a result of enabling ships to reduce reliance on their engines while at berth which will reduce the amount of diesel fuel burnt and consequently, reduce potential odours, air and noise pollution. Shore powered equipment such as heating and cooling systems on the vessels will continue to run.

Project background

Following the Board’s endorsement in August 2021 of Port Authority’s commitment to a net zero strategy and the installation of shore power using purchased certified renewable electricity at the commercial berths at Glebe Island and White Bay, the NSW Minister for Transport David Elliott MP, Port Authority’s CEO and industry partners formally announced the project to the public on 21 March 2022.

The project includes the delivery of the world’s first shore powered dry bulk shipping precinct and the first shore powered cruise terminal in the Southern Hemisphere. The commitment includes the provision of shore power at White Bay Cruise Terminal (WBCT) and Glebe Island 8 by end of 2024, with all major commercial berths (Glebe Island 1, 2 and 7) in the precinct to be operational by 2030.

The shore power project was supported by an historic agreement between Port Authority and key customers in the precinct: Carnival Australia, Royal Caribbean Group, Cement Australia, MSC Cruises and CSL Australia.

Partners’ investment will be significant to ensure a shore power-ready fleet and is also acting as a catalyst for further sustainability changes in our industry. Engagement with these customers to progress the delivery of the project continues while work to gain support of additional stakeholders has commenced.

Project construction

Port Authority plans to provide five shore power connection points within the Bays Port precinct - with four for bulk ships at Glebe Island (1, 2, 7 and 8) and one for cruise ships at the WBCT.

The program of works will be staged, with enabling works to bring the required power to the precinct, and connection to the WBCT and Glebe Island 8 to be delivered first. Installation of connections to the remaining Glebe Island Bulk berths will follow.

The physical works involves the installation of an underground power distribution network, substation building, electrical transformers, frequency converters, switchgears, and specialised cable management equipment, ensuring safe connection of the shore supply to visiting vessels.

Project status

The project is progressing well and Port Authority is working with key customers to understand vessel power demand and connection requirements to inform the shore power design.

Due to the large power intake from the vessels visiting White Bay and Glebe Island, bringing in new power supply to the Bays Port is one of the major components of the Shore Power project. Port Authority has completed the optioneering feasibility study for the power supply to White Bay scope. The report was submitted to an energy provider to provide a Design Information Package so that the appointed Level 3 accredited service provider can progress with the power supply design development.

The tender process seeking a suitable contractor to carry out the design, fabrication, supply and installation of the shore power equipment and internal electrical distribution system to WBCT and Glebe Island will close in July 2023. The project is impacted by the rapidly increasing tender activity on the international market for shore power equipment, as demand continues to increase.

As a leader in this space, industry collaboration at a national and international level continues, with Port Authority presenting at numerous engagements including Ports Australia and PIANC working groups. Port Authority is in the process of being accepted into the international Electrotechnical Commission (IEC/IEEE) Technical Standards Formation, representing Oceania/Asia Pacific on the committee developing the international standard for shore power to bulk vessels.

Project costs

Port Authority will be investing nearly \$60 million for the development of the landside electricity supply. Our valued partners will also be investing significantly to retrofit their vessels or scheduling their existing fleet to be ready to connect to our Shore Power facilities.

The project cost will be updated upon completion of the RFT process.

Timeline

2022	March	Shore power announcement
	May	Connection report for new power supply to Bays Port precinct received
	June – November	Industry consultation with other ports, specialist providers, cruise lines and bulk shipping operators
	September	Concept design commences
2023	October	Securing the required 33kV power supply to Bays Port precinct design commences
	December	Concept design is finalised
	January	Expression of Interest (EOI) issued to the market for equipment design, fabrication, supply and installation
	February	EOI closes. Qualifying respondents shortlisted to participate in tender process.
	April	Request for Tender (RFT) issued to shortlisted tenderers for equipment design, fabrication, supply and installation
	July	RFT closes. Tender evaluation commences
	December	Contract to be awarded to successful tender. Detailed design stage to commence

Major projects *continued*



Glebe Island and White Bay

Bays Port Innovation and Integration Plan

Port Authority is developing a Bays Port Innovation and Integration Plan (BPIIP) which will set out a holistic long-term land and water use strategy for the Bays Port (White Bay and Glebe Island).

This Plan will document a long-term vision for a future Bays Port that optimises port and working harbour operations whilst supporting the broader urban renewal aspirations outlined in the Bays West Place Strategy.

The Plan will also consider ways in which Bays Port can become a better connected and more vibrant and sustainable place.

Project background

The Plan is being developed through a robust, evidence-based process, with the participation of government, community and industry stakeholders.

Bays Port accommodates the last remaining deep-water land-interface berths for commercial shipping in Sydney Harbour. It has served Sydney for over 150 years in various capacities and continues to support the Sydney and NSW economies.

Bays Port sits within a significant urban renewal and transformation area and the Bays West Place Strategy has set out an overarching strategic direction for this area. The Place Strategy acknowledges the importance of the retention and evolution of the port, working harbour maritime and industrial uses within the precinct. The Plan will provide a renewed direction to enable the growth and evolution of the port within the urban renewal context.

Project status

Underway

Timeline

2023	Q1	<ul style="list-style-type: none"> Lead consultant for preparation of the Plan appointed Baseline reporting to understand the site and existing operations undertaken Walk on Country undertaken
	Q2	<ul style="list-style-type: none"> Vision and opportunity testing Government stakeholder engagement Reading of Country delivered Ideas and Opportunities co-design workshop
	Q3	<ul style="list-style-type: none"> Optioneering workshop Community engagement workshops Government stakeholder workshop Option refinement and preferred option testing
	Q4	<ul style="list-style-type: none"> Bays Port Innovation and Integration Plan to be finalised, including Structure Plan and Land use frameworks.



Multipurpose vessels

Project background

In April 2021, Port Authority engaged Birdon Marine in Port Macquarie to design and construct new multipurpose firefighting vessels for Sydney Harbour and Port Botany. The two new vessels will provide Port Authority’s operational 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 the two firefighting tugs (Shirley Smith and Ted Noffs) which, after 40 years of service, have reached the end of their working life. 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.

Project construction

The vessels were constructed sequentially, starting with welding together the precision cut aluminium pieces forming the hull. The hull is constructed in an inverted position, and then turned right side up to commence work on the deck. The wheelhouse is constructed separately, and welded onto the deck once complete. Once the majority of the fit-out is complete, the vessel is “launched”, into the water for the first time, where it remains at berth until the internal fit-out is complete, and the vessel is ready to commence commissioning and testing. Following testing, the vessel will make its way from Port Macquarie to Sydney.

Project status

One vessel will be homeported in Sydney and is expected to arrive in early July 2023 and a second vessel will be homeported in Port Botany.

Training of operational staff will be completed over a number of months. Vessel 2 is expected to be delivered before the end of 2023.

Project costs

\$11.7 million

Timeline



OnePort

OnePort is a custom designed state-of-the-art port management system serving stakeholders such as port users, vessel agents, shipping companies, towage and lines providers and our own Vessel Traffic Services. OnePort introduces efficiencies in processes, standardisation of language across all locations, and increased data capture. The subsequent stages of OnePort will investigate using the newly acquired data to drive operational efficiencies across the supply chain of vessel movements.

Project background

OnePort replaces three port management systems used in our various ports across NSW. These systems were implemented over 20 years ago and posed a risk to Port Authority due to their age and dwindling expertise. The development of OnePort was significant innovation for port operations bringing together together a single way of operating, and using industry-standard language and terms.

Project construction

The system is built in-house on modern cloud technologies.

Project status

OnePort is expected to be operational in all our ports by February 2024. Subsequent projects such as port optimisation are contingent on business case development and approval.

Project costs

\$8.866 million including internal labour.

Timeline



Major projects *continued*

Moores Wharf upgrade

The Moores Wharf facility is home to Port Authority’s Marine Operations base on Sydney Harbour, Australia’s busiest waterway. The facility serves as a critical staging point for daily operations and emergency response, with our Marine Operations team overseeing thousands of vessel movements on the harbour every year. The Moores Wharf facility consists of three different berthing assets including a tug jetty, a T-jetty and a floating pontoon.

The T-jetty and floating pontoon have reached the end of their design life and are not designed to efficiently accommodate existing and future fleet. The project proposes to replace the existing T-jetty and floating jetty with a floating pontoon system.

Project background

A total of nine vessels are currently moored at the facility. Port Authority’s fleet review plan proposes an overall reduction of vessels over the next 10 years, moving toward more “multifunctional” vessels, to increase flexibility, efficiency and cost.

The first activity in the fleet review process includes the replacement of the two existing firefighting tugs with two new multi-purpose vessels, one to be moored at Sydney, and the other in Botany. The first vessel will arrive in July 2023, and the second by the end of 2023.

The existing firefighting tug, moored alongside the tug jetty, provides significant protection to other vessels moored at the facility, as it blocks the wave energy from passing vessel wash.

Removal of the tug will significantly impact the operating conditions of the inner berths, by leaving the existing T-jetty and floating pontoon exposed. The first stage of the project proposes to improve the wave climate by installing a wave baffle in place of the existing tug.

The T-jetty and floating pontoon have reached the end of their design life, and are not designed to efficiently accommodate existing and future fleet.

Project construction

Port Authority engaged Advisian, consulting maritime engineers, to prepare an assessment of options for the Moores Wharf berthing infrastructure, ranging from partial upgrades to full replacement. Following a multicriteria analysis of options and consultation with Marine Operations, it was determined that the preferred option is to replace the existing T-Jetty and Floating Jetty with a floating pontoon system, and to install a wave baffle on the outside of the existing Tug Jetty to provide protection to the Moores Wharf facility. The multicriteria analysis considered many factors, including operational conditions, flexibility, access, safety, cost, and ability to accommodate future fleet.

Construction of the wave baffle involved the removal of elements of the old timber berthing infrastructure, and installation of a new, steel sheet pile wall, attached to new support beams fixed to the existing steel piles of the tug jetty structure. The wave baffle elements were installed from the waterside, using specialised barge and crane equipment, lifting the massive pieces of sheet pile into place for fixing to the new structural supports. Parts of the new baffle were fastened underwater, by specialist divers.

Timeline

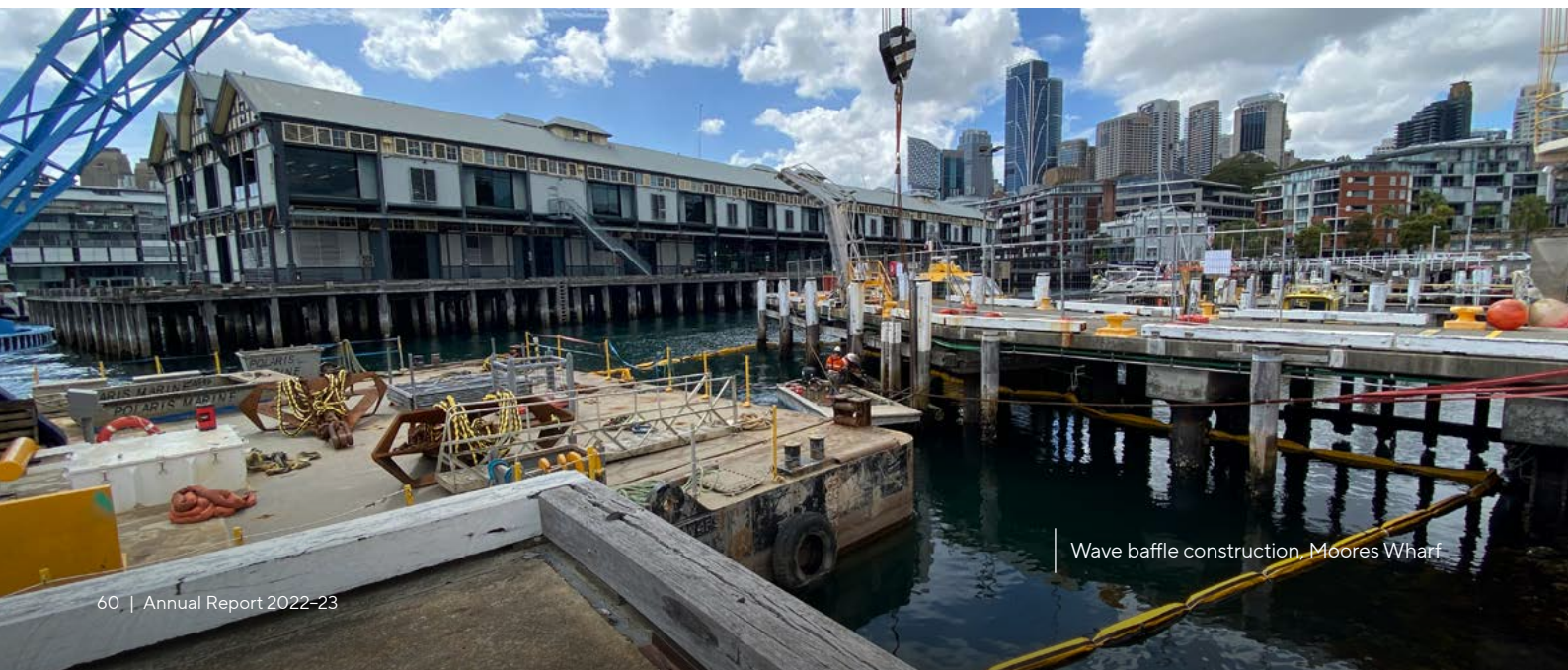


Project status

Construction of Wave Baffle is scheduled to be completed in July 2023.

Project costs

\$4.2 million



Wave baffle construction, Moores Wharf



Pacific Explorer – Eden Cruise

Modification proposal for Eden Cruise Wharf

To prepare and submit a planning modification (MOD3) to the existing planning approval for the Eden Cruise Wharf to optimise the use/operation of the asset and facilitate an increase in cruise vessel visits.

