Newcastle Port Corporation

Annual Report 2013-14

NEWCASTLE PORT CORPORATION

29 October 2014

The Hon. Andrew Constance
Treasurer

52 Martin Place
SYDNEY NSW 2000

The Hon. Dominic Perrottet
Minister for Finance and Services

52 Martin Place
SYDNEY NSW 2000

Dear Ministers

We present the Annual Report of the Newcastle Port Corporation for the year ending 30 June 2014. The report is in accordance with the *Annual Reports (Statutory Bodies) Act 1984*, the applicable provisions of the *Public Finance and Audit Act 1983* and the *State Owned Corporations Act 1989.*

It is submitted for presentation to Parliament.

Nicholas Whitlam
CHAIRMAN

Grant Gilfillan
CHIEF EXECUTIVE OFFICER

Contents

Glossary

AAL	Austral Asia Line
AMSA	Australian Maritime Safety Authority (AMSA)
ARTC	Australian Rail Track Corporation
CEO	Chief Executive Officer
EEO	Equal Employment Opportunity
EMS	Environmental Management System
GIPA	Government Information (Public Access)
ICL	Independent Cement and Lime
K2	Kooragang 2 berth
LTI	Lost Time Injury
Mt	Million tonnes
Mtpa	Million tonnes per annum
NAT	Newcastle Agri Terminal
NCIG	Newcastle Coal Infrastructure Group
NSW	New South Wales
OHS	Occupational Health & Safety
PID	Public Interest Disclosures
PWCS	Port Waratah Coal Services
SAP	Sustainability Advantage Program
T3	Newcastle Coal Infrastructure Group's Kooragang Island coal terminal
T4	Port Waratah Coal Services' proposed Terminal 4 coal export facility
TAMS	Total Asset Management System
WRAPP	Waste Reduction and Purchasing Policy

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.

Statutory Objectives

Newcastle Port Corporation's principal objectives under the *State Owned Corporations Act 1989* and the *Ports and Maritime Administration Act 1995* are:

- 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; and
  - 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.

Relevant Legislation

The *Ports Assets (Authorised Transactions) Act 2012 (NSW)* enables the restructure of assets, rights and liabilities of Port Corporations to other public agencies and orders made under this legislation facilitated the consolidation of the three Port Corporations within New South Wales to a single State Owned Corporation (SOC), nominated by the State as Newcastle Port Corporation trading as Port Authority of New South Wales, effective as at 1 July 2014.

Other significant legislation and regulation affecting the Corporation includes:

- *Environmental Planning and Assessment Act 1979* (NSW) (through Part 5 of the Act and the State Environmental Planning Policy (Major Development) 2005)
- *Marine Safety Act 1998* (NSW) and associated Regulations
- *Marine Pollution Act 1987* (NSW) and associated Regulations
- *Maritime Services Act 1935* (NSW) and associated Regulations
- *Maritime Transport and Offshore Facilities Security Act* 2003 and associated regulation (Commonwealth)
- *Protection of the Environment Administration Act 1991* (NSW)
- *Protection of the Environment Operations Act 1997* (NSW)
- *Work Health and Safety Act 2011* (NSW) and associated Regulations

Newcastle Port Corporation 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 Newcastle Port Corporation's governance processes and its commercial and operational activities.

2. Overview

1 July 2013 – 30 June 2014

Newcastle Port Corporation (NPC) operates as a State Owned Corporation in accordance with the *State Owned Corporations Act 1989* and the *Maritime Administration Act 1995*.

This report covers NPC's financial performance, statutory obligations and corporate performance between 1 July 2013 and 30 June 2014. NPC's financial statements and statutory requirements appear from page 17. The financial content of the Annual Report is externally audited by the NSW Auditor-General's office (see **Attachment – Financial Statements**).

Port of Newcastle Transaction

- On 19 June 2013, the NSW Government introduced an amendment to the *Ports Assets (Authorised Transactions) Act 2012* to enable the private sector to enter into a 98-year lease of the Port of Newcastle.
- Following a comprehensive scoping study and due diligence process, a competitive bidding process was undertaken.
- On 30 April 2014, Port of Newcastle Investments Pty Ltd, a consortium comprising of Hastings Funds Management and China Merchants, was announced as the successful bidder, paying gross $1.75 billion to acquire the 98-year lease for the Port of Newcastle.
- The NSW Government and Newcastle Port Corporation undertook thorough planning to prepare for the commencement of the lease, which took effect on 30 May 2014.
- Both organisations, Port of Newcastle Investments Pty Ltd and Newcastle Port Corporation, will have an important and ongoing role in the operation of the Port of Newcastle.

Long Term Lease of the Port of Newcastle

From 30 May 2014, Port of Newcastle Investments Pty Ltd (trading as Port of Newcastle) assumed responsibility for:

- Vessel scheduling.
- Pricing for navigation services relating to vessel movements, wharfage for cargo movements, security and utility charges, and berth site occupancy charges.
- Port related rental income, property management and port development.
- Trade development.
- Inductions for Port of Newcastle sites.
- Cruise shipping.
- Dredging and survey (not including promulgation).
- Maritime security functions for the channel and common user berths.
- Wharf and berth services.
- Maintenance of major port assets including the channel, common user berths, breakwaters and roads.

Continuing Operations of Newcastle Port Corporation

Newcastle Port Corporation is responsible for:

- Pilotage services and the Harbour Master (including promulgation of depths).
- Vessel Traffic Information Centre (VTIC).
- Port Safety Operating Licence functions, including incident reporting, emergency response and permit notifications for dangerous goods, bunkering or hot works.
- Administration of the Hunter Coal Export Framework arrangements.
- Inductions for access to Newcastle Port Corporation sites.
- Maritime security functions for Newcastle Port Corporation activities.
- Nobbys Headland.

Formation of Port Authority of New South Wales

- Sydney, Newcastle and Port Kembla Port Corporations amalgamated on 1 July 2014 under a single management structure, governance and operational responsibilities.
- The single corporation, known as the Port Authority of New South Wales, will deliver a more efficient and robust ports business model with the benefits of commercial discipline provided under the State Owned Corporation (SOC) model.

3. Summary Review of Operations

- In 2013-14, the Port of Newcastle handled 159.58 million tonnes in trade throughput. This was the 14th consecutive year of growth.
- This comprised 154.45 million tonnes of coal (another record year) and 5.13 million tonnes of non-coal commodities.
- The Port of Newcastle handled over 40 commodities in 2013-14 including alumina, fuels, fertiliser, project cargo, meals and grains.

Financials	**2013-14**	**2012-13**
Revenue from Port Operations ($m)	99.71	97.24
Operating Surplus ($m after tax)	498.83	20.75
Total Assets ($m)	86.45	502.18
Trade		
Total Trade (million mass tonnes)	159.58	148.87
Coal Export Trade (million mass tonnes)	154.45	142.64
General Cargo Trade (million mass tonnes)	1.08	0.80
Non Coal Bulk Trade (million mass tonnes)	4.05	5.43
Shipping		
Total Vessel GRT (million tonnes)	106.67	101.68
Vessel Visits	2,170	2,204

Comparison of Past Five Years

Year	Trade (million tonnes)	Shipping Movements	Revenue from Port Operations ($m)
2009-10	103.03	3,646	60.80
2010-11	114.57	3,878	70.88
2011-12	128.61	4,148	84.30
2012-13	148.87	4,631	97.24
2013-14	159.58	4,560	99.71

Employees	**30 June 2014**	**30 June 2013**
Full Time Equivalent	72*	142

**Note: This is post Transaction separation*

4. Chairman's Message

Newcastle Port Corporation achieved its 14th consecutive year of growth in 2013-14, with trade volume increasing 7.2% to 159.58 million tonnes. This is a truly outstanding result – which reinforces the significant economic benefit the port delivers to the city of Newcastle, the Hunter region and the State of New South Wales.

The Port of Newcastle is the largest coal export port in the world, and the export of coal continues to be the port's major activity. In 2013-14, the port recorded a new record coal throughput of 154.45 million tonnes – a 8.3% increase on the previous year. This included a new monthly coal export record of 15.1 million tonnes in December 2013.

The most notable event, however, was the 98-year lease of the landside commercial activities of the Port of Newcastle. The lease commenced on 30 May 2014 with the sale to Port of Newcastle Investments Pty Ltd. The $1.75 billion gross proceeds reflects sound past performance and a belief in a future of continued growth.

Corporation staff provided significant input to the success of the long-term lease. While the transaction process involved a significant workload for staff, the port continued to operate smoothly and accommodated the growth in trade highlighted above. This is a credit to all concerned – directors, management and staff and, on behalf of the Board, I take this opportunity to thank the management and staff for their patience, resiliance, hard work and commitment to our future.

The net profit after tax for the 2013-14 financial year was $499 million compared to $21 million in the prior year. The significant difference between the years is largely the result of the accounting treatment of the 98-year lease.

Gross proceeds from the lease of $1.75 billion were distributed as $1.575 billion paid directly to Restart NSW, $121 million repayment of borrowings to NSW Treasury Corporation (TCorp) and $54 million stamp duty. The long term lease transaction created a $508 million gain from discontinued operations in the Statement of Comprehensive Income. The gain was created mainly due to the net proceeds being in excess of asset value transferred.

Meaningful comparison of the current year to the prior year operations is provided from the following business as usual assessment. Total income from continuing and discontinuing operations increased from $98.2m in 2012-13 to $103.6m in 2013-14 mainly due to increased coal exports. Expenditure from continuing and discontinuing operations increased significantly from $68.2m in 2012-13 to $83.9m in 2013-14 mainly due to the one off accounting adjustments and the long term lease impacts including $6.4m revaluation and impairment expense for non-land assets, $3.5m loss on early settlement of TCorp debt and $7.2m additional costs to facilitate the long term lease.

A dividend of $15m has been provided for based on performance in the 2013-14 year, in accordance with NSW Treasury policy.

The loss from continuing operations disclosed in the financial statements for 2013-14 includes costs isolated to the current year and is not representative of future years forecast results. Notwithstanding this, the Corporation faces challenges to ensure an appropriate return to shareholders into the future.

Other highlights of 2013-14 include:

- Expansions to the port's coal terminals, operated by Port Waratah Coal Services (PWCS) and Newcastle Coal Infrastructure Group (NCIG), which increased the port's terminal capacity to 211 million tonnes per annum. With further development of the Hunter Valley Coal Chain, coal exports will continue to grow towards this target. If approved, the proposed PWCS Terminal 4 development will provide further loading capacity for the region's coal industry.
- The completion of the first stage of the Stolthaven Australia Pty Ltd Bulk Liquids Storage Facility at the Mayfield site. The $30 million project includes three 18 million litre capacity storage tanks for diesel fuel and a 500,000 litre bio diesel storage tank. Stolthaven commenced operations and received arrival of its first vessel to Mayfield Berth 4 in November 2013.
- The commissioning of the Newcastle Agri Terminal (NAT) facility within the Carrington Precinct. This facility is one of two grain terminals within the port and has five silos with a combined capacity of 60,000 tonnes.

- The maiden voyage of the *Celebrity Solstice* which demonstrated the port's capability for handling large vessels and the port's attraction as a cruise destination. The 317 metre long vessel is the largest vessel to visit the port, eclipsing the 1986 record set by the 315 metre long *Iron Pacific.*

With the sale of most landside activities, Newcastle Port Corporation has retained significant responsibilities in the areas of harbour master and pilotage services, port safety functions and vessel traffic control. Next, as a result of a decision flowing from the NSW Government's review of the governance of its three port corporations, our business was amalgamated with that of Sydney Ports Corporation and Port Kembla Port Corporation on 1 July 2014. From that date we have been operating as the Port Authority of New South Wales.

Senior executives from Port Kembla, Sydney and Newcastle now report to the one CEO (Grant Gilfillan) who in turn will report to a single board, which I chair. Members of the board and executive come from each of three former entities, bringing with them all-important continuity and corporate histories.

On the ground, there will be little change. We will provide the same marine based services in each port (including harbour master, navigation, emergency response and safety), our staff will be employed under their existing conditions and continue to do the same jobs from the same locations.

What will change is the potential to improve the overall efficiency and value of what we do, via a State-wide port authority. We will learn from each other and, in the case of a major incident or emergency, provide a whole-of-organisation response that will include materials, knowledge and experience.

I wish to put on record my sincere thanks to the staff from all three corporations for their patience, resilience and commitment to our future and also to pay tribute to each of the three boards. The amount of planning, documentation and due diligence in putting together each of the long-term leases and amalgamating three businesses into one has been extraordinary. And it was achieved while still fulfilling all regular day-to-day functions and responsibilities.

There have been important changes in the personel responsible for the governanvce of the corporation during ther year.

Gary Webb retired as CEO and a Director in September 2013. He had held those posts since October 2004, having first joined the Corporation in 1989. Gary was therefore CEO throughout the massive increase in the port's coal export capacity in recent years. He did an excellent job as CEO. He will be missed, and everyone at Newcastle Port Corporation wishes him well in his retirement.

Grant Gilfillan was appointed CEO in September 2013 and a director in November 2013. He had principal responsibility for effecting the successful long-term lease completed in May 2014. This was a significant effort, as he did this while he continued as CEO and a Director of Sydney Ports Corporation.

I was appointed a Director in July 2013 and became Chairman in October 2013 on the retirement of Paul Jeans. Paul had been Chairman since May 2008 and led the NPC Board with distinction. I take this opportunity to thank Paul for his considerable contribution to the Corporation's success during this time.

Three further directors retired from the board on 30 June 2014. Michelle McPherson (appointed April 2008) and John Carter (appointed May 2008) retired at the completion of their latest terms. Shaun Kindleysides (appointed October 2011) resigned effective 30 June 2014 as he now works for Port of Necastle Investments Pty Ltd. Let me record here our gratitude for their many contributions to the Corporation during their terms.

Personally, I believe this is an exciting time in the history of the State's ports. Throughout its 215 years of commercial shipping, the Port of Newcastle has been an important economic driver for the Hunter Region, the State and the nation. I look forward to the continued growth and success of the port as part of the Port Authority of New South Wales.

Nicholas Whitlam
CHAIRMAN

5. CEO's Message

Importantly, NPC and the port community continued to focus on safety, and no lost time injuries were recorded by NPC in 2013-14. The last lost time injury was in December 2012.

During the year, NPC delivered a number of key infrastructure projects that will contribute to the continued growth of the Port of Newcastle.

The survey team took delivery of a new survey vessel, equipped with a multi-beam echo sounder, inertial motion sensor and sub-centimetre GPS positioning system to measure the depth of the harbour and berth areas. The vessel was named *JT Gowlland*, in acknowledgment of John Thomas Ewing Gowlland's contribution to early surveying of the Hunter River.

The formation of the Port of Newcastle Community Liaison Group in October 2013 provided an opportunity for the Newcastle and Hunter Region community to learn more about the port's operation and development and provide feedback. An Expression of Interest process resulted in the formation of a broad group of members with strong links to the community, business and industry. I am pleased that this initiative will be led by the port lessee, Port of Newcastle, from 30 May.

NPC continued to invest in the community through its sponsorship program. Projects funded included Conservation Volunteers Australia projects at Nobbys and Stockton, equipment for Stockton Surf Life Saving Club, and the rewiring of the Stockton Senior Citizens Association Community Hall.

The Australia Day National Maritime Festival, which NPC has sponsored for several years, again proved popular with the community. About 1,600 community members participated in NPC boat tours of the port, which provided a unique view of the working port. A busy shipping program delivered many opportunities to view ships arriving, being loaded, or departing.

I would like to acknowledge my predecessor Gary Webb, who retired in September 2013. Gary joined NPC, through its predecessor organisation, in April 1989 and was appointed CEO in October 2004. During this time Gary oversaw significant improvements in NPC's management systems, particularly those involving safety, played a key role in the management of the Hunter Valley Coal Chain and successfully pursued new diversified business for the port.

Finally, I would like to thank NPC staff for their efforts during an exceptionally busy year.

Grant Gilfillan
CHIEF EXECUTIVE OFFICER

6. Safety and People

Safety is the number one priority for Newcastle Port Corporation (NPC). A whole-of-port approach to safety was continued in 2013-14.

Working Safe Group

The Port of Newcastle's Working Safe Group met quarterly during the reporting period. The Working Group provides an excellent mechanism for a large number of safety professionals and port stakeholders coming together regularly to consult about safety, new initiatives and any perceived changes.

A committed representation make up the Group, including representatives from NPC, the Maritime Union of Australia, stevedoring companies, Svitzer, PB Towage, Varley, Work Cover and Australian Maritime Safety Authority Representatives.

In the past year, the Working Safe Group has monitored the progress of Safe Work Australia's *Managing Risks in Stevedoring Code of Practice*. Ratification of this document is planned for 2014-15.

