



**NEWCASTLE
PORT**
CORPORATION
Delivering Opportunity

**STATEMENT OF CORPORATE INTENT
YEAR ENDING 30 JUNE 2011**

**Incorporating
BUSINESS PLAN
for 2010-11 to 2019-20
and
2010-11 BUDGET**

This Statement of Corporate Intent has been agreed between:

Paul Jeans
Chairman
Newcastle Port Corporation
On behalf of the Board

Voting Shareholder
Newcastle Port Corporation

Gary Webb
Chief Executive Officer
Newcastle Port Corporation

Voting Shareholder
Newcastle Port Corporation

TABLING VERSION

Newcastle Port Corporation Statement of Corporate Intent 2010-11

Acronym	Description
BP	Business Plan
Cape Vessel	A large cargo vessel that is greater than 55,000 gross tonnes
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
AIFRS	Australian Equivalent International Financial Reporting Standards
Mt	million tonnes
Mtpa	million tonnes per annum
NPC	Newcastle Port Corporation
NSW	New South Wales
Panamax Vessel	A mid size cargo vessel that is between 35,000 and 55,000 gross tonnes
Ports Act	Ports and Maritime Administration Act 1995
PSOL	Port Safety Operating Licence
PWCS	Port Waratah Coal Services
SOC Act	State Owned Corporations Act 1989
SCI	Statement of Corporate Intent
SVA	Shareholder Value Add
TAMS	Total Asset Management Strategy
TCorp	NSW Treasury Corporation
TEU	Twenty Foot Equivalent Unit
tpa	Tonnes Per Annum
Treasury	NSW Treasury
WACC	Weighted Average Cost of Capital

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1. PURPOSE OF THE CORPORATION

The purpose of Newcastle Port Corporation is to provide safe, effective and sustainable port operations and to deliver efficient port development that enhances the economic growth of the Hunter Region and New South Wales.

2. OBJECTIVES OF THE CORPORATION

The principal objectives of Newcastle Port Corporation are prescribed in the *Ports and Maritime Administration Act 1995* and the *State Owned Corporations Act 1989* as:

- to be a successful business and, to this end:
 - to operate at least as efficiently as any comparable businesses;
 - to maximise the net worth of the State's investment in the Port Corporation;
 - to exhibit a sense of social responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate these when able to do so;
- to promote and facilitate trade through its port facilities;
- to promote and facilitate a competitive commercial environment in port operations;
- to improve productivity and efficiency in its ports and the port-related supply chain;
- to ensure that its port safety functions are carried out properly;
- where its activities affect the environment, to conduct its operations in compliance with the principles of ecologically sustainable development contained in s6(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.

3. NATURE AND SCOPE OF OPERATIONS

Section 10(2) of the *Ports and Maritime Administration Act* provides that the principal functions of Newcastle Port Corporation are:

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

In order to meet its objectives and perform these functions Newcastle Port Corporation provides the following services in the Port of Newcastle to port users and other stakeholders:

Port operations

- provide a safe, navigable deep water port at the Port of Newcastle;
- co-ordinate vessel movements into, out of and within the Port;
- provide pilotage services for vessel movements into, out of and within the Port;
- provide wharf and cargo handling facilities;
- promote and facilitate a competitive commercial environment in port operations;
- co-ordinate handling of dangerous cargoes in the Port; and
- co-ordinate response to any spill of oil or noxious chemicals.

Port development

- develop port assets to attract new port business or to provide enhanced service to existing customers;
- attract private sector investment to develop port assets for new port business or to provide enhanced services to existing customers; and
- provide opportunity to new or existing port customers to lease land in the Port to develop facilities to handle cargo or provide enhanced port related services within the Port.

Port Supply Chain

- facilitate and co-ordinate improvements in the efficiency of the port-related supply chains.

Over the next four years there are no substantive activities that Newcastle Port Corporation plans to divest.

4. PRODUCTIVITY AND STRATEGIC REVIEW

During 2009-10 NPC was the subject of a Productivity Review and a Strategic Review. The Productivity Review was conducted by the Independent Pricing and Regulatory Tribunal (IPART) on retainer from NSW Treasury as part of a review of all NSW State Owned Corporations.

IPART's final report found that NPC's Total Factor Productivity had increased by a factor of 7% over the period from 1998 and by a factor of 12% where the inputs exclude the opportunity cost of capital. IPART's report identified a number of recommendations for improving productivity of all SOC's. NPC will review those recommendations and insofar as they apply to it NPC will consider what actions it should undertake.