Project background

In September 2019, Port Authority became the operator of the Eden Cruise Facility and responsible for the operational conditions of the Infrastructure Approval, with subsequent vesting of relevant land holdings to Port Authority on 18 December 2020.

The existing Cruise Facility Infrastructure Approval include the following high-level operational conditions:

- Visitation by up to 60 cruise vessels per annum permitted to remain at berth between 7am and 10pm.
- A maximum cruise vessel length of 325m and capacity of approximately 3000 persons.
- Unlimited visitation of non-cruise vessels <100m length permitted to remain at berth 24/7 and undertake wharf operations between 7am and 10pm.

The MOD3 proposal is being sought in response to demand from the cruise and shipping industry to increase the operational flexibility of the Eden Cruise Facility to permit the following activities:

- Uncapped cruise vessel visitation with vessels permitted to remain at berth 24/7 and undertake operational activities between 7am and 10pm.
- Maximum cruise vessel size/capacity equivalent to the Royal Caribbean Oasis Class vessel (length 370m, capacity 6780 passengers plus crew).
- Non-cruise vessels up to the maximum vessel size (370m) permitted to use the berth.
- Development of an additional mooring dolphin and passenger access walkway.
- Relaxation/update of some operational management procedures.

Project status

Port Authority is currently preparing the EA for formal submission to DPE and plans to formally lodge the EA to DPE in September 2023 for public exhibition. DPE will manage the public exhibition seeking feedback from residents, businesses and interested parties.

Timeline

2022	April	Port Authority submit EA Scoping Report to NSW Department of Planning and Environment (DPE)
	July	DPE provide Secretary's Environmental Assessment Requirements (SEARs)
2023	August	Port Authority hold Community Assessment Report
	August 22 – February 23	Port Authority prepares Environmental Assessment
	February – May	DPE consistency review with SEARs
	June – August	Port Authority updates EA
	September – October	Port Authority submits EA to DPE for public exhibition. Public exhibition commences
2024	October	DPE collate public exhibition submissions and submit to Port Authority
	November	Port Authority to prepare Response to Submissions (RtS) Report
	December 23 – January 24	DPE review RtS Report and prepare draft conditions of approval
	February	DPE provide formal recommendation on conditions of approval



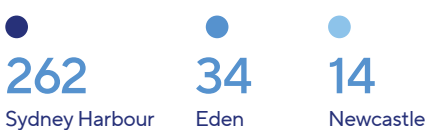
Cruise and commercial

Cruise in NSW

Port Authority operates two dedicated cruise terminals in Sydney – the Overseas Passenger Terminal and White Bay Cruise Terminal – as well as Eden Cruise Wharf, the gateway to Southern NSW. New South Wales remains to be a top cruise destination while Sydney was recognised as the country’s cruise destination of choice in the 2022 Cruise Passenger Readers’ Choice Awards.

As a cruise service provider, we strive to improve our marine assets, maritime expertise and infrastructure to continue welcoming over one million cruise passengers to our shores each year.

During 2022-23



Year-Round cruising returns to NSW

In the first full year of cruise operations following the lifting of the cruise ban, Sydney once again cemented its place as Australia’s most sought-after cruise destination attracting cruise lines and ships from right across the cruising spectrum into its harbour. Sydney’s global appeal propelled visitation numbers back towards pre-pandemic levels at a much faster rate than expected, delivering a valuable economic contribution that supported NSW’s covid recovery.

Close to 1 million passengers safely passed through the Overseas Passenger Terminal and White Bay Cruise Terminal with the high-quality passenger experience seeing Sydney also being named Best Port in Cruise Passenger Magazine’s 2022 Readers’ Choice Awards.

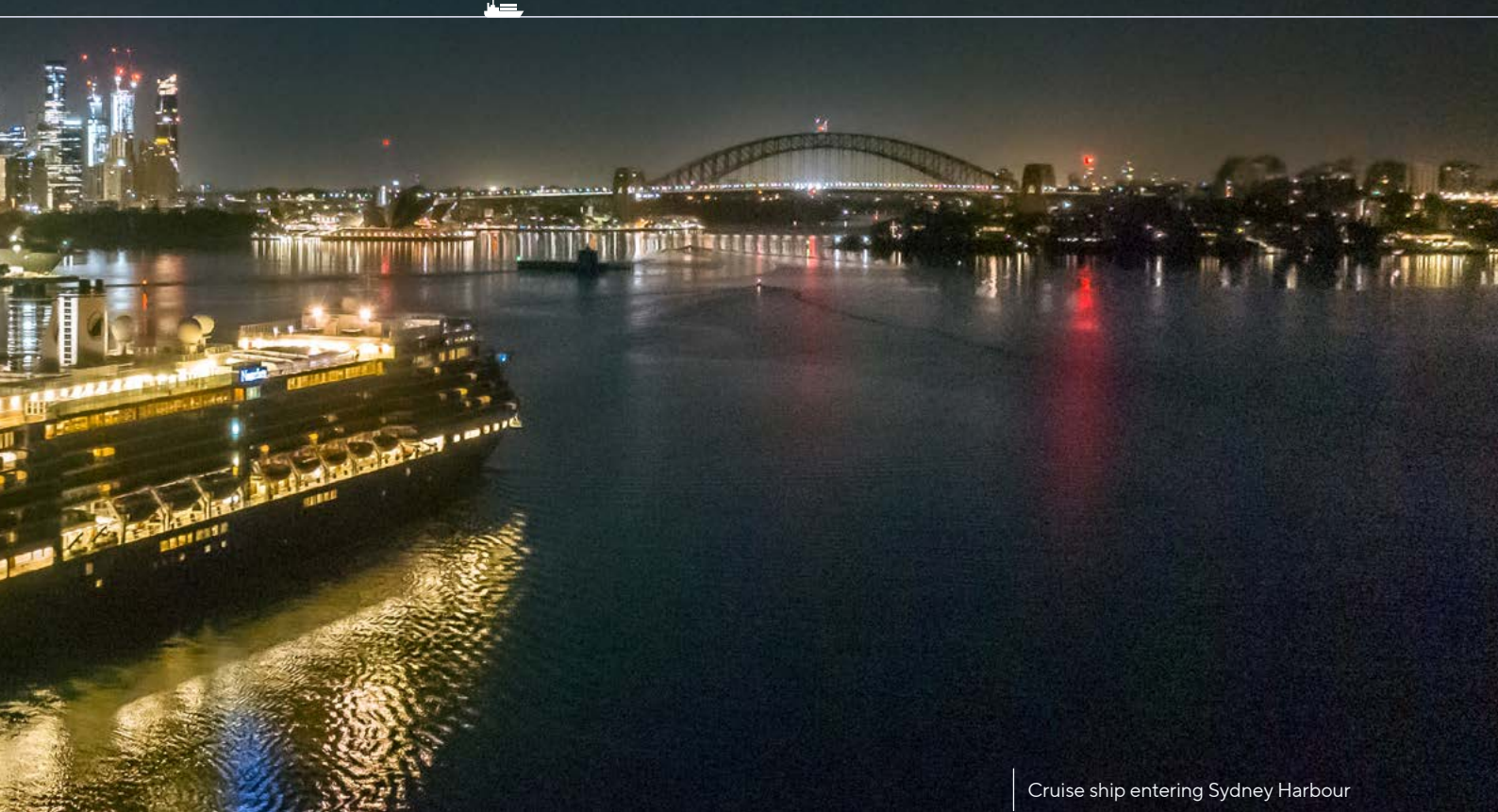
The Winter season was also particularly buoyant with two ships calling Sydney home on a year-round basis, adding 66 calls to the schedule.

The 2025/26 booking window successfully opened; further evidencing the industry’s strong recovery, the appeal of Sydney as a home-port and growing demand of regional destinations.

Regional Success

Regional ports also enjoyed a bumper return to operations, with many of the ships cruising the NSW coastline taking the time to stop and visit regional destinations including Eden, Newcastle and Batemans Bay. The economic benefits of regional cruise visitation extending far beyond the port gate, flowing through the entire supply chain across all levels of local communities.

Eden enjoyed its longest and biggest cruise season on record with the town opening its arms to welcome ships on 34 occasions, showcasing the Sapphire Coast to 50,000 visiting cruise passengers. The Port’s new Welcome Centre finally had the chance to welcome cruise passengers through its doors and in doing so generated a wonderful first impression of the town, further enhancing the visitor experience.



Cruise ship entering Sydney Harbour

Cruise activities

Memorandum of Understanding – Regional Ports Cruise Promotion *Eden and surrounds | July 2022*

Port Authority, Bega Valley Shire Council and Eden Tourism Inc have partnered to promote, grow and maintain cruise visitation to the regional NSW port of Eden

Cruise Sydney & New South Wales – Along the Blue Highway *March 2023*

In partnership with Destination NSW, a new edition of Cruise Sydney & New South Wales – Along the Blue Highway guide was developed and released to industry and showcased at the Seatrade Cruise Global Convention in Florida, the world's largest cruise industry trade event.

Customers and tenants

Our customers continue to grow as Port Authority supports a wide range of industries, by providing opportunities for businesses to occupy land and/or asset infrastructure. This wide range includes restaurants, bars, marine construction, shipping towage, storage, and raw food commodity.

With over 60 customers spread across all ports, Port Authority's customers provide vital functions that not only supports the marine industry and economic trade, but the supply chain of goods and services used for each household across the state.

The Customers within the Port Authority's cruise terminal precincts continue to offer high-end food and beverage venues, along with a dedicated café that caters directly to cruise passengers.

Our tenants of Glebe Island, Cement Australia, Sugar Australia, and Gypsum Resources Australia provide the vital supply chain of raw construction material and food products that service Sydney.

At White Bay 2, Port Authority continues to support businesses that facilitate the safe shipping movement within the harbour which includes Engage Towage and Ausbarge.

Our customers within our regional ports continue to serve the local community and provide benefit to the local economy, employment and advocacy. To the south, the regional port in Eden supports the local visitor information centre within Port Authority's Welcome Centre along with accommodating local tourism and supply businesses that occupy areas along the Eden Cruise berth. In Newcastle, Port Authority has tenants within its office building asset that supports the Hunter Region and the local economy, including Whitehaven Coal Mining and Honeysuckle Health. To the far north, Goodwood Island Wharf in Yamba continues to support our customers including the facilitation of trade.

New Opportunities

Port Authority has provided two rare opportunities by issuing two open market Expressions of Interests (EOI) for large parcels of land on Glebe Island and White Bay with direct waterside access. The Glebe Island EOI is seeking a tenant with the vision, experience, capability and capacity for bulk industry operations to operate out of a Multi-User Facility (MUF).

The EOI for White Bay 3 and 4 is to understand the market for potential operators that are port and maritime related, that will make use of the deep-water berths, align with Port Authority's strategy for this precinct, and complement the surrounding operators and community.

Infrastructure Projects

Several key NSW infrastructure projects are being supported on Glebe Island including the Fish Markets Redevelopment, Sydney West Metro, WestConnex roadway infrastructure, and most recently the Western Distributor Smart Motorway Upgrade project. Glebe Island continues to be critical to the logistical and economical support of large infrastructure projects that require extensive areas of land with direct waterside access.

New regional customer

Port Authority welcomes a new customer to its regional portfolio with Marine Rescue NSW (MRNSW) the most recent tenant occupying the jetty in Eden. MRNSW are a team of 45 units operated by over 3000 volunteers ready to attend to rescue missions and serve the community 24/7.

Economic or other factors affecting achievement of operational activities

In financial year 2022/23, coal export activity out of Newcastle Harbour was materially impacted by two key factors. In the first half of the year, the Hunter Valley coal chain incurred system losses owing to damages caused during consecutive extreme weather events in the previous year. Examples of damage to infrastructure included flooded mines and submerged rail tracks. In the second half of the year, export volumes were indirectly impacted by customer expectations for high quality product. The price of thermal coal surged, shifting producer focus from quantity to quality and, although this benefited producer yields, shipping activity was kept to abnormally low levels. The full year export volume was approximately 15% below average.

In Sydney, a quick and strong recovery of the cruise activity after a two-year ban during COVID boosted shipping activity and operations, including for passenger and bunkering fuel ships.

Inflationary pressures were felt across several areas of the business, most notably in the procurement of vessel fuel and renewable energy, however the overall impact for the financial year was fairly moderate and in part mitigated by management measures.

A tight labour market led to longer lead times in recruitment, higher recruitment costs and cost of external labour. Resourcing challenges, in turn, delayed the delivery of some business initiatives.

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 2022-23 Statement of Corporate Intent.

The variance in 2022-23 is predominantly due to higher revenue from above budget call activity for the container, bulk liquids and cruise segments in Port Botany and Sydney. The container variance was due to a trend of increased direct shipments from Asia. Bulk liquids variance was driven by high jet fuel demand in the first quarter as well as high bunkering activity to service cruise ships. Cruise variance was due to the earlier than anticipated cruise activation by Carnival as well as ships recording higher occupancy rates than the budgeted 70%.

This was offset by an unfavourable variance in operating expenditure due to higher service contractors from unbudgeted external labour resourcing, increased maintenance at our cruise terminals and additional unplanned disposal costs for the Shirley Smith and Ted Noffs tugs. Materials were also above budget due to the higher price of fuel coupled with the above budget vessel call activity in Port Botany and Sydney. Channel fees were higher due to greater than anticipated navigation revenue in Port Botany and Sydney.

Earnings before interest, taxes, depreciation, and amortisation (EBITDA) for the year were \$50.2 million compared with a budget of \$37.1 million.

Board of Port Authority

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 2022/23.

