

SYDNEY PORTS CORPORATION



Statement of Corporate Intent 2011/12

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Sydney Ports Corporation

Statement of Corporate Intent 2011/12

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STATEMENT OF CORPORATE INTENT

2011/12

SYDNEY PORTS CORPORATION

This Statement of Corporate Intent is agreed between Sydney Ports Corporation and its Ministerial voting shareholders:



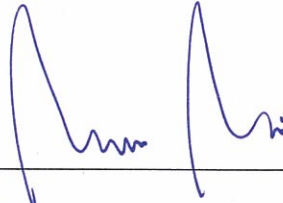
Bryan T. Smith

Chairman

for and on behalf of

Sydney Ports Corporation ^{Note 1}

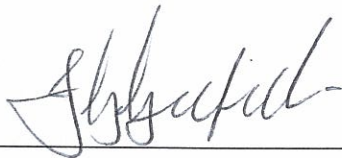
Date: 20 July 2011



The Hon. Mike Baird, MP

Treasurer

Date: 27 SEP 2011



Grant Gilfillan


Chief Executive Officer and

Director

for and on behalf of

Sydney Ports Corporation ^{Note 1}

Date: 20 July 2011



The Hon. Greg Pearce, MLC

Minister for Finance and Services

Minister for the Illawarra

Date: 27 SEP 2011

Note 1 Pursuant to a resolution of the Board of Directors made on 20 June 2011.

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1 VISION & OBJECTIVES OF THE CORPORATION

1.1 Vision

Sydney Ports' vision statement is:

“Sydney Ports Corporation is a leader in world class, efficient and sustainable ports and logistics networks.”

1.2 Legislative Objectives

Sydney Ports Corporation ('Sydney Ports') is a statutory State Owned Corporation established under the *State Owned Corporations Act 1989* and *Ports and Maritime Administration Act 1995*, and operates in accordance with those Acts. The principal objectives of Sydney Ports reflect the provisions of both pieces of legislation.

Sydney Ports' principal objectives which derive from the *State Owned Corporations Act 1989* are:

1. to be a successful business and, to this end:
 - a) to operate at least as efficiently as any comparable businesses;
 - b) to maximise the net worth of the State's investment in the State Owned Corporation;
2. to exhibit a sense of social responsibility by having regard to the interests of the community in which it operates; and
3. where its activities affect the environment, to conduct its operations in accordance with the principles of ecologically sustainable development contained in section 6(2) of the *Protection of the Environment Administration Act 1991*; and
4. to exhibit a sense of responsibility towards regional development and decentralisation in the way in which it operates.

(The *State Owned Corporations Act 1989* states that each of the above principal objectives is of equal importance.)

In addition to the above, Sydney Ports' principal objectives which derive from the *Ports and Maritime Administration Act 1995* are:

1. to promote and facilitate trade through its port facilities;
2. to ensure that its port safety functions are carried out properly;
3. to promote and facilitate a competitive commercial environment in port operations; and
4. to improve productivity and efficiency in its ports and the port-related supply chain.

2 NATURE & SCOPE OF OPERATIONS

Sydney Ports manages two of Australia's most valuable assets – the ports of Botany Bay and Sydney Harbour. Port Botany handles containers and bulk liquid products whereas Sydney Harbour handles dry bulk, bulk liquids and cruise passenger vessels.

Sydney's ports handle more than \$50 billion in international and domestic trade each year. The container terminal at Port Botany is the second largest container port by volume, and one of the largest oil ports, in Australia. Sydney is the natural transport hub for NSW, with 85% of containers having an origin or destination within 40km of Port Botany.

Section 10 of the *Ports and Maritime Administration Act 1995* states that the principal functions of a Port Corporation are:

1. to establish, manage and operate port facilities and services in its ports;
2. to exercise the port safety functions for which it is licensed in accordance with its operating licence; and
3. to facilitate and co-ordinate improvements in the efficiency of the port-related supply chain.

In addition, the *Ports and Maritime Administration Act 1995* states that a Port Corporation may:

4. provide facilities or services that are ancillary or incidental to its principal functions; and
5. conduct any business (whether or not related to its principal functions) that it considers will further its objectives.