Incident Management System

Roll-out of NPC's 'Isystain' event management reporting system progressed in 2013-14. Employees have undertaken training in the new online reporting system which is now widely used across the NPC for recording incidents, hazards, near misses and injuries. 'Isystain' allows all employees to access an event and monitor its status. The system provides numerous investigative options to ensure effective closure of all events.

The Board of Directors continue to monitor the number of lead and lag mechanisms conducted by Newcastle Port Corporation. The Work Health and Safety Strategic Plan, safety observations, event reporting, audits, medical treatments and lost time injury statistics are maintained and presented regularly to Board members to assist with due diligence requirements.

Staff Facilities

Newcastle Port Corporation completed building works within the grounds of the Port Centre, located at Wharf Road, Newcastle. The works commenced in January 2014 and included the demolition of the old Pilot Station building and cottage. Internal building refurbishment was also undertaken within the Port Centre building to create additional office space. In May 2014 the Port Centre became the headquarters of Newcastle Port Corporation.

New Survey Vessel

Newcastle Port Corporation upgraded its hydrographic survey capability with the purchase of a new survey vessel, the *John Gowlland*. Replacing the 24-year old *John Shortland,* the new vessel is equipped with a multi-beam echo sounder, inertial motion sensor and sub-centimetre GPS positioning system to measure the depth of the harbour and berth areas.

Welfare of Seafarers

Newcastle Port Corporation is recognised as a safe and welcoming port for around 50,000 visiting seafarers per year. The port is committed to ensuring the welfare of crew members through its support of the Mission to Seafarers Centre and Stella Maris.

In 2013-14 Newcastle Port Corporation increased its support of Newcastle's Mission to Seafarers Centre to assist with the running of the centre and its transport service.

The port also works with a number of maritime related regulatory organisations focussed on ensuring the welfare of seafarers.

7. Trade Highlights

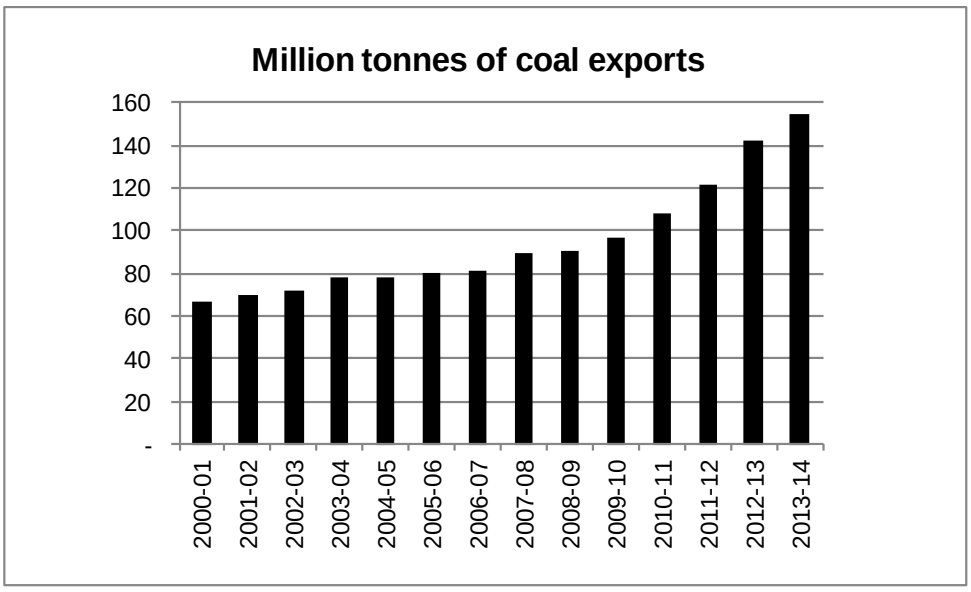
Historical Trends for Trade (Mass Millions of Tonnes) for the Past 10 Financial Years

Commodity	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Alumina	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.3	1	1.1
Aluminium	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1
Concentrates	0.3	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Fertiliser	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.5
Fuels	0.0	0.0	0.0	0.0	0.0	0.4	0.4	0.4	0.6	0.8
Grains	1.9	1.3	0.8	0.2	0.9	1.2	1.3	1.7	1.7	0.7
Petroleum Coke	0.3	0.2	0.2	0.3	0.2	0.3	0.3	0.3	0.2	0.2
Iron & Steel	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Woodchips	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.1	0.0
Other Commodities	0.9	1.0	1.0	1.2	1.3	1.0	1.3	1.4	1.3	1.1
Total Non-Coal	**5.9**	**5.1**	**5.0**	**4.3**	**5.3**	**5.9**	**6.3**	**6.7**	**6.3**	**5.1**
Coal	77.7	80.3	80.8	89	90.5	97.1	108.3	121.9	142.6	154.5
Total Trade	**83.6**	**85.4**	**85.8**	**93.3**	**95.8**	**103**	**114.6**	**128.6**	**148.9**	**159.6**

Exporting the Region's Coal Resources

In 2013-14, a record 154.45 million tonnes of coal was exported from the Port of Newcastle, representing more than 7.2% growth compared to the previous year. A new monthly coal export record was also achieved in the reporting period, with a record 15.1 million tonnes exported from Newcastle in December 2013.

This performance was the fourth consecutive year of exceptional growth in coal exports from the port, following the implementation of the Hunter Coal Export Framework in December 2009. Authorised by the Australian Competition and Consumer Commission (ACCC) and administered by Newcastle Port Corporation, the framework was developed in consultation with coal producers and coal terminal operators to deliver long term certainty and growth.

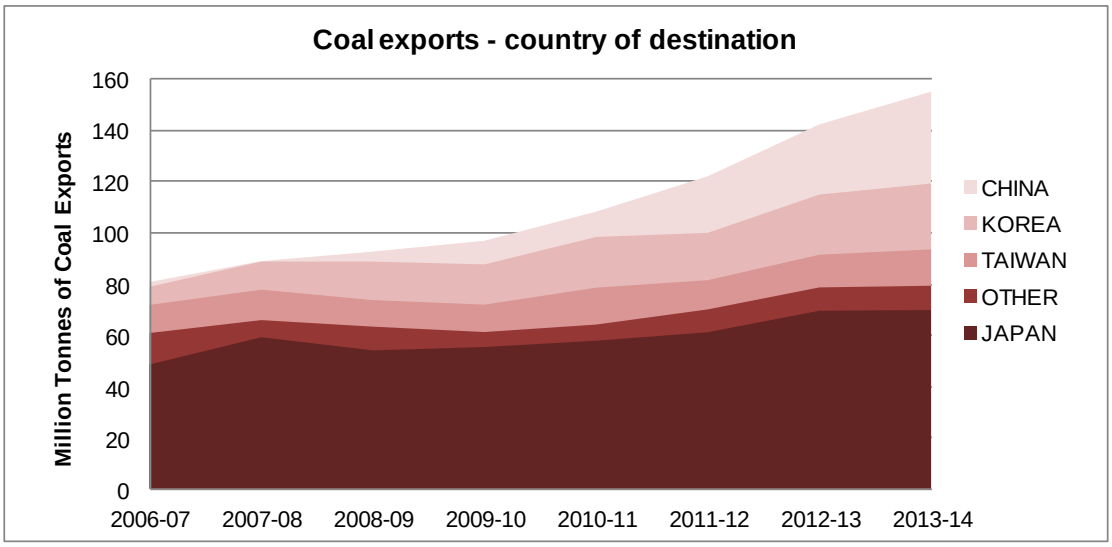


Growth Markets

Asia continues to be a major customer for the Port of Newcastle in the supply of coal. In the 2013-14 financial year, the port maintained its long term distribution of about 80% thermal coal and 20% coking coal. Traditional coal export markets for the port include Japan, Taiwan, South Korea, and, in more recent years, China, which account for more than 94.6% of coal exports.

Comparisons to the 2012-13 financial year coal exports show:

- Japan increased by 0.6% from 69.5 million tonnes (Mt) to 69.9Mt
- China increased by 30.7% from 27.4 Mt to 35.8 Mt
- South Korea increased by 9.7% from 23.8Mt to 26.1 Mt and
- Taiwan increased by 11.7% from 12.8Mt to 14.3Mt



Coal Terminal Expansion

The Hunter Coal Export Framework has triggered unprecedented expansion in terminal capacity. During 2013-14, Newcastle Coal Infrastructure Group (NCIG) continued construction of its $1 billion Stage 2F expansion to lift capacity to an approved capacity of 66 million tonnes per annum (Mtpa). On 20 September 2013, the final stage of NCIG's third coal terminal in the Port of Newcastle was officially opened.

Port Waratah Coal Services (PWCS) increased its capacity to 145Mtpa when it completed 'Project 145' in November 2013. The project involved the construction of inbound and outbound tracks to an additional dump station which also helps ease congestion at its Kooragang Island terminal.

Terminal 4

To fulfil its obligations under the Hunter Coal Export Framework, PWCS has continued to plan to develop an additional coal export terminal on Kooragang Island. The proposed T4 project is anticipated provide up to an additional 70Mtpa of coal export capacity. In September 2013, PWCS commenced the exhibition period for the preferred project report which concluded in November 2013.

Coal Chain Expansion

The Hunter Valley 'coal chain' consists of 35 coal mines owned by 11 coal producers, coal haulage distances of up to 380 kilometres, more than 27 points for loading coal onto trains and three port coal export terminals.

It is recognised as the largest coal export operation in the world. Newcastle Port Corporation works with all coal producers and service providers through the Hunter Valley Coal Chain Co-ordinator (HVCCC) to plan and co-ordinate the transport of coal from mine to ship. In 2013-14 there were 1,663 coal vessel visits to the port and on average exported 90,000 tonnes each.

On 29 June 2013, Australian Rail Track Corporation (ARTC) released its Hunter Valley Corridor 2013-2022 Capacity Strategy to update the 2012-2021 strategy. The strategy sets out ARTC's plans for ensuring that rail capacity is sufficient to meet contracted demand.

Aurizon's $100 million rail facility at Hexham, which aims to reduce congestion in the 'coal chain', was approved in October 2013. The project includes a fuelling and maintenance centre and six coal train sidings on 30 hectares of a 255 hectare company site at Hexham. Stage 1 of the project is expected to be completed in July 2014.

Meeting the Needs of a Diverse Customer Base

In the reporting year, Newcastle Port Corporation continued its focus on growing and diversifying trade. Attracting new customers and supporting about 100 port-related businesses remained a key task for the Corporation.

More than 40 commodities, including bulk, break bulk, liquids, project cargo, fuels and containers were imported or exported through the Port of Newcastle in 2013-14.

Whilst coal continues to be the port's major export commodity, expertise in handling other products has enabled strong growth in non-coal commodities. In the 2013-14 financial year more than 159.6 million tonnes of trade throughput was moved through the port.

20 operational berths operate day and night to handle the diverse range of cargo, with 11 berths dedicated to bulk and general cargo, while nine berths at Carrington and Kooragang Island are used for coal exports.

New Developments in the Port

Newcastle Agri Terminal (NAT) is located at Carrington and uses existing rail infrastructure as well as sharing access to Dyke 2 Berth. NAT loaded its first shipment of grain in February 2014 following 18 months of construction. The new NAT facility includes five new grain silos with 60,000 metric tonnes of storage in total, rail receival facilities, conveyors, shiploading facilities, a laboratory and sample rooms.

Demolition works at the former Forgacs Engineering site in Carrington were completed in May 2014. The works involved the removal of structures from the vacant site, including 12 disused buildings. No formal plans for the future development of this site have been confirmed.

In preparation for future demand, Conports Pty Ltd, gained approval for the staged expansion of its mineral concentrates storage facility in Carrington. The approval allows for the length of the existing facility to be extended, pending demand for future storage space arising.

To support the growth of the Bulk Liquids Precinct in Mayfield, Newcastle Port Corporation completed the construction of an access road, rail crossing and services infrastructure in August 2013.

Development of Stolthaven Australia's Mayfield facility progressed in 2013-14 with the commissioning of the first stage of its Bulk Liquids Storage Facility. The $30 million project includes three 18 million litre capacity storage tanks for diesel fuel and a 500,000 litre bio diesel fuel storage tank. Stolthaven commenced operations and received arrival of its first vessel to Mayfield Berth 4 in November 2013.

Stolthaven recently extended its lease area to include an additional six hectares of land within the Mayfield Bulk Liquids Precinct and has committed to a further three stages of development. Approval to undertake construction and operation of the Mayfield 7 common user berth was also received by Stolthaven in December 2013 and highlights ongoing growth in fuel trade through the port.

Park Fuels at Kooragang Island have commenced construction of a new fuel terminal at their Heron Road facility. The project includes the re-use of tanks and the construction of a pipeline to service berths at Kooragang 2 and Kooragang 3.

Cargill has completed new berthing infrastructure at its Kooragang site, improving berth efficiency and reducing waiting times. The project included a new dolphin (Kooragang 2.5) and a pipeline extension to support piped cargos, such as vegetable oils and cement.

Also on Kooragang Island, Wengfu Fertilisers commenced operations following the completion of its fertiliser storage facility.

Cruise Hunter

Newcastle and the surrounding Hunter Region enhanced its reputation as one of Australia's leading regional cruise destinations with a highly successful 2013-14 cruise season.

Cruise Hunter, the local organisation managed by Newcastle Port Corporation to develop the cruise shipping industry in Newcastle, hosted nine cruise ship visits in 2013-14. Through the collaboration with local stakeholders, the cruise season saw about 22,000 visitors to the Hunter Region and provided a welcomed boost to the local visitor economy.

A long standing port record was broken when the 317 metre long *Celebrity Solstice* cruise ship became the longest vessel to enter the Port of Newcastle. It eclipsed the previous record held by the bulk carrier the Iron Pacific since 1986 by two metres. The 2,800 passengers on board *Celebrity Solstice* were welcomed to port by thousands of locals who converged on the harbour foreshore to greet the spectacular looking cruise ship.

Cruise Hunter implemented a number of initiatives to improve the appeal and attractiveness of the port to the cruise shipping industry. This included the development of the Newcastle Cruise Prospectus promoting the

destination's port capabilities and tourism experiences for visiting cruise ships. The book was distributed to over 60 international cruise operator executives and aimed to influence itinerary planners to add Newcastle to future cruise ship voyages.

8. Our Environment and Community

Environment

In 2013-14, Newcastle Port Corporation maintained its commitment to the environment, sustainability and supporting the community in which it operates

The Environmental Management System (EMS) continues to assist the Corporation in complying with relevant environmental legislation, government policies and industry best practice related to operations within the port. The EMS is a well-established system and all employees have received EMS training.

The Corporation remains an active member of the Office of Environment and Heritage's Sustainability Advantage Program. Involvement during 2013-14 included:

- Attending cluster group meetings; and
- Completion of sustainability advantage modules.

An application was made to the Office of Environment and Heritage to upgrade the Corporation's status in the Sustainability Advantage Program to a Bronze Membership. The application included evidence of progress and achievements that the port has made in its commitment to the principles of sustainable development since joining the program. The Office of Environment and Heritage has five levels of recognition available to participants in the Sustainability Advantage program. These include: Member, Bronze, Silver, Gold and Platinum. Newcastle Port Corporation was successful in its application and Bronze recognition was awarded in August 2013.

During 2013-14 NPC completed an Environment Protection Authority requirement to investigate the sources of copper identified in stormwater at the Mayfield 4 site. In reviewing the report, the EPA has since removed the requirement to test copper in stormwater from the applicable Environment Protection Licence.

Newcastle Port Corporation is committed to managing its impacts and dust emissions. The port's nine common berths were targeted for improvement in 2013-14. During the reporting period, a vehicle wheel washing unit was purchased and installed at Kooragang 2 to reduce bulk material being trucked off site. The design of the unit allows vehicles to drive onto a ramp, where a washing unit sprays excess material from the truck wheels. Residue is captured in a settling tank for disposal and the water used in the system is recycled.

Our Community

The Port of Newcastle's connectivity with the city of Newcastle and its people is one of its strengths. Newcastle Port Corporation is proud of its commitment to engagement and supporting the community in which it operates.

In 2013-14 Newcastle Port Corporation continued its support for a number of local projects and causes through its sponsorship program. Support was offered across a range of projects and included:

- Australia Day National Maritime Festival – which drew an estimated 40,000 people to the Newcastle Foreshore on Sunday 26 January 2014. Newcastle Port Corporation was a sponsor of the festival and conducted free tours of the port.
- Special Olympics Asia Pacific Games – as sponsor of the Closing Celebration on Saturday 7 December 2013, a free community event was held at Newcastle Foreshore.
- Stockton Senior Citizens Association – a donation from Newcastle Port Corporation provided for an upgrade to the Association's building wiring.
- Hunter Business Chamber – Newcastle Port Corporation continued its sponsorship of the 'Contribution to the Region' category at the annual Hunter Business Awards.
- Surfest – as naming rights sponsor of the Surfest 'Stars of the Future' program, Newcastle Port Corporation was proud to support an initiative to assist local surfers in building a successful surfing career.
- Clean Up Australia Day – Newcastle Port Corporation provided sponsorship to support volunteers in cleaning up areas around Newcastle and the Foreshore.