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 committees

To assist the Board in discharging its functions and allow a more detailed analysis of the specialised areas of finance, risk, audit, remuneration, human resources and governance, the following committees were operational during 2022/23:

- Audit and Risk Committee
- People and Culture Committee
- Nominations Committee.

Each committee has a charter setting out its roles, responsibilities and delegated authority from the Board. The Board Charter and all Board Committee Charters are reviewed and updated regularly.

Audit and Risk Committee

The Chair of the Audit and Risk Committee on 30 June 2023 was Matthew Irwin, an independent non-executive Director (not Chair of the Board). Other members of the Committee on 30 June 2023 were David Marchant, Kirsten Molloy, Justine Jarvinen and Deborah Dearing, 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 has 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 reporting
- risk management
- target capital structure
- accounting and Board policies
- internal financial and risk controls
- insurance program
- compliance with applicable laws and regulations
- integrity and performance of the internal audit function
- Sustainability policies and disclosures
- Monitoring critical and emerging trends.

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 2022/23. A copy of the Audit and Risk Committee Charter is available in the Corporate Governance section of the Port Authority website.

People and Culture Committee

The Chair of the People and Culture Committee on 30 June 2023 was Dr Kirsten Molloy, an independent non-executive Director (not Chair of the Board). The other members of the Committee on 30 June 2023 were David Marchant, Andrew Scipione and Justine Jarvinen, also independent, non-executive Directors.

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
- people and culture (P&C) management practices including succession planning, talent development and employee engagement
- diversity and culture programs
- workplace health and safety
- workplace relations and industrial relations issues.

During 2022/23, the People and Culture Committee considered and recommended to the Board the Corporate Goals results for the 2021/22 year and the Corporate Goals for 2022/23, and reviewed and evaluated the performance of the Chief Executive Officer and the Executive Management team against agreed performance goals for the 2021/22 year. The Committee oversaw P&C management including workforce planning and progress against strategic initiatives, HR metrics, diversity matters, complaints and grievances. It received updates on enterprise agreements, the status of actions arising from an employee survey, the progress and finalisation of a payroll audit and a policy review. It also reviewed the Committee Charter.

The Committee met four times during 2022/23. A copy of the People and Culture Committee Charter is available in the Corporate Governance section of the Port Authority website.

Nominations Committee

The Chair of the Nominations Committee on 30 June 2023 was David Marchant. David is an independent non-executive Director and Chair of the Board. The other member of the Committee on 30 June 2023 was Matthew Irwin.

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 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 2022/23. A copy of the Nominations Committee Charter is available in the Corporate Governance section of the Port Authority website.

Board of Port Authority *continued*

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, at 30 June 2023 was David Marchant. David was an independent Director and his role was clearly separated from the role of the Chief Executive Officer, Philip Holliday. David was appointed as Chair of the Port Authority Board effective 1 April 2022, having been first appointed as a Director of Port Authority on 31 March 2021.

The Chair is responsible for leading the Board and facilitating its effective functioning.

Board independence

All Directors are expected to exercise independent judgment when making Board decisions. The approach and attitude of each non-executive Director is critical to determining independence and this must be considered in relation to each Director, while deliberating 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 5% 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 register which records 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 disqualify the Director. There have been no related-party transactions between Port Authority and any Director during the year.

Attendance at Board meetings

Board meeting attendance for 2022–23

Board member	Eligible to attend	Attended	Term of appointment
David Marchant	8	8	1 April 2022 – 31 March 2025
Philip Holliday	8	8	27 November 2019 – 26 November 2024
Zorana Bull	5	5	13 February 2019 – 12 February 2023
Deborah Dearing	3	3	13 February 2023 – 12 February 2026
Matthew Irwin	8	7	13 February 2019 – 29 January 2025
Justine Jarvinen	8	8	13 April 2022 – 12 April 2025
Kirsten Molloy	8	7	31 March 2021 – 30 March 2024
Andrew Scipione	8	8	31 March 2021 – 30 March 2024



Attendance at committee meetings

Committee meeting attendance for 2022–23

	Audit and Risk Committee		People and Culture Committee		Nominations Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
David Marchant	5	5	4	4	0	0
Philip Holliday	–	–	–	–	–	–
Zorana Bull	–	–	2	2	0	0
Deborah Dearing	2	2	–	–	–	–
Matthew Irwin	5	5	–	–	0	0
Justine Jarvinen	5	5	4	4	–	–
Kirsten Molloy	5	4	4	4	–	–
Andrew Scipione	–	–	4	3	–	–

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.

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.

- the Code of Conduct
- most recent Annual Report
- Board profiles and contact details
- Board and Committee charters
- Statement of Corporate Intent.

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 2022/23, the Board met eight 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 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. Patrick Raper (FCPA, FAICD, JP) was the joint Company Secretary for the period from Nov 2022 to 30 June 2023.

New Directors are also provided with a Deed of Access and Indemnity in the form approved by NSW Treasury. In addition, new Directors are given access to an induction program which includes meeting with the Chair and induction sessions 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.

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:

- Port Authority's Vision and Strategic Plan
- previous Board minutes
- copies of relevant legislation

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.

An externally conducted Board performance evaluation was conducted during the second half of the 2022/23 year.

Numbers and remuneration of senior executives

As at 30 June 2023, there were seven executives with remuneration equal to or exceeding the equivalent NSW Public Service Commission Senior Executive Service (SE) band 1: four males and three females.

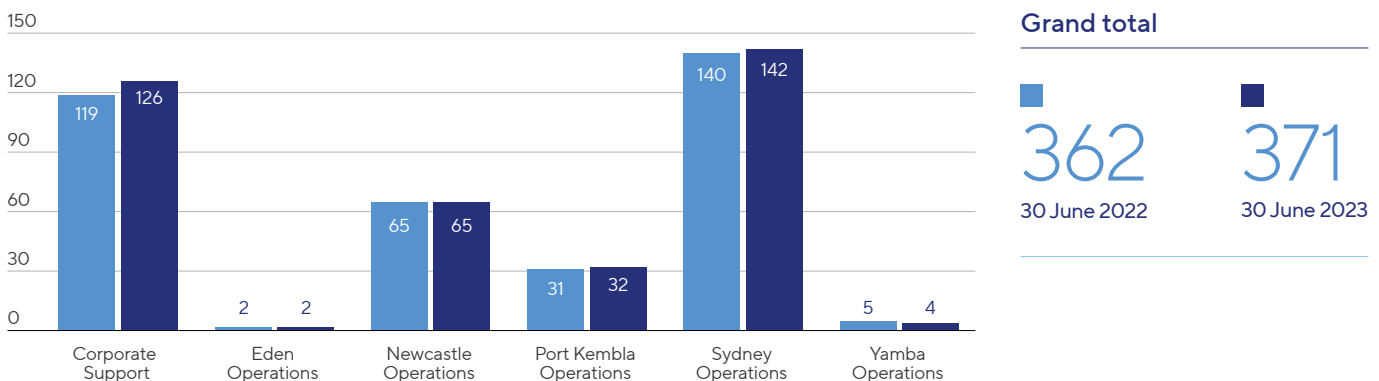
The Chief Executive Officer received remuneration in > SE Band 4 max, which is greater than \$562,650 and less than the upper limit of \$1,000,000.

As at 30 June 2023, the gender ratio of male to female is 5:3.

Executives with remuneration equal to or exceeding the equivalent of SES level 1

SES Level	30 June 2021	30 June 2022	30 June 2023	Male	Female	Average total remuneration package in band
SE BAND 1 Director	0	0	0	0	0	0
SE BAND 2 Executive Director	2	2	0	0	0	0
SE BAND 3 Deputy Secretary	5	5	7	4	3	\$382,044
SE BAND 4 Secretary	0	0	0	0	0	0
>SE Band 4 Max	1	1	1	1	0	\$634,795
Gender ratio, male to female	6:2	6:2	5:3	5	3	

Human resources



Promotions

During 2022-23 four Port Authority employees travelled overseas.

Two visited ports in London, Southampton, Hamburg, Rotterdam, Marseilles, Nantes to inspect shore power installations, integrated ports, meet with key staff involved in shore power design and implementation, and attend the Board meeting for the Association Internationale Villes et Ports – Association of International Cities and Ports (AIVP).

Two visited Miami, USA to attend the Seatrade Global Cruise Conference and meet with Executives from the major cruise lines.



Legal Change

Employment Law Changes

On 6 December 2022, the *Fair Work Legislation Amendment (Secure Jobs, Better Pay) Bill 2022* was passed which made numerous changes to the *Fair Work Act 2009* (Cth). The amendments commenced in stages over a 12-month period which include:

Changes to pay secrecy law

The changes mean that pay secrecy provisions in any contract or agreement have no effect, and it is now illegal if an employer attempts to add them to a contract of employment or agreement. These changes were intended to encourage pay transparency to allow employees to assess if their pay is fair and comparable with other employees, creating a more equal playing field for wage negotiations.

Fixed Term Contracts

Employers can no longer employ an employee on a fixed term contract that is for two or more years where it is for the same role (or substantially similar work), where there is substantial continuity of employment during the period between the previous contract ending and the new contract coming into effect and where one of the contracts has an option for renewal or extension.

Enterprise agreements and enterprise bargaining

Numerous changes were made to enterprise agreements and enterprise bargaining processes, including the ability to terminate expired enterprise agreements; initiating bargaining and removing the requirement for employee bargaining representatives, such as a union, to obtain a majority support determination to initiate bargaining from the Fair Work Commission; Enterprise agreement approval and the 'Better Off Overall Test' (BOOT) including greater certainty about how the BOOT is applied; dealing with errors in enterprise agreements; and bargaining disputes, industrial action, supported bargaining and single-interest employer authorisations.

Public Holidays

On 28 March 2023, in *Construction, Forestry, Maritime, Mining and Energy Union v OS MCAP Pty Ltd*, the Full Federal Court of Australia decided that employers who "require" employees to work public holidays breached section 114 of the *Fair Work Act 2009* (Cth). Employers can now only insist that an employee work a public holiday where it has made a reasonable request for the employee to work the public holiday, and the employee has had the opportunity to accept or refuse the request. This does not mean that rosters cannot include public holidays, however employers must now ensure that the employees understand that the roster is in draft and forms a "request" rather than a "requirement", and it is made clear to employees that they can accept or refuse the public holiday allocations. If any employee refuses the draft roster, Managers will enter into discussions with the employee to determine whether the refusal is reasonable (having regard to the matters in s114(4) of the *Fair Work Act 2009* (Cth) and then subsequently issue a finalised roster.

NSW Marine Pilotage Code

On the 28 November 2022, the NSW Minister for Transport approved a revised NSW Marine Pilotage Code, under the *Marine Safety Regulation 2016*. The Code, originally developed in 2011 deals with qualification, training and health requirements for marine pilots, including a code of conduct. It also contains requirements for marine pilotage exemption certificates and certificates of local knowledge. The revised Code is consolidated with input from Harbour Masters, marine pilot representatives from the pilotage ports of NSW, the Australian Maritime Officers Union and the Australasian Marine Pilots Institute. The ultimate objective of the Code is to enhance marine safety within Pilotage Ports by providing a robust, fit for purpose and consistent published framework of appropriately high standard for pilotage licensing, promoting technological advances and systems to better facilitate the safe delivery of the pilotage function and drawing upon best practice within the industry.

Environmental Planning and Assessment Regulation

On 25 November 2022, changes were made to the *Environmental Planning and Assessment Regulation 2021* ('EPA Reg') through the *Environmental Planning and Assessment Amendment (Miscellaneous) Regulation (No 2) 2022* ('Amendment Reg'). The EPA Reg now includes the requirement to provide a landowner's consent in writing in order for a development application to be made. Previously, there was no requirement for this consent to be in writing. The change also puts an onus on consent authorities to check that landowner's consent in writing has been provided. This change aligns with Port Authority's existing Permission to Lodge process: Permission to lodge | (portauthoritynsw.com.au). For any non-Port Authority development application proposed on land Port Authority owns, the applicant would be directed to follow Permission to Lodge process published on our website. Although this requirement in the Regulations does not apply to public authorities (e.g. TfNSW), Port Authority still maintains its own Permission to Lodge process with public authorities.

Legal Change *continued*

Security of Critical Infrastructure Act 2018

Between 2021 and 2022, a number of legislative instruments amended the *Security of Critical Infrastructure Act 2018* (SOCI Act) which has created a framework for the regulation, protection and security of Australia's critical infrastructure assets. The changes were created by a package of instruments rolled out as follows:

- *Security Legislation Amendment (Critical Infrastructure) Act 2021* (Cth) (SLACI Act) enacted in December 2021 substantially expanded the scope of the original SOCI Act from focusing on the physical security of traditional infrastructure assets (ports, water, electricity and gas) to addressing the impact of cyber incidents on a much broader range of sectors and assets.
- *Security Legislation Amendment (Critical Infrastructure Protection) Act 2022* (SLACIP Act) enacted in April 2022 introduced key measures including new obligations for responsible entities to create and maintain a critical infrastructure risk management program and to introduce a new framework for enhanced cyber security obligations required for operators of systems of national significance including Australia's most important critical infrastructure assets.
- *AusCheck Legislation Amendment (Critical Infrastructure Background Check) Regulations 2023* which provides authority for the conduct and coordination of background checks under the AusCheck scheme as established by the *AusCheck Regulations 2017* (AusCheck Regulations). The purpose of the AusCheck Act is to provide a framework for coordinating and conducting background checks of an individual's criminal, security and other background checking, and for related purposes.
- *Security of Critical Infrastructure (Critical infrastructure risk management program) Rules 2023* were implemented in 2023 which specifies critical infrastructure assets to which Part 2A of the SOCI Act applies and specifies the critical infrastructure risk management program requirements for the responsible entities for those assets.