The Strategic Review was conducted by PriceWaterhouseCoopers on retainer from NSW Treasury as one of four SOC's that were part of the first round of Strategic Reviews. NPC will consider the final report of the Strategic Review and any recommendations.

5. STRATEGIC DIRECTIONS

Newcastle Port Corporation's strategic direction for the period from 1 July 2010 to 30 June 2013 ("the SCI period") is focussed on fulfilling our purpose and meeting our prescribed objectives.

The key elements of that strategy are:

- For Newcastle Port Corporation **SAFETY** is our number one priority.

NPC is committed to the safety of our people and has actively sought to establish a strong safety culture. In 2009 NPC committed that by 2012 the whole of the Port of Newcastle will have a first rate safety culture.

- Newcastle Port Corporation is committed to building a **SUSTAINABLE BUSINESS** having regard to all of our statutory objectives.

NPC will continue to focus on increasing shareholder value and returning an appropriate dividend to Government.

NPC will continue to provide quality technical advice to Government.

NPC will comply with all of our legal responsibilities including performing all our port safety functions as required by our *Port Safety Operating Licence* and our port security obligations under the *Marine Transport and Offshore Facilities Security Act (Cth)*.

NPC will ensure we have the people, the assets, the know how and the culture to meet our objectives and deliver a consistently high standard of service to our customers and to anticipate and deliver the future needs of our customers.

- Newcastle Port Corporation is committed to **GROWING TRADE** and **IMPROVING PRODUCTIVITY & EFFICIENCY** in the Port of Newcastle and in the supply chains that support the Port.

The **coal** producers that export through the Port of Newcastle have made long term contractual commitments to double the 2009-10 coal export capacity of the Port of Newcastle by 2014-15. NPC will ensure that the Port of Newcastle is able to handle this growth as well as forecast growth beyond those levels.

Through its role as a member of the **Hunter Valley Coal Chain** Co-ordinator NPC will with industry identify and seek to address any constraints that may prevent the Hunter Valley Coal Chain efficiently exporting all coal exports contracted by the coal terminals. NPC will continue to advise Government on coal chain issues and if industry is not able to adequately address any constraints in the coal chain, NPC will make appropriate recommendations to Government on any required action.

NPC will expand our **non-coal bulk commodities** by facilitating the development and operation of new bulk liquids facilities in the Port and to continue to work with customers to address supply chain constraints and develop new opportunities to expand.

NPC will incorporate supply chain review and assessment into existing customer engagement activities so we can work with customers to address supply chain issues.

NPC will provide the framework to grow **general cargo and container trade** through the effective master planning and development of the Mayfield site to provide for the next major container terminal in New South Wales.

NPC will be an active contributor to the development of State Freight and Port plans and through them the equivalent National plans to ensure that the value of the Mayfield site and the supply chains that can feed it in addressing the future freight challenges of the State and Nation is understood.

- Newcastle Port Corporation is committed to **FOSTERING COMPETITION** in the Port of Newcastle.

NPC will encourage viable competition within the Port of Newcastle. NPC will seek to prevent the use of Port facilities or access to the Port by any operator in a monopolistic or anti-competitive way. NPC will have regard to the State and National competition Issues when dealing with major port development projects.

- Newcastle Port Corporation is committed to **DELIVERING OPPORTUNITY FOR THE HUNTER REGION.**

We are implementing strategies to secure the long term future for Cruise Hunter.

We are providing enhanced community interaction with the Port through a strategy involving: community sponsorships, education; information; Port access and information points; and Port tours.

- Newcastle Port Corporation has a set of **VALUES** that it holds and expects our people to keep.

We are committed to safety, customer service, teamwork and leadership.

We do not tolerate: unsafe acts, double standards, bullying or harassment.

6. MAJOR STRATEGIC INITIATIVES

6.1 Executing NPC's Coal Export Strategy

The coal export terminals in the Port of Newcastle have entered contracts for export of coal through the Port that will result in the Port more than doubling coal exports well within the next decade.