In fulfilling its role, Sydney Ports provides the following range of services:

Logistics and Trade

- Promotion and facilitation of a competitive commercial environment in port operations;
- Productivity improvements and efficiency gains in its ports and the port-related supply chain;
- (NB the Port Botany Landside Improvement Strategy Project was initiated specifically to address the above two services.)
- Logistics planning, including intermodalism;
- Trade facilitation;
- Support and facilitation of the passenger cruise industry; and
- Port promotion and marketing.

Navigation

- Shipping channels and navigation aids;
- Port communications and harbour control;
- Vessel traffic management;
- Emergency response;
- Security patrols; and
- Harbour Master.

Berth Services

- Common-user and leased cargo wharves;
- Passenger terminals; and
- Monitoring of port security.

Shipping

- Berth allocations;
- Advice on berthing requirements, i.e. pilots, tugs, lines, handling;
- Advice on Dangerous Goods procedures; and
- ShIPS System (port operational/e-commerce system).

Pilotage

- Pilotage of vessels.

Port Assets

- Port estate management and property maintenance;
- Sites for cargo handling and transit storage;
- Development planning; and
- Implementation of its Maritime Security Plans, in accordance with the *Maritime Transport & Offshore Facilities Security Act 2003*.

Port Safety and Environment

- Safe transfer of bulk liquids and Dangerous Goods;
- Emergency response to marine incidents; and
- Management and protection of the port environment.

Sydney Ports' business is underpinned by the property assets for which the Corporation holds title and by the management and control of shipping in accordance with the Port Safety Operating Licence issued to the Corporation. The Port Safety Operating Licence establishes conditions to which Sydney Ports is subject in its role to ensure navigational safety for international and interstate trading vessels in the ports and as a protector of the marine environment.

3 STRATEGIC DIRECTIONS

To achieve its legislative objectives, as outlined in Section 1.2, Sydney Ports has adopted a strategy comprising the following thirteen key elements:

1. Promote the safety of employees and all port users as the most fundamental requirement which underpins all other activities of the Corporation;
2. Maximise shareholder value;
3. Maximise profitability and capacity for dividends;
4. Improve the efficiency of the logistics chain and ensure optimal use of assets;
5. Ensure efficient delivery of services, technology and infrastructure to meet stakeholder needs;
6. Improve share of contestable cargo market and strengthen Sydney Ports' position as a trade hub;
7. Manage government and board stakeholders effectively;
8. Maintain port safety and security;
9. Ensure infrastructure capacity and planning approvals align with business needs;
10. Provide for long term environmentally sustainable management of ports;
11. Provide effective and efficient business processes and support systems;
12. Maintain a culture that supports the objectives of the Corporation; and
13. Improve and promote Sydney Ports' culture of corporate social responsibility.

4 FINANCIAL PERFORMANCE TARGETS

Sydney Ports' financial performance targets are summarised in Table 1 below:

	2011/12 SCI	2012/13 Projected	2013/14 Projected	2014/15 Projected
1. Financial Performance Indicators				
Total Revenue (\$M)	305.8	284.4	302.9	320.8
Total Expenses (\$M)	174.6	185.8	195.8	203.6
EBITDA (\$M) ^{Note 2}	165.0	148.2	161.9	172.7
EBIT (\$M) ^{Note 3}	131.2	98.6	107.0	117.2
Interest Expense (\$M) ^{Note 4}	42.6	50.7	56.0	53.9
Net Profit Before Tax (\$M)	91.6	49.7	52.9	65.1
Income Tax Equivalent Expense (\$M)	33.3	15.5	16.5	20.2
Net Profit After Tax (\$M)	58.3	34.2	36.4	44.9
Capital Expenditure (\$M) ^{Note 5}	330.1	110.0	49.5	32.7
Dividend Provided For (\$M)	-	-	25.5	31.5
Net Debt (\$M)	694.3	748.9	710.6	669.8
Net Drawdown of Borrowings (\$M)	121.0	54.0	(39.0)	(42.0)
2. Profitability Ratios ^{Note 6}				
Return on Average Assets (%)	3.9%	4.1%	4.6%	4.9%
Return on Average Equity (%)	2.0%	2.4%	2.9%	3.5%
EBITDA Margin (%)	44.5%	50.8%	53.5%	53.8%
Dividend Payout Ratio (%) ^{Note 7}	0%	0%	70%	70%
3. Financial Leverage Ratios				
Target Gearing Ratio (%) - (Minimum)	35.0%	35.0%	35.0%	35.0%
Gearing Ratio (%) - Projected	39.0%	39.3%	37.0%	34.6%
Target Gearing Ratio (%) - (Maximum)	45.0%	45.0%	45.0%	45.0%
4. Cash Flow Adequacy Ratios ^{Note 6}				
Interest Cover (Number of Times)	2.46	2.42	2.89	3.20
Debt Cover (Years)	6.1	5.3	4.4	3.9
5. Liquidity Ratios				
Current Ratio	0.9	1.1	0.8	0.8
Cash Ratio	0.4	0.5	0.3	0.3

Note 1 - Numbers quoted in this table (and in subsequent tables) may be affected by rounding errors, but without material impact.