All these reforms to the SOCI Act are intended to provide an extensive framework for the protection of Australia's critical infrastructure through increased reporting obligations including mandatory cyber incident reporting, annual reporting and additional asset reporting. A government assistance and intervention regime were also introduced to respond to serious cyber security incidents that impact the ability of Australia's critical infrastructure assets to deliver essential services.

Maritime Transport and Offshore Facilities Security Act 2003

Under the *Maritime Transport and Offshore Facilities Security Act 2003* (MTOFSA) operators of prescribed ports have particular security responsibilities including having an approved maritime security plan in place. Port operators are responsible for all waterside security measures within the port and in many of those ports, the port operator will also be responsible for common-user berths within the security regulated port. The Ports of Sydney Harbour, Botany, Eden, Kembla, and Newcastle are currently declared by the Commonwealth Government to be security regulated ports under MTOFSA.

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 2022 to 30 June 2023.

During the reporting period, Port Authority received four formal access applications, with one application in progress from the previous year (2021-2022). This totalled five applications during the year, continuing a downward trend of formal applications from previous years.

Three of the applications received were from one applicant and were transferred to Port Authority from Transport for NSW (TfNSW).

No formal requests for personal information under the Privacy and Personal Information Protection Act were received, however, the dedicated email address access2info@portauthoritynsw.com.au received:

- Four requests for confirmation that contact by Legal representatives on behalf of Port Authority were legitimate (which they were).
- Two requests to be referred to the appropriate contact, for networking or other purposes.
- Two bulk shipping data requests, which were referred to the formal process (neither of which then lodged an application)
- Four informal applications for information, of which two were referred to the formal application process and two were provided with the information they requested, informally. (Neither of the referred requests lodged an application).
- Three requests for CCTV (Closed Circuit Television) footage which were referred to the Senior Manager, Security.
- One request for consultation on an application for information to the Dept. Regional NSW,
- One request for consultation on a Freedom of Information application to AMSA (Australian Maritime Safety Authority), and finally
- The three aforementioned GIPAA applications for information which has been lodged with TfNSW.

The Right to Information Officer also provided internal advice and support on informal applications for information received by the organisation, and several direct requests for information by agencies such as AMSA which do not require an application under the Act.

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	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	0	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)	0	1	2	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.

Government Information (Public Access) Act 2009 *continued*

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)	1	2	2	0	0	0	0	0
Access applications partly personal information and partly other	0	0	0	0	0	0	0	0

1. A personal information application¹ 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)	0
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	0
Invalid applications that subsequently became valid applications	0

Table D: Conclusive presumption of overriding public interest against disclosure

Matters listed in Schedule 1 of the Act	Number of times consideration used ²
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

2. 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	2
Law enforcement and security	1
Individual rights, judicial processes and natural justice	2
Business interests of agencies and other persons	2
Environment, culture, economy and general matters	1
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Table F: Timelines

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	4
Decided after 35 days (by agreement with applicant)	1
Not decided within time (deemed refusal)	0
Total	5

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	0	0
Review by Administrative Decisions Tribunal	0	0	0
Total	0	0	0

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.

Table H: Applications for review under Part 5 of the Act (by type of applicant)

	Number of applications
Applications by access applicants	0
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
Applications by access applicants	0
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	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 2022– 30 June 2023.

PIDs made by public officials in performing their day-to-day functions as public officials	2
PIDs not covered above that are made under a statutory or other legal obligation	0
All other PIDs	0
Total PIDs received	2
PIDs received primarily about:	
Corrupt conduct	2*
Maladministration	2*
Serious and substantial waste	0
Government information contravention	0
Local government pecuniary interest contraventions	0
PIDs finalised	0

* Note: From the 2 PIDs received, both fell under both categories of corrupt conduct and maladministration.

Reports of wrongdoing can be made in accordance with Port Authority's Public Interest Disclosures Reporting Policy. Port Authority will only treat a report as a public interest disclosure if it meets the criteria of a public interest disclosure under the relevant Public Interest Disclosures legislation (PID legislation). To comply with the PID legislation, the report must be about serious wrongdoing including corrupt conduct, maladministration, serious and substantial waste of public money, breach of the *Government Information (Public Access) Act 2009* NSW, or local government pecuniary interest contravention. Further, PID legislation requires that, for a report to be considered a public interest disclosure, it must be made to certain public officials identified in the Public Interest Disclosures Reporting Policy.

Port Authority will take all reasonable steps to ensure that anyone who reports any suspected wrongdoing is not victimised or disadvantaged for doing so and for reports made under the PID legislation may be granted protections available under the relevant PID legislation.

All Employees must ensure that they read and understand the Public Interest Disclosure Policy, the Fraud and Corruption Policy and the Compliance Policy which set out the relevant reporting procedures and obligations with which Port Authority and its Employees must comply. In order to ensure Port Authority's responsibilities under PID legislation have been met, Port Authority has conducted employee training, inductions for new employees and any changes to the relevant policies are communicated via Port Authority's intranet.



Risk management and insurance activities

Risk management

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 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
- 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

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, Liability (including Directors' and Officers' Liability Coverage), Worker's Compensation and Miscellaneous.

Port Authority holds additional cover with TT Club, which specialises in international transport and logistics (including Marine) in the form of Landlord insurance, and Group Life and Group Salary Continuance with Howden Insurance Brokers (Australia) Pty Ltd.

The organisation's insurance cover is reviewed annually to ensure coverage is appropriate. That review, and renewal of insurance, is referred to the Audit and Risk Committee and approved by the Board.

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.

Cyber Security Policy (CSP) attestation

Port Authority formally assesses its cyber security risks, on a quarterly basis. Policies and procedures are in place for the management of cyber risks, controls and incidents. The cyber security incident response plan was tested twice in the previous financial year and is now under review for enhancement.

Port Authority has adopted the National Institute of Standards and Technology CyberSecurity Framework (NIST CSF). The organisation has tested compliance externally and has subsequently developed an uplift program to enhance the maturity of controls. Similar work is underway on compliance and maturity with the ASD Essential Eight Assessment.

Annual report cost

The total cost of producing (editing and design services) the Port Authority of New South Wales Annual Report 2022/23 was \$30,000 (excl. GST). The report is available at www.portauthoritynsw.com.au.

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Directors' declaration

FOR THE YEAR ENDED 30 JUNE 2023

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 Act*), I state that these financial statements:

- have been prepared in accordance with the Australian Accounting Standards and the applicable requirements of the Act, the *Government Sector Finance Regulation 2018* and the Treasurer's directions, and
- present fairly Newcastle Port Corporation's financial position, financial performance and cash flows.

Signed in accordance with a resolution of the Directors.

Chair

David Marchant AM

5 September 2023

Chief Executive Officer and Director

Philip Holliday

5 September 2023

Statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2023

Continuing operations	Note	2023 \$000	2022 \$000
Revenue			
Revenue from port management	3	146,355	99,077
Investment revenue	3	35,069	31,129
Other revenue	3	19,819	60,509
Total revenue		201,243	190,715
Expenses			
Employee related expenses	4	85,114	76,564
Depreciation and amortisation expenses	4	24,355	25,031
Other expenses	4	57,563	42,660
Finance costs	4	5,943	5,907
Total expenses		172,975	150,162
Net gain on sale of property, plant and equipment		149	104
Other gains / (losses)	5	207	149
Profit before income tax equivalent expense		28,624	40,806
Income tax equivalent expense	6	(6,146)	(9,827)
Net profit for the year		22,478	30,979
Other comprehensive income / (expense)			
<i>Items that will not be reclassified to net result:</i>			
Superannuation actuarial gains	19(b)	68	3,907
Income tax equivalent expense on superannuation actuarial gains	19(b)	(20)	(1,172)
Revaluation gain on property, plant and equipment	19(a)	37,294	33,567
Income tax equivalent expense on revaluation of property, plant and equipment	19(a)	(11,189)	(10,070)
Other comprehensive income for the year, net of income tax equivalent expense		26,153	26,232
Total comprehensive income for the year		48,631	57,211

The accompanying notes form a part of the financial statements.



Statement of financial position

AS AT 30 JUNE 2023

	Note	2023 \$000	2022 \$000
Current assets			
Cash and cash equivalents	7	24,934	30,775
Trade and other receivables	8	21,634	18,837
Total current assets		46,568	49,612
Non-current assets			
Lease incentive receivable	8	4,567	5,146
Finance lease receivables	9	126,274	118,048
Property, plant and equipment	10	532,947	501,844
Right of use (ROU) assets	11	9,450	5,532
Investment property	12	8,500	8,200
Intangible assets	13	7,459	4,476
Defined benefits receivables	18	327	510
Deferred tax equivalent assets	6	11,397	10,203
Total non-current assets		700,921	653,959
Total assets		747,489	703,571
Current liabilities			
Trade and other payables	14	27,720	25,871
Provisions	15	25,100	21,517
Interest-bearing liabilities	16	13,887	14,914
Income tax equivalent payable	6	524	4,475
Dividend payable	17	33,000	20,000
Total current liabilities		100,231	86,777
Non-current liabilities			
Contract liabilities	14	1,144	1,730
Provisions	15	2,698	2,380
Interest-bearing liabilities	16	130,851	126,924
Deferred tax equivalent liabilities	6	83,203	72,029
Total non-current liabilities		217,896	203,063
Total liabilities		318,127	289,840
Net assets		429,362	413,731
Equity			
Contributed equity	19	165,768	165,768
Asset revaluation reserves	19	137,037	110,932
Retained earnings	19	126,557	137,031
Total equity		429,362	413,731

The accompanying notes form a part of the financial statements.

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2023

	Note	Contributed equity \$000	Asset revaluation reserve \$000	Retained earnings \$000	Total \$000
At 1 July 2021		165,768	87,435	123,317	376,520
Net profit for the year	19(b)	–	–	30,979	30,979
Other comprehensive income	19(a) & (b)	–	23,497	2,735	26,232
Total comprehensive income for the year		–	23,497	33,714	57,211
Transaction with owners in their capacity as owners					
Dividend declared	17	–	–	(20,000)	(20,000)
At 30 June 2022		165,768	110,932	137,031	413,731
At 1 July 2022		165,768	110,932	137,031	413,731
Net profit for the year	19(b)	–	–	22,478	22,478
Other comprehensive income	19(a) & (b)	–	26,105	48	26,153
Total comprehensive income for the year		–	26,105	22,526	48,631
Transaction with owners in their capacity as owners					
Dividend declared	17	–	–	(33,000)	(33,000)
At 30 June 2023		165,768	137,037	126,557	429,362

The accompanying notes form a part of the financial statements.



Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$000	2022 \$000
Cash flows received from operating activities			
Receipts from customers		206,947	140,034
Receipts from insurance claims		1,918	48,579
Interest received		463	4
Total receipts		209,328	188,617
Payments to suppliers and employees			
Finance costs paid		(159,763)	(126,562)
Payment of government guarantee fees		(5,138)	(5,538)
Income tax equivalent paid		(1,578)	(1,608)
		(11,326)	(11,408)
Total payments		(177,805)	(145,116)
Net cash flows received from operating activities	7(a)	31,523	43,501
Cash flows used in investing activities			
Proceeds from sale of property, plant and equipment		158	110
Payments for capital expenditure		(14,957)	(12,438)
Net cash flows used in investing activities		(14,799)	(12,328)
Cash flows used in financing activities			
Repayments of borrowings		–	(11,663)
Repayments of lease liabilities		(2,565)	(2,975)
Dividends paid		(20,000)	(11,000)
Net cash flows used in financing activities		(22,565)	(25,638)
Net increase in cash and cash equivalents		(5,841)	5,535
Cash and cash equivalents at the beginning of the financial year		30,775	25,240
Cash and cash equivalents at the end of the financial year	7	24,934	30,775

The accompanying notes form a part of the financial statements.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2023

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 2023 will be authorised for issue in accordance with a resolution of the Directors on 5 September 2023.

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.

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 and TPG).

Except for cashflow information, the financial statements have been prepared on an accrual accounting basis using historical cost accounting conventions unless otherwise stated.

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.

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).



Note 2. Summary of significant accounting policies continued

New accounting standards and interpretations

New accounting standards and interpretations – issued and effective

There were no changes to the financial reporting requirements this financial year that affected the disclosures in the financial statements. While the AASB has made a few amendments to standards that apply from 1 January 2022, these are largely clarifications and none of them required a change in the Corporation's accounting policies.

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 2023 because NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise.

The following new Australian Accounting Standard has not been early adopted and is not yet effective.

– AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments require entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The proposed amendments will typically apply to transactions such as leases for the lessee and decommissioning obligations. The impact would be the recognition of additional deferred tax assets and liabilities.

Management has conducted a preliminary evaluation based on the carrying amounts of Right-of-Use (ROU) assets and lease liabilities. If the new Australian Accounting Standard is adopted, the Corporation would be required to recognise deferred tax assets and deferred tax liabilities amounting to an equal amount of \$2.8 million.

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 9. Finance lease receivables
- Note 11. Leases
- Note 15. Provisions
- Note 18. Defined benefit superannuation schemes
- Note 20. Fair value measurement of non-financial assets

In compliance with the NSW Treasury's published "*Guidance on How to Reflect the Effects of Climate-Related Matters in Financial Statements*", management has duly considered the impact of climate change on the Corporation's operations and business in this reporting period. Based on the current expectations, facts and circumstances, it is determined that there is no material impact. As part of its commitment to sustainability, the Corporation has completed a Global Reporting Initiative (GRI) gap analysis and is in the process of conducting a climate risk assessment.

Any other relevant effect of climate-related matters has been disclosed in the corresponding notes.