In October 2013 Newcastle Port Corporation called for Expressions of Interest for membership of a Port of Newcastle Community Liaison Group. A broad group of members with strong links to the local community, business and industry formed the port's Community Liaison Group, with the first meeting held in November 2013.

In 2013 Newcastle Port Corporation renewed the licence of Newcastle NOW (a local not for profit group) to enable continued access to the grounds of Nobbys headland. Newcastle NOW is assisting with restoration of the grounds and buildings on the iconic site to provide improved access for the public. Following the completion of the long-term lease of the port, responsibility for Nobbys will remain with NPC.

9. Corporate Governance

Board

The Board of Newcastle Port Corporation is responsible for the overall corporate governance of the Corporation.

Board of Directors

The Directors of the Corporation are:

Nicholas Whitlam
Chairman from 28 October 2013
ABcum laude (Harvard), MSc (London)

Nicholas Whitlam was appointed Chairman of Newcastle Port Corporation on 28 October 2013. He previously served as a Director of Newcastle Port Corporation from 18 July 2013. He is the Chairman of the Remuneration and Nominations Committee and a member of the Audit Committee. During 2013-14, Mr Whitlam was also Chairman of Sydney Ports Corporation and Port Kembla Port Corporation and the CEO of Port Kembla Port Corporation.

A career banker, Mr Whitlam's career has embraced most aspects of banking, insurance and superannuation. He has worked in London, New York and Hong Kong for major financial institutions and is a former CEO of the State Bank of New South Wales, a former President of the NRMA and Chairman of Insurance Australia Group.

Paul Jeans
Chairman to 27 October 2013
BE, FAICD

Paul Jeans was appointed as a Director of Newcastle Port Corporation in October 2002 and Chairman in May 2008. Mr Jeans chaired the Remuneration Committee and was a member of the Audit Committee and the Safety, Health and Environment Committee. Mr Jeans was appointed Chancellor of the University of Newcastle from 1 July 2013 and was a former Director of Ausgrid and an Honorary Governor of the Warren Centre for Advanced Engineering at the University of Sydney.

Professor John Carter AM
Director to 30 June 2014
DEng, BE(Hons) PhD, GAICD

Professor John Carter was appointed a Director of Newcastle Port Corporation in May 2008 and was a member of the Audit Committee. Professor Carter was the Pro Vice-Chancellor (Engineering and Built Environment) at the University of Newcastle, a role he commenced in 2006 and a Director of Engineering Aid Australia. In the Australia Day Honours 2006, he was made a Member of the Order of Australia for his services to civil engineering and education.

Dr Eileen Doyle
Director
BMath (Hons), MMath, PhD, FAICD

Dr Eileen Doyle was appointed a Director of Newcastle Port Corporation in December 2012. Dr Doyle was a member of the Audit Committee, Remuneration and Nominations Committee and the Safety, Health and Environment Committee. She is also Chairman of the Hunter Valley Research Foundation, Chairman of Hunter Founders Forum and Deputy Chair of the Commonwealth Scientific and Industrial Research Organisation and a Director of Boral Limited, Bradken Limited, GPT Group Limited and O'Connell Street Associates.

Grant Gilfillan

Chief Executive Officer from 1 October 2013 and Director from 22 November 2013
BAppSc, MAICD

Grant Gilfillan was appointed as Newcastle Port Corporation's Chief Executive Officer on 1 October 2013 and a Director on 22 November 2013. Mr Gilfillan is also Chief Executive Officer of Sydney Ports Corporation and Port Kembla Port Corporation.

Before joining Newcastle Port Corporation, Mr Gilfillan worked in Africa, the Middle East and Europe (Romania) as a Senior Vice President, Managing Director and General Manager for DP World. Prior to this he served as Director of Operations for P&O Ports, Australia and New Zealand and as Managing Director of CSX World Terminals in Australia. Mr Gilfillan was also previously a mining engineer and mine manager in the NSW Hunter Valley and the north-west of Western Australia.

Mr Gilfillan was appointed in April 2013 to a two year term as President of the International Association of Ports and Harbours (IAPH). He is also ex officio Chairman of the Association's Board of Directors and Executive Committee.

Shaun Kindleysides

Staff Elected Director Resigned 30 June 2014
BCompSci, GAICD

Shaun Kindleysides was elected as Staff Director in August 2011 and was a member of the Safety Health and Environment Committee. Mr Kindleysides was the Information Manager for Newcastle Port Corporation.

Michelle McPherson

Director to 30 June 2014
BBus (Accounting), CA, GAICD

Michelle McPherson was appointed a Director of Newcastle Port Corporation in April 2008 and chaired the Audit Committee. Ms McPherson is the Deputy Chief Executive Officer and Chief Financial Officer of NIB Holdings Limited and is a Director of the Hunter Valley Research Foundation and University of Newcastle Foundation.

Gary Webb

Chief Executive Officer and Director to 30 September 2013
BSurv (Hons), Grad Dip Ed, Grad Dip BA, FAICD

Gary Webb was appointed a Director of Newcastle Port Corporation effective from December 2004. This followed his appointment as Chief Executive Officer in October 2004. Mr Webb was Chairman of Ports Australia, Newcastle Seafarers Centre Pty Ltd and Hunter Valley Coal Chain Co-ordinator as well as Director of and Hunter TAFE Foundation.

Board Charter

Newcastle Port Corporation has a Board Charter that outlines its corporate governance policy and defines the respective roles, responsibilities and authorities of the Board of Directors, both individually and collectively, and management in setting the direction, the management and the control of the organisation. A copy of the Board Charter is published on the Newcastle Port Corporation website.

Board and Board Committee Meetings

Generally the Newcastle Port Corporation Board has met on a monthly basis, and more or less regularly when required. There were eleven meetings of Newcastle Port Corporation's Board during the 2013-14 financial year.

Number of Board Meetings			
	Eligible to Attend	**Attended**	**Term of Appointment**
Nicholas Whitlam	10	10	Member from 18 Jul 2013 to 27 Oct 2013 Chairman from 28 Oct 2013
Paul Jeans	5	5	Member from 21 July 2005 to 27 Oct 2013
John Carter	11	11	Member from 15 May 2008 to 30 Jun 2014
Eileen Doyle	11	11	Member from 4 Dec 2012
Grant Gilfillan	6	6	Member from 22 Nov 2013
Shaun Kindleysides	11	11	Staff Director from 1 Oct 2012 to 30 Jun 2013
Michelle McPherson	11	11	Member from 21 Apr 2008 to 30 Jun 2013
Gary Webb	4	4	Member from Dec 2008 to 30 Sep 2013

Audit Committee Meetings

The Audit Committee met on five occasions during the 2013-14 financial year. The purpose of the Audit Committee is to provide Board oversight in relation to:

- Reporting of financial information;
- Accounting policy and practice;
- Treasury financial management;
- Internal controls identified for supervision by the committee;
- Information technology systems;
- Project management systems; and
- Compliance with applicable legislation, standards and best practice.

Number of Audit Committee Meetings			
	Eligible to Attend	**Attended**	**Term of Appointment**
Michelle McPherson	5	5	Chair from 8 Aug 2008 to 30 Jun 2013
John Carter	5	5	Member from 29 April 2009 to 30 Jun 2014
Eileen Doyle	4	3	Member from 28 Mar 2013
Paul Jeans	1	1	Member from 27 Nov 2003 to 27 Oct 2013
Nicholas Whitlam	4	4	Member from 18 Jul 2013 to 27 Oct 2013 Chairman from 28 Oct 2013

Safety Health and Environment (SHE) Committee Meetings

The Safety Health and Environment Committee met on four occasions during the 2013-14 financial year. The purpose of the Safety, Health and Environment Committee is to provide Board oversight in relation to:

- Occupational health and safety;
- Employee relations;
- Port safety;
- Port security;
- Environmental management and heritage; and
- Monitoring systems adopted by management to ensure compliance.

Number of Safety, Health & Environment Committee Meetings			
	Eligible to Attend	Attended	Term of Appointment
John Carter (Chair)	4	4	Member from 28 Mar 2012 Chair from 27 Mar 2013 to 30 Jun 2014
Eileen Doyle	4	4	Member from 27 Mar 2013 to 30 Jun 2014
Shaun Kindleysides	4	4	Member from 27 Jun 2012 to 30 Jun 2014

Remuneration and Nominations Committee Meetings

The Remuneration and Nominations Committee met on four occasions during the 2013-14 financial year. The purpose of the Remuneration and Nominations Committee is to provide Board oversight in relation to:

- The remuneration, conditions of employment and performance management of the Chief Executive Officer;
- The remuneration of the Executive Management team and staff;
- The succession planning for the Executive Management team;
- The Corporation's Industrial Relations;
- Identifying, evaluating and recommending candidates for appointment as non-executive directors; and
- Performance evaluation and effective operation of the Board, including its Committees and individual directors.

Number of Remuneration & Nominations Committee Meetings			
	Eligible to Attend	Attended	Term of Appointment
Paul Jeans	4	4	Chair from 29 Mar 2012 27 Oct 2013
Nicholas Whitlam	2	2	Member from 1 Aug 2013 to 27 Oct 2013 Chair from 28 Oct 2013
John Carter	4	4	Member from 31 Jan 2013 to 30 Jun 2014
Eileen Doyle	4	4	Member from 31 Jan 2013
Michelle McPherson	4	2	Member from 31 Jan 2013 to 30 Jun 2014

Evaluation of Performance

The Board is committed to regular evaluation of the Board and individual Directors. At each Board meeting the performance of the Board is evaluated by a Director on a rotating basis.

Executive Positions

The performance of each Senior Executive is assessed under the Corporation's Performance Management System where performance objectives are linked to the Corporation's Business Plan and behavioural values. Performance is assessed annually with a review undertaken mid-year.

Number of Newcastle Port Corporation Executive Management at SES Level		
SES Level	**2013-14**	**2012-13**
L8	1	-
L7	1	1
L4	1	-
L3	1	2
L2	1	1
L1	1	1
Total	**6**	**5**

At 30 June 2014 the Corporation had no female executive officers.

Executive Qualifications and Organisational Structure

The following management structure covers the pre-Transaction period 1 July 2013 to 30 May 201. For the period post Transaction 31 May 2014 to 30 June 2014, Grant Gilfillan (Chief Executive Officer), Ron Sorensen (Chief Operating Officer) and David Callaghan (General Manager Finance and Corporate Services) assumed operational and management responsibilities for the Corporation.

Grant Gilfillan
Chief Executive Officer
1 October 2013 –
30 June 2014
BAppSc, MAICD

Gary Webb
Chief Executive Officer
1 July 2013 –
30 September 2013
BSurv. (Hons),
Grad Dip Ed,
Grad Dip BA, FAICD

Ron Sorensen
Chief Operating Officer
Operations
Marine Engineer – Class 2

- Safety & Security
- Environment Management
- Cargo Efficiency & Trade Improvement
- Vessel Traffic & Port Communications
- Navigational & Wharf Services
- Dredging & Channel Maintenance
- Hydrographic Surveying
- Asset Maintenance
- Vessel Maintenance

David Callaghan
General Manager
Finance & Corporate Services
BCom, CA, GAICD

- Financial Management
- Treasury Management
- Purchasing
- Information Technology
- Data Management
- Insurance
- Corporate Risk Management
- Business Continuity Planning
- Fraud & Corruption Prevention
- Service Pricing Strategy

Michael Dowzer
General Manager Strategy
Efficiency & Governance
LLB, Grad Dip Legal Practice,
GAICD

- Corporate Secretary
- Strategic & Business Planning
- Port Policy Advice
- Planning Assessment
- Government Stakeholder Liaison
- Property Management – Coal Leases
- Government Information (Public Access) Act
- Public Interest Disclosures

Peter Francis
General Manager
Port Development
MBus Gen Mgt (Dist.),
Grad Dip Mgt BA, MAICD

- Port Master Planning
- Project Delivery
- Major Project Development
- Property Portfolio Development & Management
- Cruise Hunter

Tony Houlcroft
Senior Manager
Human Resources
MHRMgt, FAHRI

- HR Strategic Planning
- Industrial Relations
- Employee Relations
- Recruitment & Selection
- Payroll & Salary System
- Workers Compensation
- Injury Management

10. 2013-14 Statement of Corporate Intent

Statement of Corporate Intent

Voting Shareholders and the Board of Directors approved the 2013-14 Statement of Corporate Intent (SCI) and 10 Year Business Plan. We note that the SCI did not include the long term lease of the port which was effective 30 May 2014.

Newcastle Port Corporation's Statement of Corporate Intent is its contract with its Government Shareholders. The Statement of Corporate Intent is tabled in Parliament and can be viewed on the Newcastle Port Corporation website.

Business Overview

In order to meet its objectives and perform statutory functions, Newcastle Port Corporation provided the following services in the Port of Newcastle for the period 1 July 2013 to 30 May 2014 prior to the long term lease:

Port Operations

- Provision of a safe, navigable water port at the Port of Newcastle;
- Coordination of vessel movements into, out of, and within the port;
- Provision of pilotage services for vessels movements into, out of, and within the port;
- Provision of wharf and cargo handling facilities;
- Promotion and facilitation of a competitive commercial environment in port operations;
- Coordination of handling dangerous cargoes in the port; and
- Coordination of response to any spill of oil or noxious chemicals.

Port Land Management

- Management of real property assets in the port to achieve a commercial return and to facilitate port activity; and
- Providing opportunities to new or existing customers to lease land in the port to develop facilities to handle cargo or provide enhanced port related services within the port.

Port Development

- Developing port assets to attract new business or to provide enhanced service to existing customers; and
- Attracting private sector investment to develop port assets for the new port business or to provide enhanced services to existing customers.

Port Supply Chain

- Facilitation and coordination of improvements in the efficiency of the port-related supply chains.

Heritage Assets

Newcastle Port Corporation owns a number of heritage items around the port. The Corporation has a Heritage Register, pursuant to section 190 of the *Heritage Act,* which sets out the condition of heritage assets and the maintenance strategy for each item.

Meeting Statutory and Compliance Requirements

Newcastle Port Corporation had no adverse audit, regulatory or legal findings during the year.

Risk Management System

Newcastle Port Corporation's Risk Management System continues to be adaptable and effective in identifying, assessing and treating various risks within the Corporation's operations. The risk register continues to be populated with assessed and controlled risks. Insurance policies were in place for appropriate cover of commercial and operational risks during the year.

11. Statutory Requirements

Exemptions

The Treasurer has granted the Corporation exemptions from certain provisions of the *Annual Reports (Statutory Bodies) Act and Regulation.*

The following matters are exempt but require reporting in a summarised form:

Schedule 1 ARSBR

- Summary Review of Operations;
- Management activities;
- Consultants;
- Consumer response; and
- Risk Management.

The following items are exempt on a Commercial in Confidence basis:

- Budgets – outline and detail – S.7(1)(a)(iii)ARSBA/Schedule 1 ARSBR;
- Human Resources – Schedule 1 ARSBR;

- Investment Management Performance – Cl.12 ARSBR/TCG 1991/5;
- Land Disposal – Schedule 1 ARSBR;
- Liability Management Performance – Cl.12 ARSBR/TCG 1991/5;
- Performance in Payment of Accounts – Schedule 1 ARSBR; and
- Research and Development – Schedule 1 ARSBR.

Credit Card Use

Credit card use has been in accordance with the Premier's Memoranda and Treasurer's Directions.

Consumer Response

Newcastle Port Corporation considers its relationship with the Hunter Region community and port stakeholders to be very important and quickly manages comment and feedback.

Enquiries from the community are returned within 24 hours with the Corporation's community relations procedure designed to provide effective provision of public information, benefit for the community and improved corporate profile. Newcastle Port Corporation focuses on the best possible outcome for all parties.