Note 2 - 'Earnings Before Interest, Tax, Depreciation and Amortisation'. This measure excludes Interest Income and Interest Expense.

Note 3 - 'Earnings Before Interest and Tax'. This measure excludes Interest Income and Interest Expense.

Note 4 - 'Interest Expense' excludes capitalised interest.

Note 5 - 'Capital Expenditure' excludes capitalised interest.

Note 6 - All Profitability Ratios and Cash Flow Adequacy Ratios exclude (i) the recovery of capital expenditure from the Barangaroo Delivery Authority associated with construction of the new Cruise Passenger Terminal at White Bay 5, and (ii) the recovery of related Capital Gains Tax payments from NSW Treasury.

Note 7 - 'Dividend Payout Ratio' is calculated after adjustment for non-cash items. Proposed target dividend is equivalent to NSW Treasury's standard 'Dividend Payout Ratio' of 70%. Sydney Ports plans to resume providing for dividends in 2013/14, following a return to an interest cover ratio which exceeds 2.5 times.

5 NON-FINANCIAL PERFORMANCE TARGETS

In order to measure the outcome of performance against strategies effectively, the following non-financial performance targets listed in Tables 2A, 2B, 3A and 3B are monitored:

(TEUs Millions)	2011/12 SCI	2012/13 Projected	2013/14 Projected	2014/15 Projected
Container Imports (Direct):				
Full Container Imports	0.940	0.997	1.057	1.120
Empty Container Imports	0.012	0.012	0.012	0.012
Total Container Imports (Direct)	0.952	1.009	1.068	1.132
Container Exports (Direct):				
Full Container Exports	0.368	0.383	0.398	0.414
Empty Containers - Exports	0.561	0.602	0.647	0.695
Total Container Exports (Direct)	0.929	0.985	1.045	1.109
Container Transshipments: ^{Note 1}				
Full Container Transshipments	0.208	0.211	0.215	0.218
Empty Container Transshipments	0.028	0.028	0.029	0.029
Total Container Transshipments	0.235	0.239	0.243	0.247
TOTAL CONTAINER TRADE	2.117	2.233	2.357	2.489
Container Trade by Full/Empty:				
Full Containers - Total	1.516	1.591	1.669	1.752
Empty Containers - Total	0.601	0.642	0.688	0.737
TOTAL CONTAINER TRADE	2.117	2.233	2.357	2.489

Note 1 - Transhipped cargo is cargo that is unloaded from one vessel and re-loaded onto another vessel at the port within 14 days from the date of unloading.

(Year-on-Year Growth %)	2011/12 SCI	2012/13 Projected	2013/14 Projected	2014/15 Projected
Container Imports (Direct):				
Full Containers - Imports	6.0%	6.0%	6.0%	6.0%
Empty Containers - Imports	9.7%	1.3%	1.4%	1.5%
Total Container Imports (Direct)	6.1%	5.9%	5.9%	6.0%
Container Exports (Direct):				
Full Containers - Exports	3.9%	4.0%	4.0%	4.0%
Empty Containers - Exports	7.0%	7.3%	7.4%	7.5%
Total Container Exports (Direct)	5.8%	6.0%	6.1%	6.2%
Container Transshipments:				
Full Container Transshipments	(4.9)%	1.7%	1.7%	1.7%
Empty Container Transshipments	39.2%	1.7%	1.8%	1.7%
Total Container Transshipments	(1.2)%	1.7%	1.7%	1.7%
TOTAL CONTAINER TRADE	5.1%	5.5%	5.6%	5.6%
Container Trade by Full/Empty:				
Full Containers - Total	3.9%	4.9%	4.9%	5.0%
Empty Containers - Total	8.2%	6.9%	7.1%	7.1%
TOTAL CONTAINER TRADE	5.1%	5.5%	5.6%	5.6%

	2011/12 SCI	2012/13 Projected	2013/14 Projected	2014/15 Projected
Chargeable Vessel Calls (Number of)	2,002	2,024	2,048	2,071
Chargeable Vessel Call Gross Tonnage (GTs millions)	69.8	70.8	71.9	72.9
Piloted Vessel Movements (Number of)	3,718	3,763	3,807	3,853
Total Trade (Mass Tonnes millions) ^{Note 1}	30.5	31.5	32.5	33.6

Note 1 - 'Total Trade' (in Mass Tonnes millions) includes trade via Sydney Ports' berths and privately owned berths.