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 years 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

FOR THE YEAR ENDED 30 JUNE 2023

Note 3. Revenue

	2023 \$000	2022 \$000
Continuing operations		
Revenue from port management		
Port revenue	134,948	87,112
Navigation recharge	11,407	11,965
	146,355	99,077
Investment revenue		
Rental revenue	26,380	23,437
Finance lease income	8,226	7,690
Interest from bank and other	463	2
	35,069	31,129
Other revenue		
Assets acquired at nominal value	–	2,709
Land tax recoverable from tenants	239	314
Fee for Penrhyn Estuary services	1,452	1,354
Recoverable security	6,706	375
Insurance recovery – business interruption claim	–	47,185
Other recoveries	5,775	3,781
Other revenue	5,647	4,791
	19,819	60,509
Total revenue	201,243	190,715

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 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 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.

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.

Rental revenue

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

The Corporation provided rent abatements to the retail tenants impacted by the shut down of cruise operations at the Overseas Passenger Terminal and the White Bay Cruise Terminal from 22 March 2020 up to the end of March 2022. The Corporation re-calculated the straight-line operating lease income over the remaining term of impacted leases.

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.



Note 3. Revenue continued

Interest revenue

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

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 was only recognised as income when the claimed amount was approved and paid by icare, in accordance with NSW Government Treasury “*Guidance on Accounting for TMF recoveries*”. These business interruption insurance payments compensated the Corporation’s loss of revenue resulting from the Federal and State Government restrictions. The Corporation’s business and revenue were significantly impacted by the cruise ban from 20 March 2020 to 17 April 2022 with the effective shut down of cruise operations. The Corporation granted rental abatements to the affected retail tenants, including cafes and restaurants at the Overseas Passenger Terminal and the White Bay Cruise Terminal. The insurance payments ceased when the restrictions were lifted on 17 April 2022.

Other recoveries

Recoveries are recognised when the Corporation becomes entitled to a recovery of cost incurred for the provision services 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, \$166.2 million (2022: \$109.7 million) in revenue was recognised from customers. Included in this revenue is \$38.9 million (2022: \$17.8 million) which was recognised over time, meeting the above criteria by AASB 15. Key types of revenue recognised over time includes passenger charges, and navigation recharge in accordance with the port services agreements.

The following table summarises the revenue disaggregation.

	2023 \$000	2022 \$000
Total revenue recognised from customers	166,174	109,692
Insurance recovery – business interruption claim	–	47,185
Rental revenue	26,380	23,437
Finance lease income	8,226	7,690
Assets acquired at nominal value	–	2,709
Interest from bank and other	463	2
Total revenue	201,243	190,715

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 4. Expenses

Continuing operations	Note	2023 \$000	2022 \$000
Employee related expenses			
Salaries and wages (including annual leave and long service leave)		71,535	64,511
Payroll tax		4,228	3,543
Fringe benefits tax		469	252
Workers compensation insurance		931	781
Salary continuance insurance		1,014	871
Superannuation – defined benefit	18(o)	269	547
Superannuation – defined contribution		6,668	6,059
		85,114	76,564
Depreciation and amortisation expenses			
Depreciation of property, plant and equipment	10(c)	20,697	21,301
Depreciation of ROU assets	11(b)	2,767	2,971
Amortisation of intangible assets	13(a)	891	759
		24,355	25,031
Other expenses			
Service contractors		20,970	11,972
Repairs and maintenance		9,286	8,277
Indirect taxes		4,821	3,801
Utilities and communications		3,055	2,475
Insurance		1,743	1,829
Legal costs		782	775
Materials		1,906	1,662
Short-term or low value leases	11(e)	532	411
Directors' remuneration	25(a)	430	433
Auditors' remuneration		305	262
Expected credit losses / (recoveries)	8(a)	136	(45)
Channel fees	25(b)	7,956	5,679
Other operations and services		5,641	5,129
		57,563	42,660
Finance costs			
Finance cost on loans and borrowings		5,351	5,587
Interest expense on lease liabilities	11(c)	619	289
Unwinding of discount on provisions		(28)	29
Other finance costs		1	2
		5,943	5,907
Total expenses		172,975	150,162



Note 4. Expenses continued

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.

Actuarial gains and losses, return on plan assets, and any change in the effect of the asset ceiling are recognised directly in other comprehensive income in the year in which they occur. Current and past service costs, gain or loss on settlement and net interest on the net defined benefit asset or liability are recognised immediately in profit or loss.

Contributions to the defined contribution plans are recognised as expenses as they become payable. Prepaid contribution is recognised as an asset to the extent that a cash refund or a reduction in 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 addition of commercial policies where the TMF cover is deemed inadequate or gaps identified or where covers such as Life and Salary Continuance is not provided. The expense (premium) is determined based on past claims experience.

Lease 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 to an asset. During the year, the Corporation has capitalised \$2.4 million (2022: \$1.2 million) employee related costs that are directly attributable to various capital projects.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 5. Other Gains / (Losses)

	Note	2023 \$000	2022 \$000
Other Gains / (Losses)			
Net revaluation increments - property, plant and equipment	10(c)	10	188
Provision for impairment of property, plant and equipment	10(c)	(30)	(88)
Valuation gains of investment property	12	227	49
Total other gains / (losses)		207	149

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.



Note 6. Taxation

	2023 \$000	2022 \$000
Income tax equivalent expense		
Current tax	(7,375)	(9,468)
Deferred tax	1,229	(359)
	(6,146)	(9,827)
Deferred tax		
Deferred income tax equivalent expense included in income tax equivalent expense comprises:		
Increase / (Decrease) in deferred tax assets	1,214	1,867
(Increase) / Decrease in deferred tax liabilities	15	(2,226)
	1,229	(359)
Deferred tax equivalent assets		
(Over) / Under-funded defined benefits superannuation	(98)	(153)
Leave entitlements	7,993	6,981
Accrued expenses	1,561	1,449
Other	1,941	1,926
	11,397	10,203
Deferred tax equivalent liabilities		
The balance comprises temporary differences attributable to:		
Depreciation and revalued property, plant and equipment	81,350	69,543
Lease incentive receivable	1,484	1,683
Other	369	803
	83,203	72,029
<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	28,624	40,806
Prima facie tax thereon at 30%	(8,587)	(12,242)
<i>Add tax effect of items with differential accounting / tax treatment:</i>		
Add items not deductible	(35)	(4)
Subtract items not assessable	2,494	2,440
Other non-deductible expenses in respect of initial recognition exemption assets	(18)	(21)
Total income tax equivalent expense attributable to operating profit	(6,146)	(9,827)
Amounts recognised directly in equity		
Net deferred tax debited directly to equity	11,209	11,242
Movement in income tax equivalent payable		
Balance at the beginning of the financial year	4,475	6,415
Current income tax equivalent	7,375	9,468
Payments	(11,326)	(11,408)
Balance at the end of the year	524	4,475

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 6. Taxation continued

	Opening balance \$000	Charges to income \$000	Charges to equity \$000	Closing balance \$000
Movements in deferred tax equivalent assets				
At 30 June 2023				
Leave entitlements	6,981	1,012	–	7,993
(Over)/Under-funded defined benefits superannuation	(153)	75	(20)	(98)
Accrued expenses	1,449	112	–	1,561
Other	1,926	15	–	1,941
	10,203	1,214	(20)	11,397
At 30 June 2022				
Leave entitlements	7,550	(569)	–	6,981
Under/(Over)-funded defined benefits superannuation	858	161	(1,172)	(153)
Accrued expenses	810	639	–	1,449
Other	290	1,636	–	1,926
	9,508	1,867	(1,172)	10,203
Movements in deferred tax equivalent liabilities				
At 30 June 2023				
Property, plant and equipment	69,543	618	11,189	81,350
Lease incentive receivable	1,683	(199)	–	1,484
Other	803	(434)	–	369
	72,029	(15)	11,189	83,203
At 30 June 2022				
Property, plant and equipment	59,666	(193)	10,070	69,543
Lease incentive receivable	–	1,683	–	1,683
Other	67	736	–	803
	59,733	2,226	10,070	72,029



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 (Note 22) and accrual items that are shown in the statement of financial position are inclusive of GST where applicable.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 7. Cash and cash equivalents

	2023 \$000	2022 \$000
Cash at bank	3,535	2,742
TCorpIM Cash Fund	—	28,033
TCorp 11am At-Call Account	21,399	—
Cash and cash equivalents	24,934	30,775

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 (TCorp) 11am At-Call Account.

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

TCorpIM Cash Fund

The Corporation closed its TCorpIM Cash Fund account on 11 October 2022 and the cash balance was fully transferred to the newly opened TCorp 11am At-Call Account on 11 October 2022.

TCorp 11am At-Call Account

The 11am At-Call Account is an overnight AUD deposit that pays a variable interest rate. The Corporation transitioned to this arrangement in October 2022 following TCorp's notification to customers of its intention to close the TCorpIM Cash Fund (previous investment instrument). These funds are available with notice given to TCorp by 11am each day.

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:

	2023 \$000	2022 \$000
Net profit for the year	22,478	30,979
Adjustments for:		
Depreciation and amortisation expenses	24,355	25,031
Investment property valuation gains	(227)	(49)
Other income – free land received	–	(2,709)
Amortisation of discount on borrowings	(666)	(1,007)
Net revaluation increments of property, plant and equipment recognised in profit or loss	(10)	(188)
Net gain on sale of property, plant and equipment	(149)	(104)
Provision for impairment of property, plant and equipment	30	88
Write-off of property, plant and equipment	52	87
Write-off of intangible assets	–	210
Finance lease income	(8,226)	(7,690)
	37,637	44,648
(Increase) / Decrease in assets applicable to operating activities:		
– Trade and other receivables	(2,211)	(6,187)
– Deferred tax equivalent assets	(1,214)	(1,865)
– Defined benefits receivables	183	–
Increase / (Decrease) in liabilities applicable to operating activities:		
– Deferred tax equivalent liabilities	(15)	2,226
– Income tax equivalent payable	(3,951)	(1,940)
– Trade and other payables	(2,253)	7,444
– Provisions	3,347	(1,871)
– Defined benefits liabilities	–	1,046
Net cash flows received from operating activities	31,523	43,501

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.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 8. Trade and other receivables

	Note	2023 \$000	2022 \$000
Current			
Trade receivables		10,032	8,572
Other receivables		5,875	3,611
	8(a)	15,907	12,183
Allowance for expected credit loss	8(a)	(230)	(94)
		15,677	12,089
Prepayments		1,433	1,145
Lease incentive receivable		579	662
Accrued income		3,945	4,941
Trade and other receivables		21,634	18,837
Non-current			
Lease incentive receivable		4,567	5,146

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 period 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.



Note 8. Trade and other receivables continued

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	1-28 days \$000	29-60 days \$000	60+ days \$000	90+ days \$000	120+ Days \$000
2023	15,907	9,821	3,445	1,111	501	271	758
ECLs	1.45%	0.01%	0.01%	0.19%	1.89%	8.81%	8.81%
2022	12,183	9,517	1,732	336	549	59	(10)
ECLs	0.82%	0.02%	0.01%	0.22%	1.93%	100.00%	100.00%

Movements in the allowance for ECLs are as follows:

	Note	2023 \$000	2022 \$000
Opening balance		94	139
Increase / (Decrease) in allowance	4	136	(45)
Closing balance		230	94

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 and other receivables. To measure the ECLs, trade and other 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 \$0.2 million (2022: \$0.1 million).

The largest single trade debtor included in receivables totals \$4.9 million (2022: \$1.3 million) as at 30 June 2023.

For this reporting year, the Corporation does not identify any significant climate-related matters that may affect its exposure to credit losses.

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

	2023 \$000	2022 \$000
Finance lease receivables	126,274	118,048

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.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 9. Finance lease receivables continued

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 2023 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 2023, the Corporation has recognised \$3.5 million (2022: \$3.3 million) income from the accretion of the finance lease receivable.

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 2023 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 2023, the Corporation has recognised \$2.7 million (2022: \$2.5 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 2023 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 2023, the Corporation has recognised \$2.0 million (2022: \$1.9 million) income from the accretion of the finance lease receivable.

d) Critical judgements in determining the unguaranteed residual value and impairment assessment

The valuation of the residual interest in Botany Bay and Port Kembla was carried out by external advisers as at 30 June 2013; while in Newcastle it 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.



Note 10. Property, plant and equipment

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

At fair value	2023 \$000	2022 \$000
Land and buildings		
Gross carrying amount	440,028	401,613
Accumulated depreciation	(45,108)	(37,381)
Net carrying amount	394,920	364,232
Roadways and bridges		
Gross carrying amount	20,458	19,478
Accumulated depreciation	(7,502)	(6,364)
Net carrying amount	12,956	13,114
Wharves, jetties and breakwaters		
Gross carrying amount	103,180	100,028
Accumulated depreciation	(71,704)	(64,148)
Net carrying amount	31,476	35,880
Plant		
Gross carrying amount	136,732	134,434
Accumulated depreciation	(75,576)	(67,187)
Net carrying amount	61,156	67,247
Construction in progress (CIP)		
- Land and buildings	5,700	5,370
- Roadways and bridges	90	-
- Wharves, jetties and breakwaters	10,194	8,325
- Plant	16,455	7,676
Total construction in progress	32,439	21,371
Total property, plant and equipment at fair value	532,947	501,844

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 assets in excess of \$1,000 are capitalised if they are expected to provide future economic benefits for more than 12 months.

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.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 10. Property, plant and equipment continued

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

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 the asset's fair value less costs to sell is higher than its carrying amount.

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 at Fair Value* (TPP 21-09).

i) Valuation of land

Land is valued at fair value having regard to its highest and best use based on Port Land. 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 current 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 current 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. Revaluation for assets included in construction in progress may need to be considered where construction occurs over a substantial number of years and historical costs no longer accurately reflect fair value, or construction costs capitalised in accordance with AASB 116 do not satisfy criteria for incorporation into fair value under AASB 13, (e.g. site preparation costs such as costs of demolishing or relocation of existing buildings in some circumstances). 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 revalues 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%.