Funds Granted to Non-Government Community Organisations

In 2013-14 the Corporation committed the following funds in charitable donations and sponsorships for community organisations and events:

Organisation	Amount	Purpose
The City of Newcastle	$20,000	Australia Day National Maritime Festival (community)
City of Newcastle RSL Sub- Branch	$2,000	Anzac Day Dawn Service (community)
Australian Maritime Environment Protection Association	$1,000	Bronze sponsorship (environment protection)
The City of Newcastle	$5,000	Clean Up Australia Day (community environment)
Conservation Volunteers Australia	$12,000	Removal of invasive bitou bush and native plant regeneration at Nobbys Beach (environment)
Hunter Business Chamber	$300	Magazine sponsorship (business)
Hunter Business Chamber	$6,000	Sponsorship of Hunter Business Awards (business)
Hunter TAFE Foundation	$3,000	Sponsorship of Maritime Medal (education)
Hunter Valley Research Foundation	$13,200	Sponsorship of Foundation (research)
Newcastle Maritime Centre	$5,000	Sponsorship of phone application (community)
Mission to Seafarers	$10,000	Donation (port welfare services)
Samaritans Foundation	$1,000	Bronze sponsorship of Christmas Lunch in the Park (community)
Special Olympics 2013 Asia Pacific	$25,000	Sponsorship of Closing Ceremony (community)
Newcastle & Hunter Road Transport Awareness Group	$5,000	Sponsorship of Newcastle & Hunter Road Transport Awareness Day (community)
The City of Newcastle	$500	Sponsorship of Lovett Gallery photography exhibition (community)
Stockton Senior Citizens Centre	$7,500	Donation towards hall maintenance (community)
Newcastle Maritime Centre	$1,750	Sponsorship of Pearl Harbour Fundraising Dinner (community)
Surfest	$5,000	Sponsorship of Surfest Stars of the Future program (community)
Hunternet	$500	Hunter Defence Conference 2014
Red Shield Appeal 2014	$5,000	Official 2014 Launch Supporter
TOTAL	**$128,750**	

None of these items appeared on the Government Budget Papers.

Subordinate Legislation

There were no departures from the *Subordinate Legislation Act*.

Disclosure of Controlled Entities

The Corporation has no controlled entities as at 30 June 2014.

Government Information (Public Access)

Newcastle Port Corporation continued to comply with its obligations under *the Government Information (Public Access) Act 2009 (GIPA Act)* in 2013-14. The Corporation conducted an information review under section 7(3) of the GIPA Act. The review was endorsed by the Chief Executive Officer. It reviewed the

information that the Corporation already discloses proactively and considered whether there was a public interest in disclosing any additional information proactively.

The review indicated that the Corporation currently discloses information on its website, in Corporation offices and in publications such as the Annual Report, Tide Chart and Information Handbook, bi-monthly newsletter and corporate information brochures.

The Corporation received two formal access applications under the GIPA Act during 2013-14. During 2013-14, the Corporation also made a decision in relation to a formal access application which was received in the previous financial year, 2012-13.

GIPA reporting tables are as follows:

Table A: Number of applications by type of applicant 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
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	2	0	0	0	1	0	0
Members of the public (application by legal representative)	0	0	0	0	0	0	0	0
Members of the public (other)	0	0	0	0	0	0	0	0

** More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.*

Table B: Number of applications by type of application and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/ deny whether information is held	Application withdrawn
Personal information applications*	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	0	2	0	0	0	1	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

A **personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).*

Table C: Invalid applications

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	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 to Act	Number of times consideration used*
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

** 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 table to section 14 of Act	Number of occasions when application not successful
Responsible and effective government	2
Law enforcement and security	0
Individual rights, judicial processes and natural justice	1
Business interests of agencies and other persons	2
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Table F: Timeliness	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	1
Decided after 35 days (by agreement with applicant)	2
Not decided within time (deemed refusal)	0
Total	**3**

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	1	1	2
Review by Information Commissioner*	0	0	0
Internal review following recommendation under section 93 of Act	0	0	0
Review by ADT	0	0	0
Total	**1**	**1**	**2**

** The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.*

Table H: Applications for review under Part 5 of the Act (by type of applicant)	Number of applications for review
Applications by access applicants	0
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	2

Public Interest Disclosures

Newcastle Port Corporation updated its Protected Disclosures Policy and Procedure in June 2013 (Policy).

In accordance with section 6E(1)(b) of the *Public Interest Disclosures Act* (PID), staff of the Corporation were made aware of the contents of the policy and the protections under the PID Act through making a copy of the Corporation's policy available on the Corporation's website.

The following table sets out the number of public interest disclosures (PIDs) the Corporation received for the period from July 2013 - June 2014:

Statistical information on Public Interest Disclosures (PIDs) received by the Corporation	July 2013 – June 2014
Number of public officials who made PIDs	0
Number of PIDs received	0
Of PIDs received, number primarily about:	0
• Corrupt conduct	0
• Maladministration	0
• Serious and substantial waste	0
• Government information contravention	0
• Local government pecuniary interest contravention	0
Number of PIDs finalised	0

Economic or Other Factors Affecting Achievement of Operational Objectives

The Port of Newcastle recorded a 14th consecutive year of increased trade volume during 2013-14 and there were no economic or unanticipated factors that affected the operational objectives of Newcastle Port Corporation.

Equal Employment Opportunity

Equal Employment Opportunity (EEO) principles are included in the Newcastle Port Corporation's agreements and policies. Mechanisms are also in place to ensure timely, effective and confidential resolution of workplace grievances.

The percentages of staff in defined EEO groups are as follows:

EEO Group	% of Total Staff						
	Benchmark or Target	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Women	50	24	20	25	25	23	16*
Aboriginal people and Torres Strait Islanders	2.6	1	1	0	0	0	0
People whose first language was not English	19	0	0	2	2	7	1
People with a disability	12	5	5	5	4	4	1
People with a disability requiring work-related adjustment	7	0	0	0	1	0	0

**Note: This is post Transaction separation*

A number of the Corporation's practices assist in eliminating discrimination in employment and promote equal employment opportunity. These include family and special leave, flexible hours of work, part-time work, study assistance and support to attend training.

Outcomes achieved in 2013-14 included:

- Recruitment and selection consistent with good practice recommendations, including:
  - Training of recruitment and selection panel members;
  - Participation of Human Resources Branch representatives in selection panels; and

  - Merit based selection;
- Regular Consultative Committee meetings held and outcomes communicated to staff;
- Provision of strategic advice and assistance in relation to EEO and other Human Resource issues; and
- Review of position titles for appropriateness, consistency and clarity.

The Corporation acknowledges and supports the objectives of Memorandum No. 2010-03, *Strengthening Aboriginal Employment Opportunities and Community Partnerships.*

Multicultural Policies and Services

The progress achieved by Newcastle Port Corporation in implementing its multicultural policies and services in 2013-14 was as follows:

KPI / Tasks to Achieve Goal	Status
Maintenance of signs and notices around the port	Achieved
Sponsorship of the Mission to Seafarers	Achieved
Inclusion of cultural diversity principles in position descriptions	Achieved
Merit based recruitment	Achieved
Provision of Employee Assistance Program	Achieved
Working arrangements that accommodate individual differences	Achieved
Incorporation of non-discrimination clauses in agreements	Achieved

The following documents commit the Corporation to principles of multiculturalism and key objectives of the *Community Relations Plan of Action 2012:*

- Code of Conduct and Ethics;
- Equal Employment Opportunity Policy; and
- Harassment Policy.

Newcastle Port Corporation proposes the following key multicultural strategies for 2014-15:

- Continued maintenance of signs and notices around the port to ensure the safety of the general public;
- Sponsorship of the Mission to Seafarers which provides services for crew members of visiting international vessels;
- Merit based recruitment practices;
- Provision of an Employee Assistance Program, which includes interpreter services;
- Working arrangements that accommodate cultural and religious differences through provision of individual flexibility agreements; and
- Incorporation of non-discrimination clauses in agreements.

Work Health & Safety

Newcastle Port Corporation continued its active involvement at all levels of the organisation to ensure compliance with legislative requirements of the *Work Health and Safety Act/Regulation 2011*.

The concerted efforts of Newcastle Port Corporation staff in effectively using the safety management system has resulted in a noticeable reduction in medical treatments and no lost time injuries being recorded for 2013-14. NPC was not subject to any WorkCover investigation, prosecution and/or fines under the *New South Wales Work Health and Safety Act/Regulation 2011* during 2013-14.

A safety initiative currently being managed is the development of a scenario-based training system for the port's team of marine pilots. This system will provide a robust documented simulator-based training system which demonstrates pilot competence in dealing with all identifiable pilotage risks in the Port of Newcastle. The system consists of a series of workshops, simulation exercises at the Australian Maritime College and the development of a documented training system. Personnel from Newcastle Port Corporation will work in consultation with external experts from the Australian Maritime College and marine pilots from other domestic ports to assist in the development of this system.

Fraud and Corruption Prevention

Newcastle Port Corporation will not tolerate fraudulent or corrupt conduct within the operations of the organisation. The Corporation will:

- Minimise the opportunities for corrupt conduct;
- Detect, investigate, discipline or prosecute corrupt conduct; and
- Take a risk management approach to the identification and management of corruption risks.

Waste Reduction and Purchasing Policy

Newcastle Port Corporation continued its commitment to reduce, re-use and/or recycle equipment and reviewed its Waste Reduction and Purchasing Policy (WRAPP) during the year.

Standard practices include:

- Purchasing 50% recycled paper and certified carbon neutral A3 paper;
- Mobile telephone and associated equipment recycling program;
- Installation of battery recycling bins;
- Recycling computers, monitors, routers and switches;
- Providing co-mingled recycling reciprocals in all office areas; and
- Ensuring any waste oil from its vessels is recycled responsibly.

Progress towards a paperless system is continuing as employee utilisation of an Electronic Data Record Management System for the movement and archival of all documents is increased.

Consultants

The total amount spent on consultants by the Corporation for the 2013-14 financial year is as follows:

Consultancies	Number of Engagements	Total Cost
Less than $50,000	**24**	**$583,133**
• Logistics	4	$85,200
• Engineering	15	$375,027
• Valuation	1	$42,415
• Legal Services	2	$40,000
• Environment	2	$40,491
Greater than $50,000	**0**	**0**

Overseas Travel

There was no overseas travel taken by Newcastle Port Corporation staff or board members in 2013-14.

Annual Report Production

The 2013-14 Annual Report was produced in-house. The Annual Report can be viewed on the Corporation's web site at www.newportcorp.com.au/Access to Information/Publications.

12. Newcastle Port Corporation – Contact Details

Registered Office:	51-55 Wharf Road, Newcastle NSW 2300 Australia
Post Address:	PO Box 663, Newcastle NSW 2300 Australia
Telephone:	(02) 4985 8222
International Telephone:	61 2 4985 8222
Toll Free:	1800 048 205 (NSW)
Facsimile:	(02) 4925 0600
International Facsimile:	61 2 4925 0600
ABN:	50 825 884 846
Internet:	www.newportcorp.com.au
Email:	mail@newportcorp.com.au
Business Hours:	Monday to Friday 8.30am to 4.30pm
Service Hours:	Sunday to Saturday, 24 hours per day

13. Attachment – Financial Statements

Newcastle Port Corporation
Financial statements
for the year ended 30 June 2014

Newcastle Port Corporation ABN 50 825 884 846
Financial statements - 30 June 2014

Contents

Newcastle Port Corporation
Directors' Statement
30 June 2014

In accordance with a resolution of the Directors of the Newcastle Port Corporation, Clause 7 of the Public Finance and Audit Regulation 2010, and pursuant to Section 41C(1B) and 41C(1C) of the Public Finance and Audit Act 1983, in the opinion of the Directors:

(a) the accompanying financial statements exhibit a true and fair view of the financial position of the Newcastle Port Corporation as at 30 June 2014 and transactions for the year then ended;

(b) the statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulations 2010 and relevant Treasurer's Directions.

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

Nicholas Whitlam
Chairman

Robert Dunn
Chairman Audit and Risk Committee

Dated: 17 September 2014

INDEPENDENT AUDITOR'S REPORT

Newcastle Port Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Newcastle Port Corporation (the Corporation), which comprise the statement of financial position as at 30 June 2014, the statement(s) of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation as at 30 June 2014, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

My opinion should be read in conjunction with the rest of this report.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards, the PF&A Act and the *State Owned Corporations Act 1989* and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | t 02 9275 7101 | f 02 9275 7179 | e mail@audit.nsw.gov.au | audit.nsw.gov.au

My opinion does *not* provide assurance:

- about the future viability of the Corporation
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and relevant ethical pronouncements. The PF&A Act further promotes independence 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 but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.

Caroline Karakatsanis
Director, Financial Audit Services

19 September 2014
SYDNEY

Newcastle Port Corporation
Statement of Comprehensive Income
For the year ended 30 June 2014

	Notes	**Consolidated 2014 $'000**	**Corporation 2014 $'000**	Corporation 2013 $'000
Revenue				
Revenue from operating activities	2	**12,945**	**16,278**	11,626
Other income	3	**3,507**	**3,507**	559
Total revenue from continuing operations		**16,452**	**19,785**	12,185
Expenses				
Employee benefits		**12,943**	**12,807**	12,235
Depreciation and amortisation		**1,158**	**1,158**	1,186
Finance costs		**31**	**31**	(202)
Other expenses		**15,032**	**14,885**	5,623
Total expenses from continuing operations	4	**29,164**	**28,881**	18,842
Loss before income tax from continuing operations		**(12,712)**	**(9,096)**	(6,657)
Income tax expense	5	**3,403**	**2,331**	493
Net loss after income tax from continuing operations		**(9,309)**	**(6,765)**	(6,164)
Net profit after tax from discontinued operations	6	**508,137**	**33,922**	26,915
Profit attributable to owners		**498,828**	**27,157**	20,751
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Post employment benefit actuarial gain	13	**1,910**	**1,910**	6,541
Income tax expense on post employment benefit actuarial gain	13	**(573)**	**(573)**	(1,962)
Fair value revaluation of property, plant and equipment	19	**799,395**	**799,395**	-
Income tax expense on fair value revaluation of property, plant and equipment	19	**(18,603)**	**(18,603)**	(15)
Net write back of deferred taxes on derecognition of plant and equipment	19	**65,007**	**65,007**	50
Other comprehensive income for the period, net of tax	19	**847,136**	**847,136**	4,614
Total comprehensive income for the year		**1,345,964**	**874,293**	25,365
Total comprehensive income for the year attributable to owners of Newcastle Port Corporation arises from:				
Continuing operations		**837,827**	**840,371**	(1,550)
Discontinued operations		**508,137**	**33,922**	26,915
		1,345,964	**874,293**	25,365

Newcastle Port Corporation
Statement of Financial Position
As at 30 June 2014

	Notes	**Corporation 2014 $'000**	Corporation 2013 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7	**25,877**	18,214
Trade and other receivables	8	**4,335**	6,532
Inventories	9	**12**	473
Total current assets		**30,224**	25,219
Non-current assets			
Lease receivable	8	**30,388**	-
Property, plant and equipment	11	**21,645**	467,409
Intangible assets	12	**624**	1,398
Post employment benefits	13	**2,366**	2,522
Deferred tax equivalent asset	5	**1,203**	5,634
Total non-current assets		**56,226**	476,963
Total assets		**86,450**	502,182
LIABILITIES			
Current liabilities			
Trade and other payables	14	**21,493**	26,307
Interest bearing borrowings	16	**-**	4,796
Income tax payable	5	**2,891**	3,974
Provisions	15	**3,683**	6,486
Total current liabilities		**28,067**	41,563
Non-current liabilities			
Interest bearing borrowings	16	**-**	90,302
Deferred tax equivalent liabilities	5	**1,895**	53,910
Provisions	15	**327**	482
Post employment benefits	13	**1,875**	3,358
Other	17	**-**	1,067
Total non-current liabilities		**4,097**	149,119
Total liabilities		**32,164**	190,682
Net assets		**54,286**	311,500
EQUITY			
Contributed equity	18	**165,768**	158,240
Reserves	19(a)	**5,288**	115,517
Retained earnings	19(b)	**(116,770)**	37,743
Total equity		**54,286**	311,500

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Newcastle Port Corporation
Statement of Cash Flows
For the year ended 30 June 2014

	Notes	**Consolidated 2014 $'000**	Corporation 2013 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**111,937**	109,700
Payments to suppliers and employees (inclusive of goods and services tax)		**(76,187)**	(66,807)
Interest received		**486**	508
Interest paid		**(6,990)**	(7,127)
Income tax paid	5	**(11,715)**	(9,269)
Net cash inflow from operating activities	25	**17,531**	27,005
Cash flows from investing activities			
Purchase of property, plant and equipment	11	**(16,493)**	(9,324)
Purchase of intangibles	12	**-**	(536)
Proceeds from sale of property, plant and equipment	11	**119**	547
Net cash inflow from investing activities		**(16,374)**	(9,313)
Cash flows from financing activities			
Proceeds from borrowings		**54,000**	-
Repayment of borrowings		**(4,200)**	
Dividends paid	14	**(15,384)**	(13,175)
Repayment of deferred settlement	16	**(27,910)**	-
Net cash inflow from financing activities		**6,506**	(13,175)
Net increase in cash and cash equivalents		**7,663**	4,517
Cash and cash equivalents at the beginning of the financial year		**18,214**	13,697
Cash and cash equivalents at end of year	7	**25,877**	18,214

The Corporation did not maintain a separate bank account for the subsidiary companies (refer to Note 1) for the year ended 30 June 2014. Cash balances arising during the course of day-to-day trading were held by the Corporation. Expenditure incurred by the subsidiary companies was also settled in cash on its behalf by the Corporation.