(Year-on-Year % Growth)	2011/12 SCI	2012/13 Projected	2013/14 Projected	2014/15 Projected
Chargeable Vessel Calls	3.7%	1.1%	1.1%	1.1%
Chargeable Vessel Call Gross Tonnage	6.7%	1.5%	1.5%	1.5%
Piloted Vessel Movements	3.9%	1.2%	1.2%	1.2%
Total Trade	5.5%	3.3%	3.3%	3.4%

6 CAPITAL WORKS PROGRAM

6.1 Capital Works Program Outline

As a port manager, Sydney Ports is in business to provide sites at which the exchange of marine cargo between ship and shore can take place. To fulfil its objective of improving productivity and efficiency in its ports and the port-related supply chain, the Corporation must plan for future trade needs and invest in port infrastructure.

A brief summary of Sydney Ports' five major capital projects (those with a total project cost greater than \$20M) follows:

Port Botany Landside Improvement Strategy

The NSW Government's response to the Independent Pricing and Regulatory Tribunal's report of March 2008 into the efficiency of the landside operations at Port Botany described the establishment of the Port Botany Landside Improvement Strategy (PBLIS) initiative to be led and coordinated by Sydney Ports.

The overarching objective of the Port Botany Landside Improvement Strategy is to improve the competitive access and service arrangements of container movements between stevedores and transport carriers at Port Botany to maximise the amount of trade passing through Port Botany by making the landside supply chain more efficient, transparent & consistent and achieving a transition to 24/7 operations.

Port Botany Expansion

Sydney Ports is carrying out a major development of its container terminal facilities at Port Botany to cater for long-term trade growth. The Port Botany Expansion Project is one of the largest port projects in Australia in the last 30 years.

Construction of the expanded container terminal is due to be completed for handover to the container terminal operator, Hutchison Port Holdings, on 1 July 2011. Sydney Ports understands that Hutchison is planning to commence operations during the first quarter of 2013.

Related works, such as the Penrhyn Road Grade Separation, will continue into the third quarter of 2012.

Enfield Intermodal Logistics Centre

The Enfield Intermodal Logistics Centre is a key element in a network of facilities across Sydney that will facilitate more efficient transfer of containers by rail to and from Port Botany. Sydney Ports' strategy is to minimise the growth in freight trucks on Sydney's roads and move more goods by rail. The design capacity of the planned Enfield Intermodal Logistics Centre is 300k TEUs per annum.

An Intermodal Terminal Operator has been selected. At its meeting of 7 December 2010, Cabinet Standing Committee on the Budget approved that Sydney Ports enter into a contract with the preferred Intermodal Terminal Operator. At the time of writing (May 2011), an announcement regarding the appointment of the Intermodal Terminal Operator is pending.

On the basis that main construction works are awarded in May 2011, handover to the Intermodal Terminal Operator is anticipated to be in early 2013.

Second Bulk Liquids Berth – Port Botany

Imports and exports of bulk liquids such as LPG, refined fuel and chemicals are vital to the NSW economy. To ensure that there is adequate berth capacity to satisfy current and expected demand in this trade, Sydney Ports is undertaking construction of a Second Bulk Liquids Berth at Port Botany.

Tenders for the project closed in mid-February 2011 and Sydney Ports' Board approved the award of a construction contract for the Second Bulk Liquids Berth at its meeting on 28 April 2011.

Cruise Passenger Terminal – White Bay Wharf 5

A condition of the land sale agreement of December 2007 between Sydney Ports and the Sydney Harbour Foreshore Authority requires the Barangaroo Delivery Authority to fund the design and construction of a new 'like for like' Cruise Passenger Terminal, to replace the Darling Harbour Wharf 8 facility. The agreement also contains a provision for an interim Cruise Passenger Terminal while the new replacement facility is under construction.