NPC's strategy for managing the growth in export of coal through the Port of Newcastle has a number of components:

- ensuring that NPC's operations are resourced (or readily able to be resourced) and able to export all coal that is contracted for export by the terminals and is delivered by the coal chain to the terminals;
- utilising the Hunter Valley Coal Chain Co-ordinator and internal resources to understand what assets and resources will be required and when;
- utilising the Hunter Valley Coal Chain Co-ordinator as a forum to engage with the coal industry on how to efficiently address potential constraints in the Port and how they might be overcome;
- through the Hunter Valley Coal Chain Co-ordinator engage with the coal industry on constraints in other parts of the coal chain that might affect throughput through the Port; and
- continue to review the HVCCC and the coal chain generally to assess how efficiently it is operating and advise Government on such issues including any recommendations for regulatory action.

In 2010 NPC has commenced a project to identify what resources (including capital expenditure, increased operating expenditure, human resources) and regulatory arrangements if any required for the Port of Newcastle to meet the task of shipping the coal export tonnage contracted by the coal export terminals in the period to 2019 along with existing trade and any additional growth in coal and non-coal trade.

The project is focussed on:

- what human resources are required and when will any additional resources be required;
- what assets are required and when will any additional assets be required;
- what additional capital or operating expenditure will be required and if any when;
- what, if any, changes to operating procedures, service levels, labour practices, regulatory practices might be required; and
- what are the financial impacts and what cost recovery mechanisms will be required.

The project is being undertaken in conjunction with industry and in particular utilising the Hunter Valley Coal Chain Co-ordinator system capacity modelling.

NPC will engage with the Shareholders and Portfolio Minister with the results of this project.

6.2 Executing NPC's Container Strategy

NPC's strategy for establishing the next container terminal in New South Wales on the Mayfield site is:

- to ensure the NSW Ports Plan confirms that the Mayfield site in the Port of Newcastle would be the site for the next major international container terminal in the State;
- to ensure State and National reviews (such as the NSW Freight Strategy) are informed on the opportunities that the Mayfield site offers as a future container terminal site that is capable of being delivered at low cost to the State; and
- to seek a suitable partner to establish a container facility on Mayfield ahead of the facilities at Port Botany reaching capacity.

6.3 Establish and Implement Walsh Point Precinct Plan

To facilitate growth in non coal trade and ensure efficient use of port land and facilities NPC is preparing the Walsh Point precinct plan. This plan will have regard to the existing and potential infrastructure in the precinct, the existing trade and facilities and the constraints which might affect these precincts to determine a development plan.

7. FINANCIAL PERFORMANCE TARGETS

Newcastle Port Corporation has identified the following financial performance targets which are consistent with the corporate direction and the commercial performance objectives:

- improve coal trade revenue;
- improve non-coal trade revenue;
- improve commercial property revenue;
- control operating expenditure;
- target capital investment on delivering long term benefits to the Corporation;
- achieve an agreed overall return on assets and dividend to Government; and
- limit exposure to debt interest rate risk.

Trade forecasts have been determined on an individual commodity basis, using information supplied by customers, industry bodies and research organisations. Trade forecasts are used in a model to calculate income. It has not been necessary to use Treasury data on macro economic forecasts for this analysis.

It is noted that the Corporations financial position is in transition following the recent transfer of significant port related land to the Corporation. The funding arrangements for the settlement of the land has significantly impacted the current ratio and gearing ratio. These measures will be monitored closely over the SCI period.

As reported to Shareholders in August 2010 the Newcastle Port Corporation draft financial result for the 2009-10 year was a profit before tax of \$11.6 million which is \$6.5 million above the budgeted profit before tax of \$5.1 million.

7.1 Major Assumptions and Financial Impact in the SCI Period

Revenue – Coal Trade

- Coal throughput is the major driver of revenue from Pilotage and Navigation Services. Coal tonnage for the 2010-11 year is budgeted to be significantly higher than 2009-10.
- Port charges rates remain constant per unit for the life of the business plan.
- Coal throughput in 2010-11 is budgeted to be significantly higher due to the implementation of the Hunter Coal Export Framework, the completion and commissioning of Stage 1 of the NCIG Terminal and the completion and commissioning of PWCS's latest expansion project (the 3 Exp Expansion).

The table below sets out NPC's current forecast of coal export throughput for each financial year.