Accordingly, the operating, investing or financing cash flows arising from the Corporation were not separately disclosed for the year ended 30 June 2014.

Newcastle Port Corporation
Statement of Changes in Equity
For the year ended 30 June 2014

	Notes	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Corporation					
Balance at 1 July 2012		156,500	115,599	27,680	299,779
Profit for the year		-	-	20,751	20,751
Other comprehensive income / (expense) net of tax		-	(82)	4,696	4,614
Total comprehensive income for the year		-	(82)	25,447	25,365
Transactions with owners in their capacity as owners:					
Contributions of equity by owners	18	1,740	-	-	1,740
Dividends provided for or paid	14	-	-	(15,384)	(15,384)
Balance at 30 June 2013		158,240	115,517	37,743	311,500
Balance at 1 July 2013		**158,240**	**115,517**	**37,743**	**311,500**
Profit for the year		**-**	**-**	**27,157**	**27,157**
Other comprehensive income / (expense) net of tax		**-**	**845,799**	**1,337**	**847,136**
Total comprehensive income for the year		**-**	**845,799**	**28,494**	**874,293**
Transactions with owners in their capacity as owners:					
Contributions of equity by owners	18	**7,528**	**-**	**-**	**7,528**
Transfer on disposal of assets	19	**-**	**(956,028)**	**956,028**	**-**
Dividends provided for or paid	14	**-**	**-**	**(15,000)**	**(15,000)**
Distribution to Restart NSW	19	**-**	**-**	**(636,232)**	**(636,232)**
Distribution to Ports Assets Ministerial Holding Corporation	19	**-**	**-**	**(20,391)**	**(20,391)**
Forgiveness of intercompany loan balances	19	**-**	**-**	**15,300**	**15,300**
Write down of investment recognised in equity	19	**-**	**-**	**(482,712)**	**(482,712)**
Balance at 30 June 2014		**165,768**	**5,288**	**(116,770)**	**54,286**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Newcastle Port Corporation
Statement of Changes in Equity
For the year ended 30 June 2014
(continued)

Consolidated	Notes	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2013		**158,240**	**115,517**	**37,743**	**311,500**
Profit for the year		**-**	**-**	**498,828**	**498,828**
Other comprehensive income / (expense) net of tax		**-**	**845,799**	**1,337**	**847,136**
Total comprehensive income for the year		**-**	**845,799**	**500,165**	**1,345,964**
Transactions with owners in their capacity as owners:					
Contributions of equity by owners	18	**7,528**	**-**	**-**	**7,528**
Transfer on disposal of assets	19	**-**	**(956,028)**	**956,028**	**-**
Dividends provided for or paid	14	**-**	**-**	**(15,000)**	**(15,000)**
Distribution to Restart NSW	19	**-**	**-**	**(1,575,315)**	**(1,575,315)**
Distribution to Ports Assets Ministerial Holding Corporation	19	**-**	**-**	**(20,391)**	**(20,391)**
Balance at 30 June 2014		**165,768**	**5,288**	**(116,770)**	**54,286**

1 Summary of significant accounting policies

Newcastle Port Corporation (NPC or Corporation) is a Statutory State Owned Corporation under the State Owned Corporations Act 1989 (as amended), responsible for the Port of Newcastle.

Long term lease of the Port of Newcastle

On 18 June 2013 the New South Wales ("NSW") Government announced its intention to proceed with a scoping study for the long-term lease of the assets owned by the Newcastle Port Corporation in order to fund priority infrastructure projects across NSW. Following the delivery of the scoping study on 5 November 2013 the Government announced it would proceed with the transaction.

In order to facilitate this transaction, on 21 October 2013 the Corporation incorporated two wholly owned subsidiary companies being Port of Newcastle Operations Pty Limited and Port of Newcastle Lessor Pty Limited.

A number of statutory vesting orders under the Ports Assets (Authorised Transaction) Act 2012 (NSW) were received from the Treasurer of New South Wales, transferring specific assets, rights and liabilities in relation to Newcastle Port Corporation owned assets to the Port of Newcastle Operations Pty Limited and Port of Newcastle Lessor Pty Limited, effective on 1 January 2014. The combined portfolio of assets, rights and obligations that will be transacted through these arrangements is referred to as the "Newcastle Package".

On 30 May 2014 the Port of Newcastle Operations Pty Limited was sold to the successful bidder. On the same date, the assets held by the Port of Newcastle Lessor Pty Limited were leased under a 98 year finance lease to the successful bidder and the Port of Newcastle Lessor Pty Limited was subsequently transferred to the Ports Assets Ministerial Holding Corporation (a NSW government agency) for nil consideration.

Cash consideration of $1.75 billion was paid by the successful bidder comprising the purchase price for Newcastle Operations Pty Limited and an upfront lease premium for the assets held by the Port of Newcastle Lessor Pty Limited. Of the $1.75 billion proceeds, $1.575 billion was paid directly to the Restart NSW fund, $121 million was paid directly to NSW Treasury Corporation to settle NPC borrowings (Refer to note 16(b)) and $53 million stamp duty was paid directly to the office of State Revenue. In lieu of cash proceeds paid to the Corporation, this is accounted for as a distribution to Restart NSW and a direct adjustment to equity. The consolidated statement of comprehensive income includes a gain on entering into the 98 year finance lease and a gain on the sale of the Port of Newcastle Operations Pty Limited. The Corporation's statement of comprehensive income includes a write down of its investment in Port of Newcastle Pty Limited and a gain on its disposal of its investment in Port of Newcastle Operations Limited. For further details refer to Note 6.

The results of the Newcastle Package are classified as discontinued operations and presented separately from the continuing operations of the Newcastle Port Corporation in note 6. Comparative figures in the income statement and related notes have been restated accordingly.

The principal accounting policies adopted in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of preparation

As required by Section 41B(1) of the *Public Finance and Audit Act*, *1983,* the accompanying Financial Statements form a General Purpose Financial Report and have been prepared in accordance with applicable Australian equivalents to International Financial Reporting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Interpretations to exhibit a true and fair view of the financial position and transactions of NPC. The Financial Statements also incorporate financial reporting requirements specified in the Public Finance and Audit Regulation 2010 and relevant Treasurer's Directions. Proper accounts and records for all of NPC's operations have been kept as required under Section 41(1) of the *Public Finance and Audit Act, 1983*.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Cost is based on the fair value of the consideration given in exchange for assets. The fair value of cash consideration with deferred settlement terms is determined by discounting any amounts payable in the future to their present value as at the date of acquisition. Present values are calculated using rates applicable to similar borrowing arrangements of the Corporation.

(i) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

• available-for-sale financial assets, financial assets and liabilities (including derivative instruments)

• certain classes of property, plant and equipment and investment property - measured at fair value

• assets held for sale - measured at fair value less cost of disposal; and

• retirement benefit obligations - plan assets measured at fair value.

(ii) New accounting standards adopted by the Corporation

The Corporation has applied the following standards and amendments for first time in their annual reporting period commencing 1 July 2013:

- AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, AASB 128 Investments in Associates and Joint Ventures, AASB 127 Separate Financial Statements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
- AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

The above standards only affected the disclosures in the notes to the financial statements.

(iii) Early adoption of standards

The Corporation has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2013.

(b) Principles of consolidation

(i) Subsidiaries

At 30 June 2014, the Corporation no longer holds an interest in either Port of Newcastle Operations Pty Limited or Port of Newcastle Lessor Pty Limited. The statement of financial position at 30 June 2014 is therefore prepared on a single entity basis.

During the year and prior to their disposal, the Corporation recognised these entities as subsidiaries and a consolidated statement of comprehensive income, consolidated statement of changes equity and consolidated statement of cash flows are therefore presented covering the period from their incorporation on 21 October 2013 to disposal on 30 May 2014.

Subsidiaries are all entities (including structured entities) over which the Corporation has control. The Corporation controls an entity when the Corporation is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

(i) Subsidiaries (continued)

Subsidiaries are fully consolidated from the date on which control is transferred to the Corporation. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Corporation companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Corporation.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, at bank, in trust and funds invested in the NSW Treasury Corporation Cash Hourglass facility with original maturity of three months or less on funds at 24 hour call. Bank deposits are shown at cost. Hourglass funds are at fair value.

For the purpose of the Statement of Cash Flows the amount of Cash and Cash Equivalents is disclosed in Note 7.

(d) Property, plant and equipment

Property, plant and equipment acquired during the year and controlled by the Corporation are initially recorded at cost. 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.

Assets acquired at no cost, for nominal cost or contributed to the Corporation during the year are recognised at fair value at the date of acquisition as assessed by an independent valuer in accordance with NSW Treasury policy and guidelines paper "Accounting Policy: Valuation of Physical Non-current Assets at Fair Value" (TPP07-1) April 2007, superseded by TPP 14-01, February 2014.

The Corporation signed an indefinite life Channel User License Deed with RMS on 20 December 2013 in relation to the dredged assets specific to the Port of Newcastle. Certain of the Corporations rights and obligations were assigned to Port of Newcastle Operations Pty Limited on 1 January 2014. The channel has been recognised as a finance lease and recorded at the lower of fair value or present value of minimum lease payments. As the minimum lease payments are nil, the asset was recorded at nil and subsequently measured at fair value through the revaluation reserve.

Depreciation has been calculated on depreciable assets, using rates estimated to write off the assets over their remaining economic lives on a straight line basis. Land and reclamation assets have been treated as non-depreciable.

Straight line depreciation rates used for each class of fixed assets are in the following ranges:

-	Buildings	2 - 7 %
-	Roads	1.7 - 14 %
-	Wharves and jetties	2.5 - 10 %
-	Breakwaters	1 %
-	Plant	2.5 - 85 %

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

1 Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

All capital expenditure on land, reclamations, buildings, workshops, roadways, wharves, jetties and breakwaters, and plant of $1000 or more are capitalised. Only those assets completed and ready for service are taken to property, plant and equipment accounts. The remaining capital expenditures are carried forward as construction in progress but included in property, plant and equipment in the Statement of Financial Position. When minor components of an asset are replaced to retain the service level of the asset the amount is expensed in the year incurred rather than capitalised.

(i) Valuation of property, plant and equipment

Property, plant and equipment are measured at fair value less accumulated depreciation. Fair value is determined by reference to NSW Treasury policy and guidelines paper "Accounting Policy: Valuation of Physical Non-current Assets at Fair Value" (TPP07-1) April 2007, superseded by TPP14-01, February 2014. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Land related to long term lease is valued by Directors based on the present value of future lease income and residual value. The value is tested against independent assessment. Land not related to long term lease is valued by an independent valuer.

Fair value of Property, plant and equipment is independently reassessed in full each five years. Property Plant and Equipment is tested for impairment annually and the value adjusted accordingly if material. Land is assessed for potential indexation in value each year based on market or economic conditions and adjusted accordingly if material.

(ii) Revaluation

Material items of property, plant and equipment are subject to revaluations. If an asset's carrying amount is increased as a result of a revaluation, the increase shall be credited directly to the revaluation reserve net of tax. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit and loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset, all other decreases are recognised through profit and loss. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being disposed is transferred to retained earnings. Further detail of the valuation methods for each class of asset is provided in note 11.

(iii) Impairment

At the 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 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. Impairment losses are recognised as an expense.

Recoverable amount is the greater of the fair value less costs to sell and value in use. It is determined for individual assets, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(iv) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset was derecognised.

(v) Maintenance

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

1 Summary of significant accounting policies (continued)

(e) Significant accounting judgments, estimates and assumptions

The Corporation has made the following judgments in preparing these financial statements:

For Profit - the Corporation is a "for profit" entity.

The Corporation has made the following estimates and assumptions in preparing these financial statements:

(i) Superannuation

Various actuarial assumptions are required to quantify the net position of the defined benefits funds. These assumptions are disclosed in Note 13.

(ii) Fair value

The classification and measurement of fair value of property plant and equipment is based on predetermined criteria as disclosed in Note 11.

(f) Inventories

Inventories have been recorded at year end at the lower of cost and net realisable value. Consumption is charged on issue at the weighted cost of each stock line. A perpetual inventory system is adopted and is supported by annual stocktakes. The extent of stock deterioration and obsolescence is also reviewed regularly. Stock write-downs as a result of stocktakes and obsolescence are charged directly to operating expenses.

Net realisable value is the estimated selling price due to cessation of consumption in operations.

(g) Provisions

Provisions are recognised when a present obligation exists 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. If the effect of the time value of money is material then provisions are determined by discounting the expected future cashflows at a pre tax rate based on market assessments and the risks specific to the provision. When discounting is used the increase in the provision due to the passage of time is recognised as an expense.

(h) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees
render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.
The liability for accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

1 Summary of significant accounting policies (continued)

(h) Employee benefits (continued)

(ii) Other long-term employee benefit obligations (continued)

The obligations are presented as current liabilities in the Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Pension and other post employment benefits

The Corporation provides contributions to both accumulation funds and defined benefits funds. The cost of providing benefits under the defined benefits funds is determined for each plan using the projected unit credit actuarial valuation method. The over or underfunded position of the defined benefit funds is recognised in the Statement of Financial Position. Actuarial gains or losses and any change in surplus in excess of recovery available are recognised outside of profit and loss as other comprehensive income. Current service cost, interest cost and expected return on financial assets for the defined benefits schemes are recognised in the Statement of Comprehensive Income net of tax. Contributions to accumulation funds are recognised in the Statement of Comprehensive Income.

(i) Assets

The assets of NPC are unencumbered.

(j) Leases

Leases of plant and equipment are classified as operating leases. Operating lease payments are charged as an expense in the period in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(k) Finance lease

The Corporation has recognised a finance lease receivable equal to its investment in the lease executed with the purchaser of the Newcastle Package. For further details refer to Note 1.

During the year the Corporation’s subsidiary, Port of Newcastle Lessor Pty Limited, entered into a 98 year lease as a lessor. The derecognition of land and affixed property, plant and equipment that is subject to the lease has been treated as a disposal.

(l) Rounding of amounts

In the financial statements, all amounts are rounded to the nearest thousand dollars, except for auditors' and key management remuneration.

(m) Income tax equivalents

The Tax Equivalent regime requires NPC to make tax equivalent payments to the NSW Government's Consolidated Fund and involves income tax and capital gains tax.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate and adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rate expected to apply when the assets are recovered or liabilities are settled. The tax rate is applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

1 Summary of significant accounting policies (continued)

(m) Income tax equivalents (continued)

(i) Tax consolidation

The consolidated entity entered the tax consolidation regime on 21 October 2013. As a consequence, the Corporation, as the lead entity in the consolidated tax group, recognises current tax payable for the tax group. Amounts receivable or payable under a tax sharing agreement between the tax consolidated entities, are recognised as tax related amounts receivable or payable. Expenses and revenues arising under the tax sharing agreement are recognised as a component of income tax equivalent expense.

On 30 May 2014, the Corporations two subsidiaries were disposed of and consequently ceased to be members of the tax consolidated group from that date.

(n) Dividends

Allowance is made for the amount of any dividend declared in accordance with NSW Treasury Financial Distribution Policy but not distributed at balance date.

(o) Interest bearing borrowings

Borrowings are measured using the effective interest method. Borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. Subsequently, the difference between the debt's long term face value and the current and non-current value shown in the Statement of Financial Position is taken up as a discount on borrowings. The discount will be amortised over the life of the borrowings.

(p) Finance costs

Finance costs are recognised as an expense when incurred.

(q) Trade receivables

Trade receivables are generally settled within 15 days and are carried at amounts due less a Provision for Impairment where there is objective evidence that the Corporation will not be able to collect the debt following thorough investigation and exhaustion of recovery processes. Bad debts are written off against the Provision for Impairment. A review was carried out during the year to determine the adequacy of the level of the Provision for Impairment. The amount of the impairment loss is recognised in the profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the profit or loss.

(r) Trade payables

Trade payables, including accruals not yet billed, are recognised when the Corporation becomes obliged to make future payments as a result of purchase of assets or services. Trade accounts payable are generally settled within 30 days. Trade and other payables are carried at amortised cost and due to their short-term nature, they are not discounted.

(s) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Corporation and that revenue can be reliably measured as follows:

1 Summary of significant accounting policies (continued)

(s) Revenue recognition (continued)

(i) Charges on vessels

Navigation revenue is recognised and accrued after completion of the inward vessel movement; pilotage revenue is generally recognised on departure however the inward movement is accrued if it occurred prior to year end.

(ii) Berth services

Wharfage revenue is recognised when the vessel departs the berth however site occupation is recognised and accrued if it occurred prior to year end.

(iii) Port related rental

Relates to leases, and agreements for lease, of land and/or berths to facilitate trade over a berth and is recognised on a monthly basis in accordance with lease agreements.