Note 10. Property, plant and equipment continued

b) Current year asset revaluation

Aon, an independent valuer, conducted comprehensive reviews of the land and buildings, and infrastructure assets as at 30 June 2021 and 30 June 2022, respectively. During the year, an interim review was conducted by Aon to facilitate management in applying indices to the assets. The indices were determined based upon a range of research sources including publications and statistics. The recommended valuation indices for the financial year ended 30 June 2023 were 7.1% (2022: 8%) for buildings and an average of 10.75% (2022: 10%) for land. For infrastructure assets, which include wharves, jetties, breakwaters, roadways, and bridges, the recommended index was approximately 5.6%. Management has reviewed the valuation report and is satisfied that the report's assumptions, methodologies, and other information are well-supported and documented.

The Corporation's qualified engineers assessed the remaining useful lives of the revalued assets.

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 2022		364,232	13,114	35,880	67,247	480,473
Revaluation increments recognised in other comprehensive income	19(a)	34,946	718	1,630	—	37,294
Revaluation increments recognised in profit or loss	5	6	4	—	—	10
Provision for impairment	5	—	—	—	(30)	(30)
Transfer from intangibles	13	—	—	—	32	32
Transfer from construction in progress	10(e)	572	(21)	—	2,936	3,487
		399,756	13,815	37,510	70,185	521,266
Depreciation charge	4	(4,827)	(859)	(6,034)	(8,977)	(20,697)
Write-offs		(9)	—	—	(43)	(52)
Disposals		—	—	—	(9)	(9)
Balance at 30 June 2023		394,920	12,956	31,476	61,156	500,508
Balance at 1 July 2021		334,073	13,281	37,981	73,861	459,196
Additions		2,709	—	—	17	2,726
Revaluation increments recognised in other comprehensive income	19(a)	30,713	700	2,154	—	33,567
Revaluation increments recognised in profit or loss	5	234	(46)	—	—	188
Reversal of impairment	5	—	—	—	(88)	(88)
Transfer from construction in progress	10(e)	991	142	3,377	1,825	6,335
		368,720	14,077	43,512	75,615	501,924
Depreciation charge	4	(4,488)	(963)	(7,632)	(8,218)	(21,301)
Write-offs		—	—	—	(144)	(144)
Disposals		—	—	—	(6)	(6)
Balance at 30 June 2022		364,232	13,114	35,880	67,247	480,473

For this reporting year there has been no significant re-estimate of useful lives and / or residual values because of climate-related matters.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 10. Property, plant and equipment continued

Proposed divestment of land at White Bay and Glebe Island

In December 2022, a proposal was made by the then Minister for Infrastructure, Cities, and Active Transport to the Minister for Transport under section 18 of the *Place Management Act 1998 (NSW)* for the transfer of land at White Bay known as Stage One under the Bays West Place Strategy from Port Authority to Placemaking NSW. This proposal was accepted in principle by the then Minister for Transport by way of signed briefing note.

The parties are in discussions regarding the terms of the agreement for transfer with agreement on the form and content of ongoing access and service corridors, the precise boundaries of any land transfer and compensation for the transaction are key outstanding matters. Prior to the Board executing any agreement for sale, a formal direction from the Minister for Transport will be required, together with directions that may be required from Port Authority's shareholding ministers under the *State Owned Corporation Act 1989* both to dispose of the land and application of Treasury policy on the compensation for the transfer is to occur other than on market value.

The proposed divestment has potential financial implications for the Corporation depending on the method of transfer. As at the end of this reporting year, the actual land parcel and the financial mechanism for the land transfer have not been confirmed or agreed upon by the Board. Consequently, the potential financial implications are not reflected in the above table.

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	2023 \$000	2022 \$000
Land and buildings		
Gross carrying amount	270,411	269,856
Accumulated depreciation	(34,145)	(30,300)
Net carrying amount	236,266	239,556
Roadways and bridges		
Gross carrying amount	16,252	16,273
Accumulated depreciation	(6,013)	(5,461)
Net carrying amount	10,239	10,812
Wharves, jetties and breakwaters		
Gross carrying amount	78,209	78,209
Accumulated depreciation	(56,558)	(54,349)
Net carrying amount	21,651	23,860
Plant		
Gross carrying amount	136,923	134,625
Accumulated depreciation	(75,468)	(67,035)
Net carrying amount	61,455	67,590
Total construction in progress	32,439	21,371
Total property, plant and equipment at cost	362,050	363,189



Note 10. Property, plant and equipment continued

e) Movements in construction in progress

At fair value	Note	2023 \$000	2022 \$000
Balance at 1 July		21,371	18,555
Additions		14,555	9,275
		35,926	27,830
Transfers to property, plant and equipment	10(c)	(3,487)	(6,335)
Transfers to intangible assets	13	—	(124)
Closing balance		32,439	21,371

There was no borrowing cost capitalised in either year.

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

Note	Land and buildings \$000	Roadways and bridges \$000	Wharves, jetties and breakwaters \$000	Plant \$000	Total \$000
Balance at 1 July 2022	355,549	12,968	35,880	67,092	471,489
Revaluation increments recognised in other comprehensive income	34,133	710	1,630	—	36,473
Revaluation increments / (decrements) recognised in profit or loss	5	4	—	—	9
Provision for impairment	—	—	—	(30)	(30)
Transfer from intangibles	—	—	—	32	32
Transfer from construction in progress	572	(21)	—	2,936	3,487
	390,259	13,661	37,510	70,030	511,460
Depreciation charge	(4,171)	(849)	(6,034)	(8,957)	(20,011)
Write-offs	(9)	—	—	(43)	(52)
Disposals	—	—	—	(9)	(9)
Balance at 30 June 2023	386,079	12,812	31,476	61,021	491,388
Balance at 1 July 2021	325,436	13,128	37,981	73,608	450,153
Additions	2,709	—	—	17.02	2,726
Revaluation increments recognised in other comprehensive income	30,030	698	2,154	—	32,882
Revaluation increments recognised in profit or loss	230	(46)	0	—	184
Reversal of impairment	—	—	—	(88)	(88)
Transfer from construction in progress	991	142	3,377	1,825	6,335
	359,396	13,922	43,512	75,362	492,192
Depreciation charge	(3,847)	(954)	(7,632)	(8,187)	(20,620)
Write-offs	—	—	—	(77)	(77)
Disposals	—	—	—	(6)	(6)
Balance at 30 June 2022	355,549	12,968	35,880	67,092	471,489

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 10. Property, plant and equipment continued

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 2022	8,683	146	155	8,984
Revaluation increments recognised in other comprehensive income	813	8	—	821
Revaluation increments recognised in profit or loss	1	—	—	1
	9,497	154	155	9,806
Depreciation charge	(656)	(10)	(20)	(686)
Balance at 30 June 2023	8,841	144	135	9,120
Balance at 1 July 2021	8,637	153	253	9,043
Revaluation increments recognised in other comprehensive income	683	2	—	685
Revaluation increments recognised in profit or loss	4	—	—	4
	9,324	155	253	9,732
Depreciation charge	(641)	(9)	(31)	(681)
Write-offs	—	—	(67)	(67)
Balance at 30 June 2022	8,683	146	155	8,984

Note 11. Leases

a) Carrying amounts of right-of-use assets

	2023 \$000	2022 \$000
At cost		
ROU - Land and buildings	19,969	13,417
Accumulated depreciation	(10,724)	(8,054)
Net carrying amount	9,245	5,363
ROU - Plant	840	707
Accumulated depreciation	(635)	(538)
Net carrying amount	205	169
Total ROU assets	9,450	5,532

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 10 years
- ROU: Plant 2 to 5 years



Note 11. Leases continued

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 both years.

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). Most extension options in offices have not been included in the lease liability, because the Corporation could replace the assets without significant cost or business disruption. Equipment leases do not have extension options.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Corporation becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which 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.

The Corporation as a lessee

b) Movements in ROU assets

	Note	ROU Land and buildings \$000	ROU Plant \$000	ROU Total \$000
Balance at 1 July 2022		5,363	169	5,532
Additions		6,483	133	6,616
Depreciation charge	4	(2,670)	(97)	(2,767)
Changes in index or rates affecting variable payments		69	–	69
Balance at 30 June 2023		9,245	205	9,450
Balance at 1 July 2021		8,081	337	8,418
Additions		63	279	342
Depreciation charge	4	(2,714)	(257)	(2,971)
Disposals / write-offs		(117)	(189)	(306)
Changes in index or rates affecting variable payments		50	(1)	49
Balance at 30 June 2022		5,363	169	5,532

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 11. Leases continued

c) Lease liabilities

The following table presents liabilities under leases.

	Note	2023 \$000	2022 \$000
Opening balance		6,014	8,904
Additions		6,062	342
Interest expenses	4	619	289
Rental payments		(3,184)	(3,264)
Changes in the index or rates affecting variable payments		69	49
Disposals / write-offs		—	(306)
Closing balance	16	9,580	6,014

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 regarding its lease liabilities. Its lease liabilities are included in the interest-bearing liabilities note 16.

d) Lease liabilities maturity analysis

	Note	2023 \$000	2022 \$000
Lease liabilities			
Current	16	2,746	2,511
Non current	16	6,834	3,503
		9,580	6,014
Maturity analysis			
Not later than one year		2,746	2,511
Later than one year and not later than five years		3,621	3,375
Later than five years		3,213	128
Total lease liabilities		9,580	6,014



Note 11. Leases continued

e) Lease amounts recognised in profit or loss

The following amounts were recognised in profit or loss for the year ended 30 June 2023 in respect of leases where the Corporation is the lessee:

	Note	2023 \$000	2022 \$000
Depreciation of ROU assets	4	2,767	2,971
Interest expense on lease liabilities	4	619	289
Short-term or low-value leases	4	532	411
Total amount recognised in profit or loss		3,918	3,671

The Corporation had total cash outflows for leases of \$2.6 million (2022: \$3.0 million), net of interest, for the year ended 30 June 2023.

Note 12. Investment property

At fair value		2023 \$000	2022 \$000
Land and building		8,500	8,200
Movements	Note	2023 \$000	2022 \$000
Balance at 1 July		8,200	8,000
Additions		73	151
Gains on valuation	5	227	49
Closing balance		8,500	8,200

Following the completion of some minor capital works, the investment property carrying value is consistent with the fair value assessment carried out by an Aon independent valuer. 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:

	2023 \$000	2022 \$000
Rental income	664	703
Direct operating expenses that generated rental income	(356)	(319)
	308	384

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.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 13. Intangible assets

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

At cost	2023 \$000	2022 \$000
Carrying amounts		
Software	12,117	8,511
Software development in progress	262	79
Gross value	12,379	8,590
Accumulated amortisation	(5,150)	(4,344)
Net carrying amount	7,229	4,246
Easements	230	230
Net carrying amount	7,459	4,476

Movements in intangible assets

	Note	2023 \$000	2022 \$000
Balance at 1 July		4,476	2,828
Additions		3,906	2,493
Write-offs		–	(210)
Transfer from property, plant and equipment construction in progress	10(e)	–	124
Transfer to property, plant and equipment	10(c)	(32)	–
		8,350	5,235
Amortisation charge	4	(891)	(759)
Closing balance		7,459	4,476

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 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 20 years. Most of them have finite lives less than 10 years. There is one internally developed software asset having a useful life of 20 years as it is expected to provide economic benefits to the business for this extended period of time.

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	2023 \$000	2022 \$000
Current			
Trade payables		1,268	1,216
Accrued employee benefits	15(d)	3,660	5,154
Accrued borrowing costs		2,637	2,717
Accrued land tax		—	3,991
Accrued for assets under construction		4,242	737
GST payable		1,470	773
Other payables and accruals		9,468	6,432
Maintenance funds liability		1,502	1,442
Rent received in advance		2,912	2,956
Contract liabilities		561	453
		27,720	25,871
Non-current			
Contract liabilities		1,144	1,730
		1,144	1,730

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.

	2023 \$000	2022 \$000
Reconciliation of contract liabilities		
Opening balance Closing balance (current and non current)	2,183	2,339
Additions	560	262
Utilisation	(1,038)	(418)
Closing balance (current and non current)	1,705	2,183

Included in the utilisation, \$0.5 million (2022: \$0.4 million) is related to the opening balance. Non current contract liability \$1.1 million (2022: \$1.7 million) is expected to be utilised in the following 5 years.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 15. Provisions

	Note	2023 \$000	2022 \$000
Current			
Annual leave		9,193	9,201
Long service leave		14,707	11,150
Other employee benefits		1,200	1,166
	15(d)	25,100	21,517
Non-current			
Long service leave	15(d)	1,543	1,751
Provision for make good	15(a)	1,155	629
		2,698	2,380

a) Movements in provision for make good

	Opening balance \$000	Additions \$000	Charge to profit or loss \$000	Closing balance \$000
Non-current				
Provision for make good	629	554	(28)	1,155

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

	2023 \$000	2022 \$000
Estimated remaining balance of annual leave liabilities after 12 months	2,160	3,104

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 \$7.0 million (2022: \$6.1 million) during the year.

c) Current long service leave obligations expected to be settled after 12 months

	2023 \$000	2022 \$000
Current long service leave obligations expected to be settled after 12 months	12,782	9,084

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.

d) Aggregate employee benefits and related on-costs

	Note	2023 \$000	2022 \$000
Provisions – current		25,100	21,517
Provisions – non current		1,543	1,751
Accrued employee benefits	14	3,660	5,154
		30,303	28,422



Note 15. Provisions continued

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 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.