Tonnes (Mtpa)	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
NPC Forecast	116	131	144	153	157	157	157	157	156	154

- Beyond the 2010-11 Budget Year, NPC has applied a 10% discount factor against the contracted tonnage to take account of:
 - The ability of the coal chain to deliver the capacity. At this stage not all of the contracted capacity has been fully modelled by the Hunter Valley Coal Chain Co-ordinator. There remains a risk that critical supply chain infrastructure will not be in place for a particular expansion requirement; and
 - The effects of variability of demand in an environment where the port is not capacity constrained. In the last 10 years the coal export capacity in the Port has generally been capacity constrained, i.e. demand has always exceeded capacity. This has meant that throughput has always been closely linked to capacity and variability in demand has had minimal impact on throughput and has only manifested itself in price fluctuation. Going forward rapid expansion in capacity will mean that demand will play a more influential role in export throughput. Decline in demand is likely to directly impact on throughput. The ability to forecast those demand fluctuations will be difficult particularly in the longer term so a conservative approach to forecasting throughput is appropriate particularly in later years.
- A consistent 10% discount is recommended as the delivery risk is higher in earlier years where the demand risk is lower. Conversely as delivery risk lowers in later years the demand risk will be higher.

Revenue – Others

- Port charges rates remain constant per unit for the life of the business plan.
- Wharfage and Site Occupation revenues are relatively stable over the SCI period in line with trade forecasts over NPC berths. Berth charges on Mayfield 4 berth emerges in gain in 2014-15.
- Port related lease revenue increases in relation to new leases on Mayfield and Walsh Point land. The agreement for lease on T4 increases from 2011-12.
- Non Port related leases will increase in relation to new leases on Walsh Point land.
- All other revenues are relatively constant.

Expenditure

- Salary and wages is increased in the 2010-11 year due to:
 - the Budget Committee of Cabinet (BCC) approved negotiating parameters for the Pilots Enterprise Agreement;
 - an estimate based on NSW Treasury wage policy for the 2010 General Staff Enterprise Agreement negotiations;
 - placement of existing positions in the organisational structure;
 - provision of additional Marine Pilots to meet throughput demands , and
 - thereafter, salary and wages forecast assumes constant staff numbers and increases in accordance with enterprise agreements and NSW Treasury wage policy.
- Services and material expenditure is less than the prior year due to a number of periodic projects completed in the 2009-10 financial year including major dredging maintenance, road repairs on new land and survey of the Corporation Dredger.
- Utilities and Communication is stable over the SCI period.
- Administration expense increases over the SCI period due to the channel licence fee which is linked to the increase in Navigation Service Charge revenue.
- Depreciation increases over the budget period in line with capital expenditure.
- Interest expense is stable over the SCI period.

Taxation and Dividend

- Income tax expense has been calculated in accordance with the National Tax Equivalents Regime.
- The target shareholders' dividend has been based on the NSW Treasury Financial Distribution Policy for Government Businesses TPP 09-06 November 2009. The assumption made in this SCI is that the dividend payable to Government is based on 70% of the budgeted operating profit after income tax.
- In determining the dividend payment any unrealised gains on the valuation of Property, Plant and Equipment or Investment Property has been deducted from profit after tax.
- Eventual tax and dividend payable will be based on actual performance for the year.

Capital expenditure (capex)

- Significant capital expenditure planned in the 2010-11 year includes the following:
 - \$1.9m for Replacement Pilot Cutter;
 - \$1.4m for port operations and support information management systems;
 - \$0.5m for refurbishment of the Channel berth; and
 - \$0.5m rail alignment at Mayfield.
- Other capex principally relates to replacement and improvement of current infrastructure.
- Property Plant and Equipment includes a \$3.5m equity injection for the transfer of Walsh Point Reserve to Newcastle Port Corporation during 2010-11.

Balance sheet

- Trade debtors increases proportionately to the increased revenue turnover;
- Property, plant and equipment increases in accordance with the capital expenditure profile in TAMS.
- Provision for dividend increases in line with profit before tax;
- Borrowings are relatively stable over the SCI period.
- All other items increase marginally over the SCI period to reflect increased port activity.

Cashflow

- Significant increase in the cash inflow from port operations due to increased coal tonnage.
- Cash out flows for investing is in line with capital expenditure forecasts;
- Income tax paid is in line with increased profits;
- Dividend paid is in line with increased profits; and
- A net repayment of debt is expected in 2010-11.