(iv) Non port related rental income

Revenue is recognised on a monthly basis in accordance with lease agreements.

(v) Interest income

Revenue is recognised as earned on a daily basis and not at maturity of the underlying investment.

(vi) Hourglass income

Taken to income monthly based on the movement in the market value of the trust units held.

(t) Other taxes

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except:

(i) where the amount of GST incurred is not recoverable from the Taxation Office it is recognised as part of the cost of the acquisition of an asset or as part of an item of expense;

(ii) for receivables and payables which are recognised inclusive of GST. GST payable to and recoverable from the Taxation Office is recognised as a payable or receivable respectively in the Statement of Financial Position; and

(iii) the Statement of Cash Flows is inclusive of GST. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(u) Segment information

The Corporation operates predominantly in one business segment, that being Port Management, and within one geographical segment, being Newcastle, NSW, Australia. This is consistent with the internal reporting provided to the chief operating decision maker.

(v) Non-current assets (or disposal groups) held for sale and discontinued operations

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Statement of Comprehensive Income.

In order to maintain consistency when segregating the performance of continuing and discontinued operations, comparative figures in the Statement of Comprehensive Income and related notes have been restated accordingly. This allows the presentation of an aggregate amount (profit from discontinued operations) to be presented on the face of the Statement of Comprehensive Income.

1 Summary of significant accounting policies (continued)

(w) Investment property

Land, buildings and infrastructure held by Newcastle Port Corporation to accommodate port facilities and industrial, maritime industrial and bulk storage premises that benefit from being close to port facilities shall be accounted for as Property, Plant and Equipment infrastructure assets under AASB 116 notwithstanding that the land, buildings and infrastructure are leased to external parties. Land and buildings that are not integral or associated with port activities and leased with the principal objective of earning rentals or for capital appreciation, or both, shall be accounted for as investment properties under AASB 140.

(x) Intangible assets

Intangible assets are limited to computer software. On acquisition they are capitalised at cost which equates to fair value. The computer software will have a finite life. Amortisation is to be charged to the Statement of Comprehensive Income based on the finite life of the asset. Intangible assets are tested for impairment where an indicator of impairment exists and useful lives are assessed on an annual basis.

(y) Contributed equity

Shares issued to the Voting Shareholders in accordance with the requirements of the State Owned Corporations Act 1989 are classified as equity.

Refer to note 18(a) for detail of injection of equity by Shareholders during the year ended 30 June 2014.

(z) Capital risk management

The Corporation's objective when managing capital is to safeguard its ability to continue as a going concern, so as to continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Corporation may adjust the amount of dividends paid to shareholders, return of capital to shareholders or sell assets to reduce debt.

The Corporation monitors capital on the basis of the gearing ratio. This ratio is calculated as debt divided by total capital. Debt is calculated as Borrowings as shown in the Statement of Financial Position. Total capital is calculated as Equity as shown in the Statement of Financial Position plus net debt.

(aa) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Corporation will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as unearned income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

(ab) Equity and reserves

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the Corporation's policy on the revaluation of property, plant and equipment as disclosed in Note 1(d)(ii).

Accumulated funds includes all current and prior period retained funds.

1 Summary of significant accounting policies (continued)

(ac) Critical accounting estimates

The preparation of financial statements in conformity with Australian equivalents to International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

(i) Valuation of land subject to long term lease

In valuing land subject to long term leases, estimates are required to calculate the present value of the future lease income and residual value. Future lease income is estimated based on current lease income and increased for inflation or other rent review events. Residual value of land is calculated as the present value of the final year income of the lease into perpetuity.

(ii) Valuation of property, plant and equipment other than land

The gross fair value measurement of property, plant and equipment is determined by independent specialist valuers and the remaining useful lives of each asset are determined by the Corporations qualified engineers.

(iii) Valuation of residual interest in leased assets

The fair value of the Corporation's residual interest in the assets leased by Port of Newcastle Lessor Pty Limited and the channel asset leased by Newcastle Port Corporation has been determined by independent specialist valuers.

(iv) Superannuation

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 the accounting policy.

(v) Taxation

Judgement is required in assessing whether defined tax assets and certain defined tax liabilities are recognised in the Statement of Financial Position. Deferred tax assets, including those arising from temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on managements' estimate of future cashflows.

1 Summary of significant accounting policies (continued)

(ad)Changes in accounting policies

(i) Employee benefits

The adoption of the revised AASB 119 Employee Benefits resulted in the following change to the entity's accounting policy:

The amount of net defined benefit expense that is recognised in profit or loss under the revised standard is higher than the amount that would have been recognised under the old rules, with an equal and opposite change to the amount that is recognised as remeasurement in other comprehensive income. This is a result of the replacement of the expected return on plan assets and separate interest expense with a net interest amount. The net impact on total comprehensive income is nil and there is no adjustment to the amounts recognised in the Statement of Financial Position from this change.

As the revised standard must be adopted retrospectively, the Statement of Comprehensive Income was restated for the comparative period. The impact of these adjustments on the Statement of Comprehensive Income is as follows:

Impact on statement of comprehensive income for the year ended 30 June 2013

	30/06/2013 previously reported	**AASB 119 adjustments**	**30/06/2013 as restated**
	$	**$**	**$**
Expenses			
Prior year impact of AASB 119	-	822,099	822,099
Increase/(decrease) in NET interest expense	-	197,102	197,102
Increase/(decrease) in service cost	547,543	185,452	732,995
Increase/(decrease) in Interest expense	1,253,679	(1,253,679)	-
Expected return on assets	(3,040,167)	3,040,167	-
Increase/(decrease) in Total Expenses	**(1,238,945)**	**2,991,141**	**1,752,196**
Other Comprehensive Income			
Actuarial gains/(losses)	(3,550,300)	1,607,416	(1,942,884)
Return on plan assets excluding amounts included in net interest	-	(4,598,557)	(4,598,557)
Increase/(decrease) in Total Other Comprehensive Income	**(3,550,300)**	**(2,991,141)**	**(6,541,441)**

Additionally, there was an impact to income tax expense recognised through profit or loss and through equity. The impact was an increase of $611K to the income tax recognised through profit or loss and similarly to the amount recognised in other comprehensive income. There has been no impact to the Statement of Financial Position.

1 Summary of significant accounting policies (continued)

Impact on statement of comprehensive income for the year ended 30 June 2014

	AASB 119 impact
	$
Expenses	
Increase/(decrease) in NET interest expense	-
Increase/(decrease) in service cost	81,725
Increase/(decrease) in Interest expense	-
Expected return on assets	-
Increase/(decrease) in Total Expenses	**81,725**
Other Comprehensive Income	
Actuarial gains/(losses)	(81,725)
Return on plan assets excluding amounts included in net interest	-
Increase/(decrease) in Total Other Comprehensive Income	**(81,725)**

The revised standard has also changed the accounting for the Corporation's annual leave obligations. As the entity does not expect all annual leave to be taken within twelve months of the respective service being provided, the measurement of these obligations is now measured on a discounted basis. The impact of this change, however was immaterial since the majority of the leave is still expected to be taken within a short period after the end of the reporting period.

(ii) Fair value measurement

AASB 13 Fair Value Measurement aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosing requirements for use across Australian Accounting Standards.

The adoption of this standard has not had a financial impact on any assets or liabilities measured at fair value.

2 Revenue

	Consolidated 2014 $'000	**Corporation 2014 $'000**	Corporation 2013 $'000
From continuing operations			
Revenue from operating activities			
Charges on vessels	**12,572**	**15,905**	11,288
Non port related lease	**373**	**373**	338
	12,945	**16,278**	11,626
From discontinued operations (Note 6)			
Charges on vessels	**46,405**	**25,492**	47,146
Non port related lease	**2,770**	**1,450**	3,219
Berth services	**14,794**	**5,582**	13,242
Port related leases	**22,796**	**11,577**	22,003
	86,765	**44,101**	85,610

Newcastle Port Corporation invoiced and received Port Cargo Access Charge on behalf of the Minister for Roads and Ports. Amounts received and remitted directly to NSW Treasury in 2014 was $5.96 million (2013:$10.44 million). Port Cargo Access Charge was invoiced as wharfage and received as income by Newcastle Port Corporation directly from 1 January 2014.

3 Other income

	Notes	**Consolidated 2014 $'000**	**Corporation 2014 $'000**	Corporation 2013 $'000
From continuing operations				
Finance lease income		**172**	**172**	-
Interest on term deposit		**486**	**486**	508
Other		**2,849**	**2,849**	51
		3,507	**3,507**	559
From discontinued operations (Note 6)				
Other		**424**	**228**	441

4 Expenses

From continuing operations	Notes	**Consolidated 2014 $'000**	**Corporation 2014 $'000**	Corporation 2013 $'000
Employee benefits				
Salaries, wages and related costs		**11,933**	**11,797**	10,864
Superannuation contributions to accumulation funds		**1,010**	**1,010**	923
Post employment benefits expense	13	**321**	**321**	448
Depreciation and amortisation	11, 12	**1,158**	**1,158**	1,186
Finance costs		**31**	**31**	(202)
Repairs and services		**5,129**	**5,055**	3,799
Administration		**1,668**	**1,673**	1,518
Impairment		**988**	**988**	-
Net gain on disposal of property, plant and equipment	11	**(14)**	**(14)**	-
Revaluation adjustment- all assets		**5,380**	**5,330**	-
Other		**1,560**	**1,532**	306
		29,164	**28,881**	18,842

From discontinued operations (Note 6)	Notes			
Employee benefits				
Salaries, wages and related costs		**13,363**	**13,363**	9,888
Superannuation contributions to accumulation funds		**797**	**797**	694
Post employment benefits expense	13	**263**	**263**	1,304
Depreciation and amortisation	11, 12	**4,462**	**2,605**	5,039
Finance costs		**6,959**	**6,959**	7,465
Repairs and services		**16,423**	**8,649**	12,652
Administration		**10,524**	**7,417**	10,488
Impairment		**-**	**-**	-
Net loss on disposal of property, plant and equipment	11	**403**	**-**	56
Other		**1,563**	**1,137**	1,742
		54,757	**41,190**	49,328

5 Income tax equivalent

	Consolidated 2014 $'000	**Corporation 2014 $'000**	Corporation 2013 $'000
Income tax expense			
Current tax	**10,632**	**2,346**	10,515
Deferred tax	**(1,753)**	**(1,753)**	(1,200)
	8,879	**593**	9,315
Income tax expense is attributable to:			
Profit from continuing operations	**(3,403)**	**(2,331)**	(493)
Profit from discontinued operation	**12,282**	**2,924**	9,808
Aggregate income tax expense	**8,879**	**593**	9,315
Deferred tax			
Deferred income tax expense included in income tax expense comprises:			
Decrease (increase) in deferred tax assets	**4,431**	**4,431**	(548)
(Decrease) increase in deferred tax liabilities	**(6,184)**	**(6,184)**	(652)
	(1,753)	**(1,753)**	(1,200)
Deferred tax equivalent asset			
The balance comprises temporary differences attributable to:			
Initial repairs and other	**-**	**-**	913
Pooled infrastructure items	**-**	**-**	1,294
Underfunded superannuation	**-**	**-**	251
Provision for doubtful debts	**-**	**-**	725
Leave entitlements	**1,203**	**1,203**	2,091
Grant receipt	**-**	**-**	335
Sundry accruals	**-**	**-**	25
	1,203	**1,203**	5,634
Deferred tax equivalent liability			
The balance comprises temporary differences attributable to:			
Depreciation and revalued property	**1,748**	**1,748**	53,721
Overfunded superannuation	**147**	**147**	189
	1,895	**1,895**	53,910

5 Income tax equivalent (continued)

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

	Consolidated 2014 $'000	**Corporation 2014 $'000**	Corporation 2013 $'000
Loss from continuing operations before income tax expense	**(12,712)**	**(9,197)**	(6,657)
Profit from discontinuing operation before income tax expense	**520,516**	**37,162**	36,723
	507,804	**27,965**	30,066
Prima facie tax thereon at 30.0%	**152,341**	**8,390**	9,020
Add tax effect of items with differential accounting / tax treatment:			
Non-taxable sale related gains	**(142,486)**	**(6,263)**	(95)
Other non-deductible expenses	**(976)**	**(1,534)**	390
Total income tax expense attributable to operating profit	**8,879**	**593**	9,315
Amounts recognised directly in equity			
Net deferred tax debited (credited) directly to equity	**-**	**-**	1,962
Movement in income tax equivalent payable			
Balance at the beginning of the financial year	**3,974**	**3,974**	2,729
Charge to expense	**10,632**	**2,346**	10,515
Attributable to group members	**-**	**8,286**	-
Payments	**(11,715)**	**(11,715)**	(9,270)
Balance at the end of the financial year	**2,891**	**2,891**	3,974

	Balance 1 July 2013 $000	**Charges to income $000**	**Charges to equity $000**	**Balance 30 June 2014 $000**
Movement in deferred tax asset				
Initial repairs and other	913	(913)		
Pooled infrastructure items	1,294	(1294)		
Underfunded superannuation	251	(251)	-	-
Provision for doubtful debts	725	(725)		
Leave entitlements	2,091	(888)		1,203
Grant receipt	335	(335)		
Sundry accruals	25	(25)		
	5,634	(4,431)	-	1,203
Movement in deferred tax liability				
Depreciation, revaluation and derecognition of property, plant and equipment	53,721	(5,569)	(46,404)	1,748
Overfunded superannuation	-	(426)	573	147
Accrued trading income	189	(189)		
	53,910	(6,184)	(45,831)	1,895

5 Income tax equivalent (continued)

(i) Disposal of the Newcastle Package

The gain on the disposal of Port of Newcastle Operations Pty Limited and execution of the 98 year finance lease (refer to Note 6 for further details), along with the market value loss on the settlement of loans and other transaction-related costs are non-assessable and non-deductible respectively for income tax equivalent purposes because the Newcastle Package transaction is treated as tax neutral under the National Tax Equivalent Regime (NTER).

(ii) Tax consolidation

Newcastle Port Corporation and its subsidiaries, Port of Newcastle Operations Pty Limited and Port of Newcastle Lessor Pty Limited, were a tax consolidated group from 1 January 2014 until 30 May 2014. The head company of the tax consolidated group was Newcastle Port Corporation.

The operations of the subsidiaries were discontinued on 30 May 2014 and both subsidiaries ceased to be members of the tax consolidated group on that date.

6 Discontinued operation

(a) Discontinued operation

(i) Newcastle Package

On 1 January 2014, land and affixed property, plant and equipment of the Newcastle Package (refer to Note 1 for further details) were transferred to a subsidiary of the Corporation, Port of Newcastle Lessor Pty Limited. All non-land assets were transferred into another subsidiary, Port of Newcastle Operations Pty Limited.

On 30 May 2014, the transaction was completed and an external party acquired 100% of the issued units in Port of Newcastle Operations Pty Limited. The Property, Plant and Equipment transferred to Port of Newcastle Lessor Pty Limited was also leased under a 98 year finance lease to the acquirer with upfront lease payments included in the total cash consideration.

On the same date, NPC transferred its interest in Port of Newcastle Lessor Pty Limited to the Ports Assets Ministered Holding Corporation (a NSW Government Agency) for nil consideration.

(ii) Financial performance of operations disposed

The financial performance and cash flow information presented are for the eleven months ended 30 May 2014 (2014 column) and the year ended 2013.

The consolidated results from discontinued operations include the performance of the Newcastle Package from the beginning of the period until the date of disposal on 30 May 2014. The Corporation results from discontinued operations include the results of the Newcastle Package prior to its segregation and transfer of assets and liabilities to the newly incorporated subsidiaries on 1 January 2014.

	Consolidated 2014 $'000	**Corporation 2014 $'000**	Corporation 2013 $'000
Revenue	**86,765**	**44,101**	85,610
Other income	**424**	**228**	441
Expenses	**(54,757)**	**(41,190)**	(49,328)
Profit before income tax of discontinued operation	**32,432**	**3,139**	36,723
Income tax expense	**(12,282)**	**(2,924)**	(9,808)
Profit after income tax of discontinued operation	**20,150**	**215**	26,915
Gain on disposal of discontinued operations before income tax	**487,987**	**33,707**	-
Income tax expense	**-**	**-**	-
Gain on sale of the discontinued operation after income tax	**487,987**	**33,707**	-
Profit from discontinued operation	**508,137**	**33,922**	26,915

6 Discontinued operation (continued)

(a) Discontinued operation (continued)

(iii) Cash flows from (used in) discontinued operations

Cash flow information relating to discontinued operations has not been disclosed due to books and records not being kept to distinguish between the Newcastle Package and residual business in prior years and up to the date of sale. Significant assumptions would have to be made to separate the financial information if these disclosures were to be presented that, in Management's view, would not reflect a true and fair position of the discontinued operation's cash flow position.