Following a Cabinet Standing Committee on the Budget meeting on 18 December 2009, the NSW Government announced that the Cruise Passenger Terminal would be permanently relocated to a new, purpose-built facility to be constructed at White Bay 5.

Planning approval for the Cruise Passenger Terminal was received on 2 February 2011. Construction was originally expected to commence in March 2011. However, on 12 May

2011, Leichhardt Municipal Council lodged a claim with the Land and Environment Court against the development. On the same day, the NSW Minister for Planning announced the establishment of a review of the Barangaroo Development. Any further delays to the project arising from either or both of these events will have an adverse impact on the final contract price for construction of the new Cruise Passenger Terminal and the scheduled date for construction completion.

Each of the aforementioned major capital projects links to one of Sydney Ports' four "Service Objectives", as described in the Corporation's *Strategic Asset Management Plan* and listed as follows:

1. *Port Operations and Safety* – to provide efficient, safe and secure port operations to meet the needs of customers;
2. *Port Management* – to maintain and enhance the capability of port infrastructure to support the provision of services by Sydney Ports and by private operators;
3. *Port Development* – to enable the port to respond efficiently and commercially to increased trade flows expected in the future; and
4. *Logistics Support* – to facilitate access and support operations of Port Botany.

6.2 Capital Works Program – Overview and Financing

Table 4 below contains an overview of Sydney Ports' Capital Works Program, by component and by source of funds. A more comprehensive version of the Capital Works Program covering the ten-year timeframe from 2011/12 to 2020/21 is included in Sydney Ports' *Commercial-in-Confidence 2011/12 to 2020/21 Corporate Plan*.

	2011/12 SCI	2012/13 Projected	2013/14 Projected	2014/15 Projected
	(\$M)	(\$M)	(\$M)	(\$M)
Program by Component of Capital Works:				
Requirements for Growth ^{Note 1}	234.9	77.1	16.2	16.6
Requirements for Renewal of Assets	70.8	21.3	16.0	13.7
Requirements for Regulatory Compliance	24.4	11.5	17.4	2.4
Total	330.1	110.0	49.5	32.7
Program by Source of Funds:				
NSW State Budget Funding	-	-	-	-
New Borrowings	121.0	70.0	-	-
Other Sources (including Internal Funds)	209.1	40.0	49.5	32.7
Total	330.1	110.0	49.5	32.7

Note 1 - 'Requirements for Growth' excludes capitalised interest.

7 ACCOUNTING POLICIES

As a State Owned Corporation, Sydney Ports will comply with NSW Treasury Circulars on accounting policy matters applicable to State Owned Corporations, as listed in Appendix 1 of the *Guidelines for Developing the 2011/12 Statement of Corporate Intent and Statement of Business Intent*.

8 SOCIAL PROGRAMS & NON-COMMERCIAL ACTIVITIES

Sydney Ports does not undertake social programs (defined in the above-mentioned *Guidelines* as “non-commercial activities undertaken by Government businesses on behalf of the Government to achieve social objectives”). However, under its legislative objectives as described in Section 1.2, Sydney Ports is required to undertake a range of non-commercial activities – that is, the Corporation is required to incur expenditure (operating and capital) without the prospect of either fully recovering costs or generating an appropriate commercial return on its investments (i.e. a return which is equal to, or higher than, its Weighted Average Cost of Capital).

For example, Sydney Ports is undertaking the Enfield Intermodal Logistics Centre Project and the PBLIS Programme for strategic, rather than commercial, reasons. The Corporation is also undertaking construction of the replacement Cruise Passenger Terminal at White Bay 5 to enable development of Barangaroo, rather than for any commercial rationale, and at the directive of the NSW Government.

The projected financial return of the Enfield Intermodal Logistics Centre Project, on a ‘stand-alone’ basis, falls below Sydney Ports’ targets for both Internal Rate of Return and Return on Assets. Sydney Ports has also assessed the residual risk associated with this Project as “Extreme”, based on the risks of being unable to deliver the Project on time and/or within budget, the Project not meeting specified requirements or Sydney Ports being unable to secure appropriate tenants.

The PBLIS Programme was never designed to generate a profit (although all capital and operating costs are expected to be recouped). Sydney Ports has assessed the residual risk associated with this Programme as “Significant”, based on the risks of being unable to deliver the Programme on time and/or within budget or the Programme not meeting specified requirements, potentially resulting in additional costs, a diversion of resources away from the Corporation’s core commercial operations and/or reputational damage.