Table 1 – Annual Financial Performance Targets			
	2010-11 SCI	2011-12 Forecast	2012-13 Forecast
Earnings before Interest, Tax, Depreciation and Amortisation (\$m)	25.93	33.70	35.74
Earnings before Interest and Taxes (\$m)	20.54	27.39	29.26
Operating Profit Before Tax (\$m)	14.07	21.13	23.26
Operating Profit after Tax (\$m)	9.55	14.69	16.18
Target Dividend (\$m)	6.89	10.35	11.40
Target Dividend Payout Ratio (Note: SCI instruction was based on a different calculation of 70% rule to tpp 09-06) (%)	0.72	0.70	0.70
Return on Average Assets (%)	5.1	6.7	7.1
Return on Average Equity (%)	3.8	5.7	6.1

8. CAPITAL WORKS PROGRAM

In accordance with the Premier's Memorandum No 2001/18 (Working with Government – State Infrastructure Strategic Plan) and the Total Asset Management Manual 2002, Newcastle Port Corporation has prepared a Capital Investment Strategic Plan as part of its asset maintenance strategy.

Newcastle Port Corporation's capital investment program has been developed through a strategic review of the top priorities identified. Capital investment is a major contribution to achieve Newcastle Port Corporation's organisational goals.

The investment program has been formulated to:

- facilitate growth in trade or commercial property revenue through investment in infrastructure; and
- maintain or enhance service delivery through the renewal of key port assets.

Newcastle Port Corporation's capital allocations are determined through a process of annual review of the ten year Capital Works Plan and adjustment of the annual Capital Works Budget.

Table 3 provides forecast capital works expenditure for 2010-11 financial year and the following two years. A number of capital projects in forward years are subject to shareholder approval and are therefore indicative only.

Table 3: Capital Works Program – Overview and Financing				
	2010-11 SCI \$000	2011-12 Forecast \$000	2012-13 Forecast \$000	2013-14 Forecast \$000
Program by Component on Capital Works:				
Requirements for Growth	1,570	6,125	5,000	12,250
Requirements for Renewal or Maintenance of Assets	5,070	3,132	3,215	530
Capital Expenditure Needed for Regulatory Compliance	790	500	500	-
Program by Source of Funds:				
Internal funding	7,430	9,757	8,715	12,780
Borrowings	-	-	-	-
Total:	7,430	9,757	8,715	12,780

9. SOCIAL PROGRAMS AND NON-COMMERCIAL ACTIVITIES

9.1 Social Programs

The following sponsorships listed in Table 5 will be provided as part of the Corporation's commitment to support the local community.

Program Title	Total Program Cost	2009-10 Projection	2010-11 SCI	2011-12 Forecast	2012-13 Forecast	mandate
Clean Coal Research Project – University of Newcastle	\$200,000	\$50,000				NPC Board
Maritime Festival		\$20,000	\$25,000	\$25,000	\$25,000	NPC Board
Conservation Volunteers Australia		\$12,000	\$12,000			NPC Board
Maritime Centre Exhibition		\$5,000				NPC Board
Hunter Valley Research Foundation		\$9,000	\$9,000	\$9,000	\$9,000	NPC Board
Starstruck		\$9,000	\$9,000	\$9,000	\$9,000	NPC Board

9.2 Non Commercial Activities

No non-commercial activities are planned to be undertaken.

10. FINANCIAL ASSET AND LIABILITY MANAGEMENT

10.1 Investment

During the SCI and Business Plan period Newcastle Port Corporation will hold minimal cash in investments. The funds will be very short term and used for cash flow management purposes only. The Corporation has adopted a risk management policy for investment management that provides appropriate controls on NPC's investing powers.

Newcastle Port Corporation will benchmark its investment performance against the TCorp cash facility. Newcastle Port Corporation is currently using TCorp as an investment fund manager.

10.2 Debt Position

Newcastle Port Corporation has a Treasury approved borrowing global limit of \$85 million with approval to access the T Corp come and go facility up to \$30m. The current debt portfolio as at 30 June 2010 amounts to \$72.5m and consists of both floating and fixed debt. TCorp currently manage the Corporation's debt portfolio in accordance with NSW Treasury endorsed risk management policies.

10.3 Derivatives

Newcastle Port Corporation has NSW Treasurer approval for the use of derivatives for financial risk management purposes. NPC has approved TCorp trading in derivatives for the purpose of moving the Corporation's debt position within predefined limits to minimise debt servicing costs. Permitted derivative instruments are as follows:

- interest rate futures;
- interest rate swaps;
- basis and coupon swaps;
- forward rate agreements on interest rates;
- options on interest rate futures;
- options on interest rate swaps;
- options on Treasury Corporation bonds; and
- other interest rate options related products including caps, collars and floors.