(iv) Details of the sale of the discontinued operation

	Consolidated 2014 $'000	**Corporation 2014 $'000**	Corporation 2013 $'000
Consideration paid to Restart NSW	**1,693,200**	**754,117**	-
Purchase price adjustment payable to Restart NSW	**3,507**	**3,507**	-
Loss on early settlement of debt portfolio	**(3,455)**	**(3,455)**	-
Net assets attributable to discontinued operations	**(1,255,871)**	**(750,678)**	-
Residual interest in leased assets	**50,606**	**30,216**	-
Gain on sale after income tax	**487,987**	**33,707**	-

The carrying amounts of assets and liabilities as at the date of sale (30 May 2014) were:

	Consolidated 30 May 2014 $'000	Corporation 30 May 2014 $'000
Derecognised under 98 year finance lease:		
Property, plant and equipment	**504,459**	-
Disposed through sale:		
Property, plant and equipment & intangible assets	**753,320**	-
Trade receivables and other current assets	**5,709**	
		-
Trade creditors and other payables	**(5,069)**	-
Provision for employee benefits	**(2,548)**	(2,548)
Investment in subsidiaries	**-**	753,226
Net assets disposed of in discontinued operations	**1,255,871**	750,678

(v) Net cash flow on disposal

	Consolidated 2014 $'000	**Corporation 2014 $'000**	Corporation 2013 $'000
Cash proceeds remitted directly to Restart NSW	**1,693,200**	**754,117**	-
Purchase price adjustment payable to Restart NSW	**3,507**	**3,507**	-
Repayment of NSW TCorp borrowings	**(121,392)**	**(121,392)**	-
Net distribution reflected in statement of changes in equity	**1,575,315**	**636,232**	-

7 Current assets - Cash and cash equivalents

	Corporation 2014 $'000	Corporation 2013 $'000
Cash assets consist of:		
Cash on hand	**-**	3
Cash at bank	**369**	605
T Corp Hourglass Facility Trust	**25,508**	17,606
	25,877	18,214

Cash assets at both 30 June 2014 and 30 June 2013 are very short term, hence market value approximates cost.

(a) Net fair value

The Corporation considers the carrying amount of cash assets approximate their net fair values.

(b) Significant terms and conditions

There are no significant terms and conditions relating to cash assets.

(c) Risk

Details regarding credit risk, liquidity risk and market risk arising from financial instruments are further disclosed in Note 26.

8 Trade and other receivables

Current	**Corporation 2014 $'000**	Corporation 2013 $'000
Trade receivables	**715**	4,105
Provision for impairment of receivables (b)	**-**	(147)
	715	3,958
Accrued income	**-**	1,353
Prepayments	**135**	952
Other receivables	**3485**	269
	4,335	6,532

Non-current		
Finance lease receivable (a)	**30,388**	-
	30,388	-

8 Trade and other receivables (continued)

(a) Finance lease receivable

As detailed in note 1(d), the Corporation entered into a Channel User License Deed with RMS on 20 December 2013.The Corporation considers this agreement to represent a finance lease. On expiry of the 98 year lease term, a dredged Channel asset will revert to the Corporation. As a result, the Corporation has recognised a finance lease receivable equal to the value of the net investment in the lease. As all lease payments were received upfront, the net investment in the lease corresponds on expiry of the 98 year lease. No further payments will be received, and a residual asset will be accreted over the 98 year term of the lease with total unearned finance income as at 30 June 2014 at $1.28 billion. The initial value of the residual interest was recognised at $30.2 million. Between 30 May 2014 and 30 June 2014, finance income of $0.172 million was recognised. The valuation has been carried out by external advisors as at 30 June 2014. Management will regularly re-assess its carrying value in future periods.

(b) Impaired trade receivables

As at 30 June 2014 impaired current trade receivables was nil (2013: $147,000). In 2013 the impaired receivables relate to rental and port management customers which are in difficult economic situations.

The aging of these receivables is as follows:

	Corporation 2014 $'000	Corporation 2013 $'000
0 to 3 months	**-**	51
3 to 6 months	**-**	27
Over 6 months	**-**	69
	-	147

Movements in the provision for impairment of receivables are as follows:

Balance at the beginning of the year	**147**	106
Charges to expense	**-**	114
Receivables written off during the year as uncollectable	**(147)**	(73)
Balance at the end of the financial year	**-**	147

(c) Unimpaired trade receivables

As at 30 June 2014 current trade receivables with a nominal value of $1,382,000 (2013: $3,958,000) were unimpaired.

The aging of these unimpaired receivables is as follows:

	Corporation 2014 $'000	Corporation 2013 $'000
0 to 3 months	**1,286**	3,870
3 to 6 months	**45**	42
Over 6 months	**51**	46
	1,382	3,958

8 Trade and other receivables (continued)

(d) Net fair value

The Corporation considers the carrying amount of debtors approximate their net fair value.

(e) Significant terms and conditions

Trade receivables are required to be settled within 7 days.

(f) Risk

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 26.

9 Current assets - Inventories

	Corporation 2014 $'000	Corporation 2013 $'000
Consumable store items- at cost	**12**	473

Inventory relates to fuel for vessels and dredger parts. There was no obsolete inventory. Stores are valued at the lower of cost and net realisable value.

10 Derivative financial instruments

There were no derivative financial instruments (futures contracts) as at 30 June 2014. The Corporation did however use derivative financial instruments during 2013 until the retirement of the strategic debt portfolio on 31 January 2013.

11 Non-current assets - Property, plant and equipment

	Corporation 2014 $'000	Corporation 2013 $'000
Land and buildings		
Fair value	**13,905**	358,170
Accumulated depreciation	**(154)**	(1,462)
Net carrying amount	**13,751**	356,708
Roads		
Fair value	**91**	9,732
Accumulated depreciation	**(10)**	(3,524)
Net carrying amount	**81**	6,208
Wharves and jetties		
Fair value	**1,394**	71,586
Accumulated depreciation	**(17)**	(8,155)
Net carrying amount	**1,377**	63,431
Breakwaters/Dredged assets		
Fair value	**-**	14,746
Accumulated depreciation	**-**	(602)
Net carrying amount	**-**	14,144
Plant		
Fair value	**9,801**	32,754
Accumulated depreciation	**(3,877)**	(11,937)
Net carrying amount	**5,924**	20,817
Total net carrying amount of property, plant and equipment in operation	**21,133**	461,308
Construction in progress		
Land and buildings	**-**	4,325
Wharves & jetties	**512**	180
Plant	**-**	1,596
	512	6,101
Total property, plant and equipment	**21,645**	467,409

	Corporation 2014 $'000	Corporation 2013 $'000
Disposals		
Proceeds from sale	**119**	576
Written down value	**(105)**	(632)
Net amount included in the profit or loss	**14**	(56)

11 Non-current assets - Property, plant and equipment (continued)

Corporation	Land and building $'000	Roads $'000	Wharves & Jetties $'000	Breakwaters/ Dredged assets $'000	Plant $'000	Rail $'000	Construction in progress $'000	Total $'000
Year ended 30 June 2014								
Carrying amount at start of year	356,708	6,208	63,431	14,144	20,817	-	6,101	467,409
Additions	-	-	-	-	-	-	12,496	12,496
Contribution of assets for nil consideration	7,528	-	-	-	-	-	-	7,528
Revaluations	22,354	3,711	16,992	744,316	3,494	3,140	-	794,007
Disposals	-	-	-	-	(105)	-	-	(105)
Impairment	-	-	-	-	-	-	(1,010)	(1,010)
Allocation from construction in progress	7,958	1,588	321	-	3,387	664	(13,918)	-
Depreciation expense	(338)	(475)	(1,186)	(74)	(1,393)	(3)	-	(3,469)
Transfer assets to subsidiary	(380,459)	(10,951)	(78,181)	(758,386)	(20,276)	(3,801)	(3,157)	(1,255,211)
Carrying amount at end of year	13,751	81	1,377	-	5,924	-	512	21,645

11 Non-current assets - Property, plant and equipment (continued)

Corporation	Land and buildings $'000	Roads $'000	Wharves & Jetties $'000	Breakwaters/ Dredged assets $'000	Plant $'000	Rail $'000	Construction in progress $'000	Total $'000
Year ended 30 June 2013								
Carrying amount at start of year	353,062	7,134	63,425	14,292	21,104	-	2,890	461,907
Additions	-	-	-	-	-	-	12,014	12,014
Contribution of assets for nil consideration	1,740	-	-	-	50	-	(1,790)	-
Disposals	(356)	-	-	-	(276)	-	-	(632)
Allocation from construction in progress	2,672	-	2,266	-	2,075	-	(7,013)	-
Depreciation expense	(410)	(926)	(2,260)	(148)	(2,136)	-	-	(5,880)
Carrying amount at end of year	356,708	6,208	63,431	14,144	20,817	-	6,101	467,409

11 Non-current assets - Property, plant and equipment (continued)

Consolidated	Land and buildings $'000	Roads $'000	Wharves & Jetties $'000	Breakwaters/ Dredged assets $'000	Plant $'000	Rail $'000	Construction in progress $'000	Total $'000
Year ended 30 June 2014								
Carrying amount at start of year	356,708	6,208	63,431	14,144	20,817	-	6,101	467,409
Additions	-	-	-	-	-	-	16,493	16,493
Contribution of assets for nil consideration	7,528	-	-	-	-	-	-	7,528
Revaluations	22,354	3,711	16,992	744,316	3,494	3,140	-	794,007
Disposals	-	(68)	-	-	(183)	-	-	(251)
Impairment	-	-	-	-	-	-	(1,010)	(1,010)
Allocation from construction in progress	7,958	2,572	714	-	5,303	664	(17,211)	-
Depreciation expense	(465)	(824)	(2,241)	(161)	(1,901)	(66)	-	(5,658)
Transfer assets to subsidiary	(380,332)	(11,518)	(77,519)	(758,299)	(21,606)	(3,738)	(3,861)	(1,256,873)
Carrying amount at end of year	13,751	81	1,377	-	5,924	-	512	21,645

11 Non-current assets - Property, plant and equipment (continued)

The Property, Plant and Equipment assets are valued at fair value in accordance with Australian Accounting Standard AASB 13 Fair Value Measurement. Fair value is defined as 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. Additional guidance regarding implementation of the principles of AASB 13 in the Public sector was gained from the New South Wales Treasury paper; Accounting policy: Valuation of Physical Non-Current Assets at Fair Value (TPP 07-1), superseded by TPP14-1, February 2014.

Land not subject to long term lease was valued by M Henley Registered Valuer No 1710 of the NSW Land and Property Management Authority as at 30 June 2011. During the year the land was assessed for indexation with the assistance of NSW Land and Property Information (formally NSW Land and Property Management Authority) to confirm no significant movement. As there was no significant movement identified, the Directors considered the existing value appropriate at 1 January 2014 for the land transferred to Port of Newcastle Lessor Pty Limited and as at 30 June 2014 for any remaining land.

Land related to long term lease was valued by NPC Directors as at 30 June 2011 based on the present value of future lease income and residual value. The values were tested against independent assessment. The Directors considered the existing value appropriate at 1 January 2014 for the land transferred to Port of Newcastle Lessor Pty Limited and as at 30 June 2014 for any remaining land.

Buildings, roads, wharves and jetties, breakwaters, navigation aids and material items of plant were revalued at 31 December 2013. Valuations for roads were undertaken by David Nobel, MDA, Australia. Valuations for commercial buildings were undertaken by M Henley Registered Valuer No 1710 of the NSW Land and Property Information (formerly NSW Land and Property Management Authority). Plant, machinery and rail were valued by Anthony Hannah, (FAPI, MRCS) certified practicing valuer with AON Valuation Services. Infrastructure assets including wharves, operational buildings, hard stands and breakwaters were valued by Geoff Pymam (FAPI, MRCS) certified practicing valuer, Registered Valuer No 012398 of AON Valuation Services.

The Channel User License Deed (CULD) between Roads and Maritime Services (RMS) and the Newcastle Port Corporation, represent a finance lease and thus was recorded at nil value being the lower of their fair value or the present value of minimum lease payments. In accordance with the Newcastle Port Corporations fair value policy for property, plant and equipment the channel asset was revalued to fair value in accordance with AASB 13. The fair value was determined based on an allocation of the purchase price to the channel.

12 Non-current assets - Intangible assets

	Corporation 2014 $'000	Corporation 2013 $'000
At fair value	**1,700**	3,248
Accumulated amortisation	**(1,076)**	(1,850)
Net carrying value	**624**	1,398

Intangible assets consist of computer software which have a defined economic life of 5 years to 10 years.

12 Non-current assets - Intangible assets (continued)

Reconciliation of the net carrying amounts of intangible assets at the beginning and end of the current and previous financial year are set out below:

	Corporation 2014 $'000	Corporation 2013 $'000
Carrying amount at start of year	**1,398**	1,214
Additions	**-**	529
Disposals	**(20)**	-
Allocation from construction in progress	**462**	-
Amortisation expense	**(295)**	(345)
Transfer assets to subsidiary	**(921)**	-
Carrying amount at end of year	**624**	1,398

13 Non-current assets/provision- post employment benefits

	Corporation 2014 $'000	Corporation 2013 $'000
Overfunded defined benefit superannuation	**2,364**	2,522
Underfunded defined benefit superannuation	**(1,875)**	(3,358)
Net asset (liability)	**489**	(836)

	SASS	**SANCS**	**SSS**	**TOTAL**
	30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14
Member Numbers				
Contributors	**6**	**7**	**1**	**14**
Deferred benefits	**-**	**-**	**2**	**2**
Pensioners	**1**	**-**	**19**	**20**
Pensions fully commuted	**-**	**-**	**4**	**4**

Superannuation Position for AASB 119 purposes	**$000**	**$000**	**$000**	**$000**
Accrued liability (Note 1)	**4,389**	**558**	**25,051**	**29,998**
Estimated reserve account balance	**(2,677)**	**(395)**	**(31,034)**	**(34,105)**
1. Deficit/(surplus)	**1,712**	**163**	**(5,983)**	**(4,107)**
2. Future Service Liability (Note 2)	**255**	**183**	**51**	**490**
3. Surplus in excess of recovery available from schemes (- 1. - 2. and subject to a minimum of zero)	**-**	**-**	**3,618**	**3,618**
4. Net (asset)/liability to be recognised in statement of financial position (1. + 3.)	**1,712**	**163**	**(2,365)**	**(489)**

Note 1:
A contribution tax provision of zero is included as a contribution tax rate of zero is assumed. This is based on advice from NSW Treasury, following tax modelling carried out by their tax adviser, that, in the long term, the Fund is not expected to pay any significant tax.

Note 2:
The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 119 para 64). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the “surplus in excess of recovery” is zero, no asset ceiling limit is imposed.

13 Non-current assets/provision- post employment benefits

Nature of benefits provided by the fund

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:
State Authorities Superannuation Scheme (SASS)
State Superannuation Scheme (SSS)
State Authorities Non-contributory Superannuation Scheme (SANCS)

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.

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 Scheme 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 2012.

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.

13 Non-current assets/provision- post employment benefits (continued)

Risk exposure

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.