In relation to the Cruise Passenger Terminal at White Bay 5, Sydney Ports has assessed the residual risk associated with this Project as “Extreme”, based on the risks of being unable to deliver the Project on time or to specified requirements and the risk of being held liable for any additional costs, rather than these costs being to the account of the Barangaroo Delivery Authority.

These non-commercial activities would not normally be undertaken by a business operating under commercial imperatives. In the past, Sydney Ports has funded all of its non-commercial activities on a ‘stand alone’ basis i.e. it has not received any funding via the NSW State Budget as payments for Community Service Obligations, nor has it received Government grants. However, as agreed with the NSW Government in August 2010, Sydney Ports will receive a grant from the Crown Finance Entity as compensation for an additional Capital Gains Tax liability arising from increased construction costs associated with the Cruise Passenger Terminal at White Bay 5.

9 FINANCIAL ASSET & LIABILITY MANAGEMENT

9.1 Treasury Management Policy

Sydney Ports has appointed NSW Treasury Corporation ('TCorp') as its borrowings and investments manager under a risk management agreement. Under this agreement, TCorp manages Sydney Ports' treasury risks in accordance with a Treasury Management Policy that is reviewed by the Corporation's Board annually and is in accordance with NSW Treasury's *Treasury Management Policy* (TPP 07-7) and the *Public Authorities (Financial Arrangements) Act 1987*.

9.2 Legislative Powers to enter into Financial Instruments

Sydney Ports has the following powers to enter into financial instruments under the *Public Authorities (Financial Arrangements) Act 1987*:

- S.8 – the power to obtain financial accommodation (borrow), including the general powers in relation to obtaining financial accommodation provided under S.11;
- S.16 – the power to effect financial adjustments (e.g. enter hedge or futures transactions), including the general powers in relation to effecting financial adjustments provided under S.17;
- S.20 – the power to enter into joint financing arrangements; and
- S.24 – the investment powers described in Part 2 of Schedule 4 of the Act.

9.3 Approved Financial Accommodation Limit

On 1 March 2011 the NSW Treasurer approved an increase of \$100M in Sydney Ports' total debt facility limit to \$1.0 billion. The \$1.0 billion limit is inclusive of a "Come-and-Go" facility, with a maximum limit of \$50M.

9.4 Treasury Management Key Performance Indicators

Detailed information on Sydney Ports' Treasury Management Key Performance Indicators is contained in Sydney Ports' *Commercial-in-Confidence* 2011/12 to 2020/21 Corporate Plan.

10 ENTERPRISE RISK MANAGEMENT & INTERNAL CONTROL

Sydney Ports' Enterprise Risk Management system is consistent with the Australian/New Zealand Standard of Risk Management (AS/NZS 4360:2004 and subsequently AS/NZS/ISO 31000:2009) and is underpinned by a risk management policy and a risk management procedure. This system encompasses all of the activities that Sydney Ports is responsible for under the *Ports and Maritime Administration Act 1995*, in addition to corporate-wide strategic risks.

Further information on Sydney Ports' corporate governance framework and its approach to Enterprise Risk Management and internal control is contained in Sydney Ports' *Commercial-in-Confidence* 2011/12 to 2020/21 Corporate Plan.

11 STATEMENT ADDRESSING SHAREHOLDERS' ISSUES

At the time of preparation of this Statement of Corporate Intent (May 2011), the Corporation's Ministerial voting shareholders had not formally raised any strategic issues or concerns.

12 HALF-YEARLY REPORT

Sydney Ports undertakes to provide to its Ministerial voting shareholders financial and other information to enable meaningful comparisons to be drawn between the Statement of Corporate Intent targets and actual performance during 2011/12.

In accordance with Section 23 of the *State Owned Corporations Act 1989*, Sydney Ports' Board undertakes to deliver to its Ministerial voting shareholders, one month after the end of the first six months of the financial year, a report on the operational and financial performance of the Corporation (on a consolidated basis) for the half-year ending 31 December 2011.

13 QUARTERLY REPORTS

Sydney Ports undertakes to provide to its Ministerial voting shareholders Performance Reports on a quarterly basis during 2011/12 containing operational and financial performance results and a summary progress report on the Corporation's major capital projects. The Performance Reports will include end of financial year forecasts, as at the end of each quarter, of the Corporation's key financial performance indicators and ratios.