10.4 Superannuation

The following details are provided for the defined benefit superannuation position of NPC as at 30 June 2010:

	\$M
▪ Funding (all schemes)	36,792
▪ Liability (all schemes)	(33,078)
▪ Over funded superannuation	43,714
▪ Book carrying value	2,389

11. RISK OVERVIEW AND IMPACTS

The major risks and potential impacts are addressed in NPC's risk register which was reviewed by the NPC Board in February 2010.

12. STATEMENT ADDRESSING SHAREHOLDER ISSUES

The NSW Treasurer wrote to the NPC Chairman on 8 July 2009, requesting an additional dividend of \$100,000. This was incorporated into the dividend calculation for 2009-10. The Corporation has not been advised by the Voting Shareholders of any issues to be addressed in the Statement of Corporate Intent.

13. HALF YEARLY REPORT AND OTHER INFORMATION

Pursuant to Section 23 of the *State Owned Corporations Act 1989*, the Newcastle Port Corporation Board will deliver to the Voting Shareholders, one month after the end of the first six months of the year, a half yearly report on the operations of the Corporation.

The financial statements contained in the half yearly report will be general purpose reports prepared in accordance with Australian accounting standards including *AASB1029 'Interim Financial Reporting'*.

14. QUARTERLY REPORT

Newcastle Port Corporation Board will deliver to the Voting Shareholders, one month after the end of each quarter, a quarterly report on the Corporation's operation.

15. OTHER INFORMATION TO TREASURY

Newcastle Port Corporation will submit to NSW Treasury:

- forecast financial statements via the *Treasury On-line Electronic System (TOES)*;
- forecast financial distributions and tax equivalents via the budget round forecasts; and
- forecast capital works program via CAPTOES.

16. REPRESENTATION AND COMMITMENT STATEMENT

The Board of Newcastle Port Corporation confirms the following:

- The performance targets within the Statement of Corporate Intent are based on and supported by the Corporation's Business Plan.
- 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) (TPP 08-2)* and the *NSW Government Procurement Policy (TPP 04-1)*. Its asset maintenance policies and processes are adequate and appropriate to manage and control risks associated with physical assets.
- Where relevant and applicable, the Corporation will comply with the NSW Government Procurement Policy for budget-funded procurements of goods or services including construction, except for any accreditation schemes which form part of this policy.
- The Corporation is aware of the requirements of *Ministerial Memorandum No. 2005-9 Major Infrastructure Coordination and Delivery* and will comply with these requirements if not contrary to the objectives of the Corporation.
- Where relevant and applicable to the Corporation, Projects of State Significance have been identified in accordance with the criteria set down in the *Guidelines for the Assessment of Projects of State Significance*. In-principle approval from Cabinet Standing Committee on the Budget ("Budget Committee") and final approval from the Voting Shareholders has been received for Projects of State Significance planned to commence in 2008-09.
- The requirements of the *Financial Appraisal Guidelines (TPP 07-4)* have been complied with for capital expenditure projects proposed to commence in 2010-11.
- All known 'key risks' and 'major emerging contingent liabilities' which could materially impact the current and future results of the Corporation have been disclosed.
- As a SOC, the Corporation will comply with NSW Treasury Circulars on accounting policy matters applicable to SOCs, as listed in Attachment 1 of the *Guidelines for Developing the 2010-11 Statement of Corporate Intent and Statement of Business Intent*.
- 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 practises 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/
- 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.
- The Corporation will comply with the requirements of *Ministerial Memorandum No 2007-12, NSW Public Sector Wages Policy 2007*.
- The Corporation will comply with the requirements of *Ministerial Memorandum No 2005-14, Working Together: Public Sector OHS and Injury Management Strategy 2005-2008* (or any future memorandum that supersedes M2005-14).

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- The Corporation will comply with the requirements of *Premier's Memorandum No 2010-03, Strengthening Aboriginal Employment Opportunities and Community Partnerships*.
- The Corporation will comply with the requirements of *Premier's Memorandum No 2009-04, Official Travel within Australia and Overseas*.
- 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 October 2010.
- The Corporation's Board agrees to provide the 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 SCl and to assess the value of the Shareholders' investment in the business.
- 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)*.