Critical judgements of the application of projected unit credit method

For each future year the amounts of entitlements expected to be paid in service and on termination of employment have been determined by making a projection of each employee based on their current salary and long service leave balance, assumed rates of taking long service leave in service, rates of death, disablement, retirement, and resignation, and rates of salary escalation. The resulting cash flows have then been converted to a present value by discounting from the expected date of payment to the valuation date at the assumed discount rate. The total long service leave liability needs to be apportioned between the part which has accrued and the part that is expected to accrue in future. This is the projected unit credit method referred to according to AASB 119 *Employee Benefits*, which mandates this treatment of accrued liabilities when there would be a material effect.

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.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 16. Interest-bearing liabilities

	Note	2023 \$000	2022 \$000
Current			
NSW TCorp borrowings	16(a)	11,141	12,403
Lease liabilities	11(d)	2,746	2,511
		13,887	14,914
Non current			
NSW TCorp borrowings	16(a)	124,017	123,421
Lease liabilities	11(d)	6,834	3,503
		130,851	126,924

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 *Government Sector Finance Act 2018* to borrow from NSW TCorp up to a total limit of \$345.0 million (2022: \$245.0 million).

The Corporation classifies its liability as non-current if, at the end of the reporting year, the Corporation has the right to defer settlement of the liability for at least 12 months after the reporting period. Refer note 21(d) of the contractual maturity date of the debt portfolio.

Financial facilities

The Corporation had the following financing facilities in place at 30 June 2023 and 30 June 2022.

a) With NSW Tcorp	2023 \$000	2022 \$000
A global loan facility inclusive of \$15.0 million Come-and-Go facility		
- Total facility	345,000	245,000
- Amount used	(135,158)	(135,824)
Amount unused	209,842	109,176

i) Borrowing repayments

Borrowings consist of NSW TCorp fixed rate loans with maturity dates ranging from 8 February 2024 to 20 February 2032. 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.

The Corporation has a credit card facility for \$0.3 million (2022: \$0.3 million) with Citibank Australia with the balance cleared monthly. NSW Treasury and Citibank have introduced a spend limit monitoring process in June 2023. A separate approval is required from both NSW Treasury and Citibank if the Corporation's spend limit reaches \$220,000 and / or there is a need to increase the spend limit.

The Corporation has no bank guarantee facility.

The Corporation has received a transaction facility from Westpac Bank. It is not a borrowing facility. Westpac Bank allows a temporary deficit balance of the bank account if the temporary deficit is caused by timing of a fund transfer from the TCorp 11am At-Call Account to the Westpac Bank. Any temporary deficit would be cleared by close of business of the same business day. It was zero as at 30 June 2023.

ii) Fair value

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



Note 17. Dividend payable

	2023 \$000	2022 \$000
Dividend payable	33,000	20,000

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 TPG 21-10 *Capital Structure and Financial Distribution Policy for Government Businesses*, the Corporation prepares a Statement of Corporate Intent which is an agreement between the relevant Ministerial voting shareholders 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 maintenance of minimum credit rating required in the NSW Treasury policy.

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 2021. The next actuarial investigation will be performed as at 30 June 2024.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 18. Defined benefit superannuation schemes continued

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

	2023 \$000	2022 \$000
Net defined benefits receivables	327	510

Recognition and measurement

An 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.



Note 18. Defined benefit superannuation schemes continued

Reconciliation of the net defined benefit liability/(asset)	SASS \$000	SANCS \$000	SSS \$000	Total \$000
At 30 June 2023				
Opening net defined benefit liability / (asset)	6,214	1,267	(7,991)	(510)
Current service cost	80	77	140	297
Net interest on the defined benefit liability	327	66	(421)	(28)
Actual return on Fund assets less interest income	(506)	(6)	(4,679)	(5,191)
Actuarial losses / (gains)	349	13	(1,127)	(765)
Adjustment for effect of asset ceiling	—	—	5,888	5,888
Employer contributions	—	—	(18)	(18)
Closing net defined benefit liability / (asset)	6,464	1,417	(8,208)	(327)
At 30 June 2022				
Opening net defined benefit liability / (asset)	10,056	1,803	(8,999)	2,860
Current service cost	206	89	167	462
Net interest on the defined benefit liability	300	53	(268)	85
Actual return on Fund assets less interest income	708	48	4,684	5,440
Actuarial gains	(5,056)	(726)	(14,722)	(20,504)
Adjustment for effect of asset ceiling	—	—	11,157	11,157
Employer contributions	—	—	(10)	(10)
Closing net defined benefit (asset) / liability	6,214	1,267	(7,991)	(510)

a) Reconciliation of the defined benefit obligation

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
At 30 June 2023				
Present value of defined benefit obligations at beginning of the year	20,100	1,857	96,354	118,311
Current service costs	80	77	140	297
Interest costs	1,007	89	4,897	5,993
Contributions by participants	152	—	34	186
Actuarial losses / (gains)	349	13	(1,127)	(765)
Benefits paid	(3,163)	(527)	(6,251)	(9,941)
Taxes, premiums & expenses paid	(46)	(37)	793	710
Present value of defined benefit obligations at end of the year	18,479	1,472	94,840	114,791
At 30 June 2022				
Present value of defined benefit obligations at beginning of the year	28,016	3,059	112,777	143,852
Current service costs	206	89	167	462
Interest costs	781	83	3,273	4,137
Contributions by participants	172	—	98	270
Actuarial gains	(5,056)	(726)	(14,722)	(20,504)
Benefits paid	(4,060)	(660)	(5,904)	(10,624)
Taxes, premiums & expenses paid	41	12	665	718
Present value of defined benefit obligations at end of the year	20,100	1,857	96,354	118,311

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 18. Defined benefit superannuation schemes continued

b) Reconciliation of the fair value of Fund assets

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
At 30 June 2023				
Fair value of Fund assets at beginning of the year	13,886	590	115,502	129,978
Interest income	680	23	5,905	6,608
Actual return on Fund assets less Interest income	506	6	4,679	5,191
Employer contributions	—	—	18	18
Contributions by participants	152	—	34	186
Benefits paid	(3,163)	(527)	(6,251)	(9,941)
Taxes, premiums & expenses paid	(46)	(37)	793	710
Fair value of Fund assets at end of the year	12,015	55	120,680	132,750
At 30 June 2022				
Fair value of Fund assets at beginning of the year	17,960	1,256	121,776	140,992
Interest income	481	30	3,541	4,052
Actual return on Fund assets less Interest income	(708)	(48)	(4,684)	(5,440)
Employer contributions	—	—	10	10
Contributions by participants	172	—	98	270
Benefits paid	(4,060)	(660)	(5,904)	(10,624)
Taxes, premiums & expenses paid	41	12	665	718
Fair value of Fund assets at end of the year	13,886	590	115,502	129,978

c) Reconciliation of the effect of the asset ceiling

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
At 30 June 2023				
Adjustment for effect of asset ceiling at beginning of the year	—	—	11,157	11,157
Interest on the effect of asset ceiling	—	—	587	587
Change in the effect of asset ceiling	—	—	5,888	5,888
Adjustment for effect of asset ceiling at end of the year	—	—	17,632	17,632
At 30 June 2022				
Adjustment for effect of asset ceiling at beginning of the year	—	—	—	—
Interest on the effect of asset ceiling	—	—	—	—
Change in the effect of asset ceiling	—	—	11,157	11,157
Adjustment for effect of asset ceiling at end of the year	—	—	11,157	11,157

The adjustment for the effect of asset ceiling has been determined based on the maximum economic benefit available to the entity in the form of reductions in future employer contributions.



Note 18. Defined benefit superannuation schemes continued

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	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Short term securities	2,896,493	2,434,323	—	5,330,816
Australian fixed interest	—	100,350	—	100,350
International fixed interest	—	1,288,564	12,473	1,301,037
Australian equities	4,352,503	796,671	4,528,929	9,678,103
International equities	13,942,743	155,394	39,901	14,138,038
Property	—	—	769,724	769,724
Alternatives	179	1,206,068	4,850,952	6,057,199
Total	21,191,918	5,981,370	10,201,979	37,375,267

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

	2023	2022
Short term securities	14.3%	13.7%
Australian fixed interest	0.3%	0.7%
International fixed interest	3.5%	3.9%
Australian equities	25.9%	17.7%
International equities	37.8%	33.0%
Property	2.0%	6.4%
Alternatives	16.2%	24.6%
Total	100.0%	100.0%

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.

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.

e) Fair value of the Pooled Fund assets

Of the direct properties owned by the Pooled Fund:

- SAS Trustee Corporation occupies part of a property 100% owned by the Pooled Fund with a fair value of \$338 million (2022: \$362 million); and
- Health Administration Corporation occupies part of a property 50% owned by the Pooled Fund with a fair value (100% interest) of \$570 million (2022: \$540 million).

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 18. Defined benefit superannuation schemes continued

f) Significant actuarial assumptions

	2023	2022
Discount rate	5.61%	5.26%
Salary increase rate (excluding promotional increases)	Refer (i) below	Refer (i) below
Rate of CPI increase	Refer (ii) below	Refer (ii) below
Pensioner mortality	Refer (iii) below	Refer (iii) below

i) Salary increase rate (excluding promotional increases)

For 2023, a range of assumptions was used as follows:

2023/24:	4.45% pa
2024/25:	2.95% pa
2025/26:	2.74% pa
Thereafter	3.2% pa

For 2022, a range of assumptions was used as follows:

2022/23:	3.15% pa
2023/24:	3.62% pa
2024/25:	2.87% pa
2025/26:	2.74% pa
Thereafter	3.2% pa

ii) Rate of CPI increase used by independent fund managers

For 2023, a range of CPI increase assumptions was used as follows:

2022/23:	6.65% pa
2023/24:	3.50% pa
2024/25:	3.00% pa
Thereafter	2.5% pa

For 2022, a range of CPI increase assumptions was used as follows:

2021/22:	4.00% pa
2022/23:	5.50% pa
2023/24 and 2024/25:	3.00% pa
2025/26 and 2026/27:	2.75% pa
Thereafter	2.5% pa

iii) 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 2023 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 2023.

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	114,791	119,892	110,067
	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	114,791	119,941	109,993
	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	114,791	114,975	114,613
	Base case	Scenario G Lower mortality¹	Scenario H Higher mortality²
Defined benefit obligation \$'000	114,791	115,958	113,800

1. Assumes the short term pensioner mortality improvement factors for years 2023-2026 also apply for years after 2026.

2. Assumes the long term pensioner mortality improvement factors for years post 2026 also apply for the years 2023 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

FOR THE YEAR ENDED 30 JUNE 2023

Note 18. Defined benefit superannuation schemes continued

j) Surplus/deficit

The following is a summary of the 30 June 2023 financial position of the Fund calculated in accordance with AASB 1056 *Superannuation Entities*:

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
At 30 June 2023				
Accrued benefits ¹	17,139	1,356	84,185	102,680
Net market value of Fund assets	(12,015)	(55)	(120,680)	(132,750)
Net deficit / (surplus)	5,124	1,301	(36,495)	(30,070)
At 30 June 2022				
Accrued benefits ¹	18,346	1,735	80,028	100,109
Net market value of Fund assets	(13,886)	(590)	(115,502)	(129,978)
Net deficit / (surplus)	4,460	1,145	(35,474)	(29,869)

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

Economic assumptions adopted for the 30 June 2023 AASB 1056 *Superannuation Entities*:

Weighted-Average Assumptions	2023	2022
Expected rate of return on Fund assets backing current pension liabilities	7.0% pa	7.0% pa
Expected rate of return on Fund assets backing other liabilities	6.2% pa	6.2% pa
Expected salary increase rate	Refer (i) below	Refer (i) below
Expected rate of CPI increase	Refer (ii) below	Refer (ii) below

i) Expected salary increase rate

For 2023, a range of assumptions was used as follows:

2023/24:	4.45% pa
2024/25:	2.95% pa
2025/26:	2.74% pa
Thereafter	3.2% pa

For 2022, a range of assumptions was used as follows:

2022/23:	3.15% pa
2023/24:	3.62% pa
2024/25:	2.87% pa
2025/26:	2.74% pa
Thereafter	3.2% pa

ii) Expected rate of CPI increase

For 2023, a range of assumptions was used as follows:

2022/23:	6.65% pa
2023/24:	3.5% pa
2024/25:	3.00% pa
Thereafter	2.5% pa

For 2022, a range of assumptions was used as follows:

2021/22:	4.8% pa
Thereafter	2.5% pa



Note 18. Defined benefit superannuation schemes continued

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	7.0% / 6.2%	6.5% / 5.7%	7.5% / 6.7%
Rate of CPI increase	As above	As above	As above
Salary inflation rate	As above	As above	As above
Accrued benefits \$'000	102,680	106,780	98,854

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 9.9 years (2022: 10.4 years).

o) Profit and loss impact

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
At 30 June 2023				
Current service cost	80	77	140	297
Net interest	327	66	(421)	(28)
Profit and loss component of the defined benefit cost	407	143	(281)	269
At 30 June 2022				
Current service cost	206	89	167	462
Net interest	300	53	(268)	85
Profit and loss component of the defined benefit cost	506	142	(101)	547

p) Other comprehensive income

	SASS \$000	SANCS \$000	SSS \$000	Total \$000
At 30 June 2023				
Actuarial gains on liabilities	349	13	(1,127)	(765)
Actual return on Fund assets less Interest Income	(506)	(6)	(4,679)	(5,191)
Change in the effect of asset ceiling	—	—	5,888	5,888
Total remeasurement in Other Comprehensive Income	(157)	7	82	(68)
At 30 June 2022				
Actuarial gains on liabilities	(5,056)	(726)	(14,722)	(20,504)
Actual return on Fund assets less Interest Income	708	48	4,684	5,440
Change in the effect of asset ceiling	—	—	11,157	11,157
Total remeasurement in Other Comprehensive Income	(4,348)	(678)	1,119	(3,907)

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 19. Equity

	Note	2023 \$000	2022 \$000
Contributed equity		165,768	165,768
Asset revaluation reserve	19(a)	137,037	110,932
Retained earnings	19(b)	126,557	137,031
		429,362	413,731

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 2023, the shares were held by the Treasurer (The Hon. Daniel Mookhey, MLC) and the Minister for Finance and Minister for Natural Resources (The Hon. Courtney Houssos, MLC).