The Consolidated Quarterly Performance Reports will be provided to the Ministerial voting shareholders within ten working days of the Sydney Ports' Board meeting following quarter-end at which the quarterly results are considered (extended to twenty working days for the quarter-end which is also financial year-end). In lieu of a complete Second Quarter Report as at 31 December 2011, Sydney Ports will submit a Half-year Report with a 'commercial-in-confidence' attachment.

14 OTHER INFORMATION

Sydney Ports will provide to its Ministerial voting shareholders during 2011/12:

- Forecast financial statements, via NSW Treasury's Online Entry System ('TOES');
- Forecasts of financial distributions (income taxes and dividends), as requested by NSW Treasury ('budget round' forecasts);
- Forecast capital works program, via NSW Treasury's Capital Treasury Online Entry System ('CAPTOES'); and
- Information on its major capital projects, via NSW Treasury's Major Capital Projects Reporting System ('MCPRS').

Sydney Ports also undertakes to provide other information relating to the affairs of the Corporation, as requested by its Ministerial voting shareholders.

15 REPRESENTATION & COMMITMENT STATEMENT

The Board of Sydney Ports confirms the following:

1. The performance targets within this 2011/12 Statement of Corporate Intent are based on and supported by the Corporation's 2011/12 to 2020/21 Corporate Plan;
2. The Corporation has a *Strategic Asset Management Plan*, which is as far as practicable consistent with the principles of the *Total Asset Management (TAM) requirements for updating the NSW State Infrastructure Strategy (SIS) Policy (TPP 08-02)* and the *NSW Government Procurement Policy (TPP 04-1)*;
3. The Corporation's asset maintenance policies and processes are adequate and appropriate to manage and control risks associated with physical assets;
4. The Corporation will comply with requirements for major infrastructure coordination and delivery to the extent that these apply to State Owned Corporations;
5. The requirements of the *Financial Appraisal Guidelines (TPP 07-4)* have been complied with for capital expenditure projects proposed to commence in 2010/11;
6. All known 'key risks' and 'major emerging contingent liabilities' which could materially impact the current and future results of the Corporation have been disclosed;
7. As a State Owned Corporation, Sydney Ports will comply with NSW Treasury Circulars on accounting policy matters applicable to State Owned Corporations, as listed in Appendix 1 of the *Guidelines for Developing the 2011/12 Statement of Corporate Intent and Statement of Business Intent*;
8. The Corporation is aware of the internal audit and risk management policy outlined in *NSWTC 09/08 Internal Audit and Risk Management Policy* and the associated *TPP 09-5 Internal Audit and Risk Management Policy* for the NSW Public Sector. The Corporation has demonstrated its own practices are consistent with standards recommended for Australian Securities Exchange (ASX) listed companies and where appropriate, has applied any additional requirements that are set out in *NSWTC 09/08*;
9. The requirements of the *Treasury Management Policy (TPP 07-7)* have been complied with and related party interests, which may represent a possible conflict of interest for Directors, have been disclosed;
10. The Corporation will comply with the requirements of *Ministerial Memorandum No. 2007-12, NSW Public Sector Wages Policy 2007*;
11. The Corporation will comply with the requirements of *Premier's Memorandum No. 2010-07, Working Together: Public Sector Workplace Health and Safety and Injury Management Strategy 2010-2012* (or any future memorandum that supersedes *M2010-07*);
12. The Corporation will comply with the requirements of *Premier's Memorandum No. M2009-04, Official Travel within Australia and Overseas*;

13. The Corporation's Chief Executive Officer has an employment contract and performance agreement. The employment contract is appraised annually with the next appraisal scheduled for the end of July 2011;
14. The Corporation's Board agrees to provide the Ministerial voting shareholders with financial and other information, including information on major capital expenditure projects, on a quarterly basis to assess the performance against commitments in this Statement of Corporate Intent and to assess the value of the Shareholders' investment in the business;
15. The Corporation's Board agrees to comply with Section 3.4 (Continuous Disclosure) of the *Reporting and Monitoring Policy for Government Businesses* (TPP 05-2); and
16. Projects of State Significance have been identified in accordance with the criteria set down in the *Guidelines for Assessment of Projects of State Significance* (TPP 02-4). In-principle approval from Cabinet Standing Committee on the Budget ("Budget Committee") and final approval from the Ministerial voting shareholders has been received for Projects of State Significance planned to commence in 2011/12.