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements resulting from the revaluation of property, plant and equipment.

a) Movements in asset revaluation reserve

	Note	2023 \$000	2022 \$000
Balance at 1 July		110,932	87,435
Revaluation gain on property, plant and equipment	10(c)	37,294	33,567
Income tax equivalent expense on revaluation of property, plant and equipment		(11,189)	(10,070)
Total other comprehensive income		26,105	23,497
Closing balance		137,037	110,932

b) Movements in retained earnings

	Note	2023 \$000	2022 \$000
Balance at 1 July		137,031	123,317
Net profit for the year		22,478	30,979
Superannuation actuarial gains	18(p)	68	3,907
Income tax equivalent expense on superannuation actuarial gains		(20)	(1,172)
Other comprehensive income		48	2,735
Transaction with owners in their capacity as owners			
Dividend declared	17	(33,000)	(20,000)
Closing balance		126,557	137,031



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 following note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, 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 2023					
Land and buildings including CIP	10(a)	—	—	400,620	400,620
Roadways and bridges including CIP	10(a)	—	—	13,046	13,046
Wharves, jetties and breakwaters including CIP	10(a)	—	—	41,670	41,670
Investment property	12	—	8,500	—	8,500
Total		—	8,500	455,336	463,836
At 30 June 2022					
Land and buildings including CIP	10(a)	—	—	369,602	369,602
Roadways and bridges including CIP	10(a)	—	—	13,114	13,114
Wharves, jetties and breakwaters including CIP	10(a)	—	—	44,205	44,205
Investment property	12	—	8,200	—	8,200
Total		—	8,200	426,921	435,121

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 gain of \$0.23 million (2022: a loss of \$0.05 million) recognised in profit or loss in this financial year (refer to note 5). Refer to note 12 for the movements reconciliation. Investment property is disclosed in the fair value hierarchy table above as level 2 because 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).

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 20. Fair value measurement of non-financial assets continued

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) (i) to (iv).

Critical judgements in determining the fair value of two asset groups at nil

The Corporation has applied judgements in determining the fair value of some assets at Yamba and Eden to nil ever since they were transferred to the Corporation in prior years. They were transferred from another NSW government entity to the Corporation in prior years with the fair value at zero at the time of transfer. In current year, the determination of their fair value at zero is because the assets, or the group of assets, cannot generate sufficient cash profit to cover operating costs and there is no feasible alternative use from market participants' perspectives, considering the physical, legal and financial restrictions.

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 several 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 \$14.9 million (2022: \$13.4 million).

Buildings and infrastructure

Buildings and infrastructure assets are measured at the current 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 current replacement costs increase/decrease. Current 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 \$5.5 million (2022: \$5.4 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 current replacement costs increase/decrease. Replacement cost is derived from estimates of unit rate per square 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 \$0.7 million (2022: \$0.5 million); and
- the wharves, jetties and breakwaters being varied by \$2.1 million (2022: \$2.1 million).



Note 21. Financial risk management objectives and policies

The Corporation's principal financial instruments comprise cash, 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 periodically by the Board and any material breaches are notified to the Board. There were no material breaches reported to the Board during the year.

a) Financial instrument categories

	Note	Category	2023 \$000	2022 \$000
Financial assets				
Cash and cash equivalents	7	Not applicable	24,934	30,775
Trade and other receivables ¹		Debt instrument at amortised cost	19,233	16,598
Lease incentive receivable	8	Debt instrument at amortised cost	5,146	5,808
			49,313	53,181
Financial liabilities				
Trade and other payables ¹		Financial liabilities measured at amortised cost	22,219	15,841
Lease liabilities	11(c)	Financial liabilities measured at amortised cost	9,580	6,014
Borrowings	16	Financial liabilities measured at amortised cost	135,158	135,824
			166,957	157,679

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 were through the price risks associated with the movement in the unit price of the TCorpIM Cash Fund. The TCorpIM Cash fund account was closed on 11 October 2022.

The Corporation had no material exposure to foreign currency risk and did not enter into commodity contracts during the year.

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 considering 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.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 21. Financial risk management objectives and policies continued

The Corporation's exposure to interest rate risk is set out below.

	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 2023					
Cash and cash equivalents	24,934	175	175	(175)	(175)
Net exposure	24,934	175	175	(175)	(175)
At 30 June 2022					
Cash and cash equivalents	30,775	215	215	(215)	(215)
Net exposure	30,775	215	215	(215)	(215)

ii) Other price risk – TCorpIM Cash Fund

In the prior years, exposure to 'other price risk' was through the investment in the TCorpIM Cash Fund, which was held for strategic rather than trading purposes. The Corporation had no direct equity investments. The Corporation held units in the TCorpIM Cash Fund before the account closure on 11 October 2022. The unit price of the fund matched the total fair value of the net assets held by the fund divided by the number of units on issue. Unit prices were calculated and published daily. In the fair value hierarchy, the TCorpIM Cash Fund was classified as Level 2 because prices were observable, however, no active market existed for these funds as they were only accessible to government agencies.

Facility	Investment sectors	Investment horizon	Note	2023 \$000	2022 \$000
TCorpIM Cash Fund	Cash, money market instruments	Up to 1.5 years	7	–	28,033

TCorp was trustee for the above fund and was required to act in the best interest of the unit holders and to administer the trust in accordance with the trust deed.

Facility	Change in unit price	Post tax impact on profit Higher / (Lower)	
		2023 \$000	2022 \$000
TCorpIM Cash Fund	+/- 10%	–	1,962

The account was closed on 11 October 2022.

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.



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.

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
At 30 June 2023						
Financial liabilities						
Trade and other payables	N/A	22,219	22,219	—	—	22,219
Lease liabilities	5.63%	9,580	12,188	9,580	—	—
Interest bearing liabilities	4.05% ¹	135,158	155,870	135,158	—	—
		166,957	190,277	144,738	—	22,219
At 30 June 2022						
Financial liabilities						
Trade and other payables	N/A	15,841	15,841	—	—	15,841
Lease liabilities	3.02%	6,014	6,420	6,014	—	—
Interest bearing liabilities	3.96% ¹	135,824	155,616	135,824	—	—
		157,679	177,877	141,838	—	15,841

1. The interest rate is inclusive of an average government guarantee fee of 1.12% (2022: 1.16%) on borrowings from TCorp.

Contractual maturity dates	<1 year \$000	1-5 years \$000	>5 years \$000
At 30 June 2023			
Financial liabilities			
Trade and other payables	22,219	—	—
Lease liabilities	3,286	5,036	3,866
Interest bearing liabilities	15,304	74,600	65,966
	40,809	79,636	69,832
At 30 June 2022			
Financial liabilities			
Trade and other payables	15,841	—	—
Lease liabilities	2,707	3,574	139
Interest bearing liabilities	16,814	68,282	70,520
	35,362	71,856	70,659

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 21. Financial risk management objectives and policies continued

e) Fair value compared to carrying amount

Financial instruments are generally recognised at cost. 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:

	2023 \$000 Carrying amount	2023 \$000 Fair value	2022 \$000 Carrying amount	2022 \$000 Fair value
Financial liabilities				
NSW Tcorp borrowings	135,158	126,348	135,824	128,682

The fair values have been calculated by discounting the expected future cash flows at prevailing market rates varying from 4.363% to 4.716% (2022: from 2.520% to 4.282%).

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	2023	–	–	–	–
TCorpIM Cash Fund	2022	–	28,033	–	28,033

No financial liabilities were measured at fair value in the statement of financial position at 30 June 2023 and 30 June 2022.

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 and Financial Distribution Policy for Government Businesses* (TPG21-10). 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 2023 and 30 June 2022 were as follows:

Gearing ratio	Note	2023 \$000	2022 \$000
Total debt	16	144,738	141,838
Total debt and total equity		574,100	555,569
Gearing ratio		25.21%	25.53%



Note 22. Commitments

a) Capital expenditure commitments

Forward obligations under major contracts committed at 30 June 2023 but not otherwise brought to account have been assessed at \$10.0 million including GST (2022: \$33.2 million). The \$10.0 million includes GST input tax credits of \$0.9 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:

	2023 \$000	2022 \$000
Not later than one year	10,043	21,256
Later than one and not later than five years	—	11,976
Later than five years	—	—
Total including GST	10,043	33,232

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	2023 \$000	2022 \$000
Not later than one year	21,242	19,245
Later than one and not later than five years	54,819	55,101
Later than five years	42,164	52,464
Total including GST	118,225	126,810

The above total includes GST output tax of \$10.7 million (2022: \$11.5 million) that is expected to be paid to the ATO. These lease receivables relate to property leases with remaining terms of between 1 and 16 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	2023 \$000	2022 \$000
Not later than one year	56	7
Later than one and not later than five years	107	6
Later than five years	5	5
Total including GST	168	18

The above total includes GST input tax credits of \$0.015 million (2022: \$0.002 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 computing equipment.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 23. Contingencies

Contingent liabilities

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, the Corporation is not aware of any circumstance that is considered not remote or able to be reliably measured.

Contingent assets

The Corporation did not identify any significant contingent assets.

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 fee paid and payable to consultants was nil in both years.

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

Benefits	2023 \$000	2022 \$000
Short term employee benefits	4,011	3,955
Post-employment benefits	298	251
Other long-term benefits	67	52
Termination benefits	615	—
Total	4,991	4,258

Directors' remuneration includes emoluments and other benefits paid, or due and payable, to Directors. Included in the above is the Directors' remuneration \$0.4 million (2022: \$0.4 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.



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	
			2023 \$000	2022 \$000
Transport for NSW	4	Expense for channel fee	7,956	5,679
		Mainly rental income for various leases	(4,537)	(2,592)
Sydney Metro		Rental income for various leases	(5,153)	(5,295)
		Capital expenditure	625	—
Infrastructure NSW		Rental income for various leases	(2,442)	(2,209)
Forestry Corporation of New South Wales		Rental income	(208)	(261)
TCorp		Interest expenses	3,839	4,009
		Interest income	(383)	—
NSW Treasury		Government guarantee fees	1,512	1,578
Insurance and Care NSW	3	Business interruption claims	—	(47,185)
Department of Premier and Cabinet		Australia Day sponsorship	354	377
		Rental income	(154)	(177)
State Revenue		Dividend declared	33,000	20,000

1. Transaction value excludes GST.

Related Entity	Note	Transaction	(Payable) / Receivable	
			2023 \$000	2022 \$000
TCorp	16(a)	Interest-bearing liabilities	(135,158)	(135,824)
		Accrued loans interest	(1,125)	(1,139)
	7	TCorpIM cash fund	—	28,033
	7	TCorp 11am at-call account	21,399	—
State Revenue	17	Dividend payable	(33,000)	(20,000)
NSW Treasury		Government guarantee fee payable	(1,512)	(1,578)
Sydney Metro		Rent receivable	467	1,201
Department of Premier and Cabinet		Sponsorship payable	(154)	(177)
		Rent receivable	—	177
Transport for NSW		Channel fee payable	(4,041)	(1,056)

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 2023



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 Statement by the Accountable Authority (the Director's Declaration), the Statement of Comprehensive Income for the year ended 30 June 2023, the Statement of Financial Position as at 30 June 2023, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Summary 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).

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 have fulfilled my other ethical responsibilities in accordance with APES 110.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



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 2023. 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
Fair value of property, plant and equipment and investment property	
<p>At 30 June 2023, the Corporation's statement of financial position reported \$532.9 million in property, plant and equipment (PPE) and \$8.5 million in investment property measured at fair value.</p> <p>We consider this to be a key audit matter because:</p> <ul style="list-style-type: none"> • these assets are financially significant to the statement of financial position • Australian Accounting Standards require the Corporation to annually assess: <ul style="list-style-type: none"> – whether the carrying value of PPE and investment property materially reflects fair value – that the useful lives of PPE remain reasonable. <p>Further information on the valuation techniques, inputs and sensitivity for PPE and investment property are disclosed in notes 10, 12 and 20.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> • obtaining an understanding of management's approach to estimating the fair value of these assets • assessing the competence, capability and objectivity of the management's independent expert • reviewing the reasonableness of: <ul style="list-style-type: none"> – the indices and key assumptions used – management's assessment of useful lives • assessing the adequacy of the financial statement disclosures against the requirements of the Australian Accounting Standards.

The Directors' 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 Regulation and Treasurer's Directions. 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/ar4.pdf or www.auasb.gov.au/auditors_responsibilities/ar6.pdf. The description forms part of my auditor's report.

Independent auditor's report

FOR THE YEAR ENDED 30 JUNE 2023

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

6 September 2023
SYDNEY



Response to significant issues raised by the Auditor General

There were no significant issues raised by the Auditor General in the 2021-22 financial year audit.

Port Authority of New South Wales' response to any significant issues raised by the Auditor General in the 2022-23 financial year audit will be included in the 2023-24 Annual Report.

Statement of land holdings

FOR THE YEAR ENDED 30 JUNE 2023

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.

At fair value	2023 \$000
Land and buildings	
Land	289,091
Buildings	105,829
Total land and buildings	394,920
Other	
Roadways and bridges	12,956
Wharves, jetties and breakwaters	31,476
Plant	61,156
Construction in progress	32,439
Total other	138,027
Total property, plant and equipment at fair value	532,947

Port Authority of New South Wales

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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
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