Significant events

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

(a) Reconciliation of the net defined (liability)/asset

	2014			
	SASS	**SANCS**	**SSS**	**Total**
	$000	**$000**	**$000**	**$000**
Net defined benefit liability/(asset) at beginning of the year	**3,057**	**301**	**(2,522)**	**836**
Current service cost	**260**	**80**	**222**	**562**
Net Interest on the net defined benefit liability/(asset)	**111**	**11**	**(100)**	**22**
Actual return on fund assets less Interest income	**(883)**	**(113)**	**(1,829)**	**(2,826)**
Actuarial (gains)/losses arising from changes in demographic assumptions	**-**	**-**	**-**	**-**
Actuarial (gains)/losses arising from changes in financial assumptions	**172**	**30**	**701**	**903**
Actuarial (gains)/losses arising from liability experience	**(1,004)**	**(146)**	**(2,454)**	**(3,605)**
Adjustment for effect of asset ceiling	**-**	**-**	**3,618**	**3,618**
Net defined benefit liability/(asset) at end of the year	**1,713**	**163**	**(2,364)**	**(489)**

13 Non-current assets/provision- post employment benefits (continued)

(a) Reconciliation of the net defined (liability)/asset (continued)

	2013			
	SASS	SANCS	SSS	Total
	$000	$000	$000	$000
Net defined benefit liability/(asset) at beginning of the year	3,144	462	2,007	5,613
Impact of AASB 119	507	68	247	822
Current service cost	346	96	290	732
Net Interest on the net defined benefit liability/(asset)	112	16	69	197
Actual return on fund assets less Interest income	(906)	(199)	(3,494)	(4,599)
Actuarial (gains)/losses arising from changes in demographic assumptions	429	3	1,089	1,521
Actuarial (gains)/losses arising from changes in financial assumptions	(946)	(154)	(3,504)	(4,604)
Actuarial (gains)/losses arising from liability experience	371	9	761	1,141
Employer contributions	-	-	12	12
Net defined benefit liability/(asset) at end of the year	3,057	301	(2,522)	836

(b) Reconciliation of the defined benefit obligations

	2014			
	SASS	**SANCS**	**SSS**	**Total**
	$000	**$000**	**$000**	**$000**
Present value of the defined benefit obligation at the beginning of the year	**11,561**	**1,798**	**27,064**	**40,423**
Current service cost	**260**	**80**	**222**	**562**
Interest cost	**401**	**62**	**1,003**	**1,466**
Contribution by fund participants	**119**	**-**	**132**	**251**
Actuarial (gains)/losses arising from changes in demographic assumptions	**-**	**-**	**-**	**-**
Actuarial (gains)/losses arising from changes in financial assumptions	**172**	**30**	**701**	**903**
Actuarial (gains)/losses arising from liability experience	**(1,004)**	**(146)**	**(2,453)**	**(3,603)**
Benefits paid	**(7,428)**	**(1,290)**	**(1,689)**	**(10,407)**
Taxes, premiums & expenses paid	**309**	**23**	**71**	**403**
Present value of the defined benefit obligation at the end of the year	**4,390**	**557**	**25,051**	**29,998**

	2013			
	SASS	SANCS	SSS	Total
	$000	$000	$000	$000
Present value of the defined benefit obligation at the beginning of the year	11,974	1,969	28,043	41,986
Impact to AASB 119	507	68	247	822
Current service cost	346	96	290	732
Interest cost	367	59	852	1,278
Contribution by fund participants	143	-	126	269
Actuarial (gains)/losses arising from changes in demographic assumptions	429	3	1,089	1,521
Actuarial (gains)/losses arising from changes in financial assumptions	(945)	(154)	(3,504)	(4,603)
Actuarial (gains)/losses arising from liability experience	370	9	761	1,140
Benefits paid	(1,670)	(307)	(994)	(2,971)
Taxes, premiums & expenses paid	38	56	153	247
Present value of the defined benefit obligation at the end of the year	11,559	1,799	27,063	40,421

13 Non-current assets/provision- post employment benefits (continued)

(b) Reconciliation of the defined benefit obligations (continued)

(c) Reconciliation of the fair value of fund assets

	2014			
	SASS	**SANCS**	**SSS**	**Total**
	$000	**$000**	**$000**	**$000**
Fair value of fund assets at the beginning of the year	**8,504**	**1,497**	**29,586**	**39,587**
Interest income	**290**	**51**	**1,103**	**1,444**
Actual return on fund assets less Interest income	**883**	**114**	**1,829**	**2,826**
Employer contributions	**-**	**-**	**-**	**-**
Contributions by participants	**119**	**-**	**132**	**251**
Benefits paid	**(7,428)**	**(1,290)**	**(1,688)**	**(10,407)**
Taxes, premiums & expenses paid	**309**	**23**	**71**	**403**
Fair value of fund assets at the end of the year	**2,676**	**395**	**31,033**	**34,104**

	2013			
	SASS	SANCS	SSS	Total
	$000	$000	$000	$000
Fair value of fund assets at the beginning of the year	8,832	1,506	26,036	36,374
Interest income	255	43	783	1,081
Actual return on fund assets less Interest income	906	199	3,494	4,599
Employer contributions	-	-	(12)	(12)
Contributions by participants	143	-	126	269
Benefits paid	(1,670)	(307)	(994)	(2,971)
Taxes, premiums & expenses paid	38	56	153	247
Fair value of fund assets at the end of the year	8,504	1,497	29,586	39,587

(d) Fair value of fund assets

All Pooled Fund assets are invested by 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.

As at 30 June 2014

Asset category	**Total $000**	**Quoted prices in active markets for identical assets Level 1 $000**	**Significant observable inputs Level 2 $000**	**Unobservable inputs Level 3 $000**
Short Term Securities	**2,452,755**	**1,572,615**	**880,140**	**-**
Australian Fixed Interest	**2,365,014**	**10,928**	**2,354,086**	**-**
International Fixed Interest	**880,529**	**-**	**880,529**	**-**
Australian Equities	**11,738,636**	**11,494,549**	**241,423**	**2,664**
International Equities	**10,953,329**	**8,172,677**	**2,780,531**	**121**
Property	**3,272,986**	**894,113**	**692,296**	**1,686,577**
Alternatives	**6,329,410**	**565,401**	**4,897,152**	**866,857**
Total	**37,992,659**	**22,710,283**	**12,726,157**	**2,556,219**

13 Non-current assets/provision- post employment benefits (continued)

(d) Fair value of fund assets (continued)

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

	2014	2013
Australian equities	**30.9%**	30.4%
Overseas equities	**28.8%**	26.1%
Australian fixed interest securities	**6.2%**	6.9%
Overseas fixed interest securities	**2.3%**	2.2%
Property	**8.6%**	8.3%
Short term securities	**6.5%**	13.1%
Other	**16.7%**	13.0%
	100.0%	100.0%

Additional to the assets disclosed above, at 30 June 2014 Pooled Fund has provisions for receivables/(payables) estimated to be around $2.2 billion, giving an estimated assets totalling around $40.2 billion.

Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this levels 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 containing 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 entity's own financial instruments

The fair value of the Pooled Fund assets include as at 30 June 2014 of $173.9 million in NSW government bonds.

(f) Expected rate of return

The expected return on asset assumption is determined by weighting the expected long term return for each class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

The economic assumptions adopted for the 30 June 2012 actuarial investigation of the Pooled Fund are:

Weighted-Average Assumptions	
Expected rate of return on Fund assets backing current pension liabilities	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa
Expected salary increase rate	SASS, SANCS, SSS 2.7% pa (PSS 3.5% pa) for 6 years then 4.0% pa
Expected rate of CPI increase	2.5% pa

13 Non-current assets/provision- post employment benefits (continued)

(g) Valuation method

The projected unit credit valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

(h) Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

	June 2014	June 2013
Salary increase rate 2013-14 to 2014-15	2.27%	2.25%
Salary increase rate 2015-16 to 2017-18	2.50%	2.00%
Salary increase rate 2018-19 to 2022-23	3.00%	2.50%
Salary increase rate 2023 onwards	3.50%	N/A
Rate of CPI increase	2.50%	2.50%
Discount rate	3.57%	3.80%

The entity's total defined benefit obligation as at 30 June 2014 under several scenarios is presented below.

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**	**Scenario B**
		-1.0% discount rate	**+1.0% discount rate**
Discount rate	3.57%	2.57%	4.57%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A$000)	29,998	33,826	26,855

	Base Case	**Scenario C**	**Scenario D**
		+0.5% rate of CPI increase	**-0.5% rate of CPI increase**
Discount rate	as above	as above	as above
Rate of CPI increase	2.5%	3%	2%
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A$000)	29,998	31,711	28,434

	Base Case	**Scenario E**	**Scenario F**
		+0.5% salary increase rate	**-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	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation (A$000)	29,998	30,123	29,876

	Base Case	**Scenario G**	**Scenario H**
		+5% pensioner mortality rates	**-5% pensioner mortality rates**
Defined benefit obligation (A$000)	29,998	29,710	30,301

13 Non-current assets/provision- post employment benefits (continued)

(h) Significant estimates: actuarial assumptions and sensitivity (continued)

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

(i) Funding arrangements

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2012. 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.

(i) Surplus/deficit

The following is a summary of the 30 June 2014 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	2014			
	SASS	**SANCS**	**SSS**	**Total**
	$000	**$000**	**$000**	**$000**
Accrued benefits	**3,508**	**451**	**15,382**	**19,341**
Net market value of Fund assets	**(2,676)**	**(395)**	**(31,034)**	**(34,105)**
Net (surplus)/deficit	**832**	**56**	**(15,652)**	**(14,764)**

	2013			
	SASS	SANCS	SSS	Total
	$000	$000	$000	$000
Accrued benefits	9,643	1,536	16,442	27,621
Net market value of Fund assets	(8,504)	(1,497)	(29,586)	(39,587)
Net (surplus)/deficit	1,139	39	(13,144)	(11,966)

(ii) Contribution recommendations

Recommended contribution rates for the entity are:

SASS Multiple of member	**SANCS $000**	**SSS % member salary**
0.0	-	0.0

(iii) Expected contributions

	2014			
	SASS	**SANCS**	**SSS**	**Total**
	$000	**$000**	**$000**	**$000**
Expected employer contributions	-	-	-	-

(iv) Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 12.3 years.

13 Non-current assets/provision- post employment benefits (continued)

(j) Profit and loss impact

	2014			
	SASS	**SANCS**	**SSS**	**Total**
	$000	**$000**	**$000**	**$000**
Current service cost	**260**	**80**	**223**	**563**
Net interest	**112**	**11**	**(101)**	**22**
Past service cost	**-**	**-**	**-**	**-**
(Gains)/Loss on settlement	**-**	**-**	**-**	**-**
Defined benefit cost	**372**	**91**	**122**	**585**

	2013			
	SASS	SANCS	SSS	Total
	$000	$000	$000	$000
Current service cost	346	96	291	733
Net interest	112	16	69	197
Past service cost	-	-	-	-
(Gains)/Loss on settlement	-	-	-	-
Impact of revised AASB 119	507	68	247	822
Defined benefit cost	965	180	607	1752

(k) Other comprehensive income

	2014			
	SASS	**SANCS**	**SSS**	**Total**
	$000	**$000**	**$000**	**$000**
Actuarial (gains) losses on liabilities	**(832)**	**(116)**	**(1,753)**	**(2,701)**
Actual return on fund assets less Interest income	**(883)**	**(113)**	**(1,830)**	**(2,826)**
Adjustment for effect of asset ceiling	**-**	**-**	**3,617**	**3,617**
Total remeasurement in Other Comprehensive Income	**(1,715)**	**(229)**	**34**	**(1,910)**

	2013			
	SASS	SANCS	SSS	Total
	$000	$000	$000	$000
Actuarial (gains) losses on liabilities	(146)	(142)	(1,654)	(1,942)
Actual return on fund assets less Interest income	(906)	(199)	(3,494)	(4,599)
Adjustment for effect of asset ceiling	-	-	-	-
Total remeasurement in Other Comprehensive Income	(1,052)	(341)	(5,148)	(6,541)

14 Current liabilities - Trade and other payables

	Notes	**Corporation 2014 $'000**	Corporation 2013 $'000
Trade payables		**420**	2,245
Accrued financial expenses		**1,035**	2,550
Port cargo access charge	14(a)	**-**	839
Accrued salaries and wages		**927**	1,158
Dividend		**15,000**	15,384
Other payables and accruals		**4,111**	4,131
		21,493	26,307

(a) Port Cargo Access Charge

The 2013 balance relates to the port cargo access charge collected, on behalf of the Consolidated Fund from port users but not yet remitted. A management fee is retained by NPC. The Port Cargo Access Charge regime ceased on 31 December 2013.

(b) Net fair values

The Corporation considers the carrying amounts of trade and other accounts payable approximate their net fair values.

(c) Significant terms and conditions

Trade accounts payable are generally settled in 30 days.

(d) Risk

Details regarding credit risk, liquidity risk and market risk arising from financial instruments are further disclosed in Note 26.

15 Provisions

	Notes	**Corporation 2014 Current $'000**	**Non-current $'000**	**Total $'000**	Corporation 2013 Current $'000	Non-current $'000	Total $'000
Annual leave	15(b)	**1,265**	**-**	**1,265**	1,851	-	1,851
Long service leave	15(c)	**2,418**	**327**	**2,745**	4,635	482	5,117
		3,683	**327**	**4,010**	6,486	482	6,968

15 Provisions (continued)

(a) Movements in provisions

2014

	Annual $'000	**Long service $'000**
Balance at beginning of the financial year	**1,851**	**5,117**
Arising during the year	**1,917**	**877**
Utilised	**(1,850)**	**(1,354)**
Transferred on long term lease	**(653)**	**(1,895)**
Balance at end of the financial year	**1,265**	**2,745**

2013

	Annual $'000	**Long service $'000**
Balance at beginning of the financial year	1,921	4,852
Arising during the year	1,841	790
Utilised	(1,911)	(525)
Balance at end of the financial year	1,851	5,117

(b) Annual leave obligation expected to be taken after twelve months

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 twelve months.

	Corporation 2014 $'000	Corporation 2013 $'000
Annual leave obligations expected to be taken after twelve months	**352**	191

(c) Long service leave obligation expected to be taken within twelve months

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 period is disclosed as non current as there is no legal obligation to pay within twelve months.

	Corporation 2014 $'000	Corporation 2013 $'000
Long service leave obligations expected to be taken within twelve months	**108**	1,260

16 Borrowings

	Notes	**Corporation 2014 Current $'000**	**Non-current $'000**	**Total $'000**	Corporation 2013 Current $'000	Non-current $'000	Total $'000
NSW Treasury Corporation borrowings	16(b), 16(c)	**-**	**-**	**-**	4,211	62,931	67,142
Deferred Settlements borrowings	16(d)	**-**	**-**	**-**	585	27,371	27,956
		-	**-**	**-**	4,796	90,302	95,098

16 Borrowings (continued)

(a) Borrowing capacity

As of 30 June 2014, Newcastle Port Corporation has Treasurer's approval under the Public Authorities (Financial Arrangements) Act to borrow core debt from NSW Treasury Corporation (T Corp) to a global limit of $80 million (2013: $130 million). Newcastle Port Corporation forms the view that the debt facility takes the nature of an enduring rolling facility whereby Newcastle Port Corporation has discretion to refinance debt within the global approval of the Treasurer and within the agreed terms of the Statement of Corporate Intent.

(b) T Corp non-current

	Corporation 2014 $'000	Corporation 2013 $'000
Face value	**-**	66,576
Premium on purchase	**-**	566
	-	67,142

(i) Significant terms and conditions

The 2013 borrowings consist of NSW Treasury Corporation floating and fixed rate loans. NSW Treasury Corporation loans are based upon instalment payments of interest only and repayment or rollover of principal at maturity. All borrowings are secured by Government Guarantee.

(c) Repayment of NSW T Corp borrowing

Following the announcement of a successful bidder for the Newcastle Package, NSW Treasury advised that the Corporations outstanding debt portfolio would be settled from proceeds received from the sale of the Newcastle Package.

The Corporation's fixed rate loans were settled on 6 May 2014 by drawing down short term loans with a maturity at 30 May 2014. The long term loans were previously carried at amortised cost but were settled at the market capital value, which is the amount that is settled to retire the book value of the debt portfolio at the current market yields, excluding accrued interest. As a result, the total market value loss on settlement of the long term loan portfolio of $3.5 million is recognised in the Statement of Comprehensive Income and attributed to discontinued operations. For further details refer to note 6.

The short term loans plus additional loans drawn during the year end and accrued interest were settled on 30 May 2014 by way of an authorised distribution of $121.4 million from the transaction proceeds.

(d) Deferred settlement borrowings

In accordance with the direction of the Budget Committee of Cabinet (BCC) a number of parcels of port related land were transferred to NPC during the year ended 30 June 2010.

(i) The remaining amount payable to State Property Authority was settled on 13 June 2014.
(ii) The remaining amount payable to Rail Infrastructure Corporation was settled on 13 June 2014.

(e) Financial risk management

Details regarding credit risk, liquidity risk and market risk arising from financial instruments are further disclosed in note 26.

17 Non-current liabilities - Other

	Corporation 2014 $'000	Corporation 2013 $'000
Unearned income	**-**	1,067

A grant for $1.225 million was received from the Department of Industry and Infrastructure during 2011 year towards the refurbishment of the Channel Berth for the accommodation of cruise and naval vessels. The amount has been derecognised as part of the long term lease.

18 Contributed equity

(a) Ordinary share capital

	Notes	**Corporation 2014 $'000**	Corporation 2013 $'000
Balance at the beginning of the financial year		**158,240**	156,500
Injection from land transfer	18(b)	**7,528**	1,740
Balance at the end of the financial year	18(c)	**165,768**	158,240

(b) Injection from land transfer

On 4 November 2013, NSW Cabinet approved a transfer of land from Hunter Development Corporation (HDC) to NPC to be included in the long term lease of the Port of Newcastle. The portion of the transfer relating to vacant land was treated as an equity injection in accordance with NSW Treasury Accounting Policy TPP 09- 3 contributions by owners made to wholly owned Public Sector Entities. Nil consideration was paid for this vacant land. The fair value of this land was assessed as $7.5 million.

(c) Voting shareholders

The State Owned Corporations Act 1989 (as amended) requires the Corporation to have two voting shareholders. As at 30 June 2014 they were the Treasurer, The Hon Andrew Constance MP, and the Minister for Finance and Services The Hon Dominic Perrottet MP. Each shareholder must at all times have an equal share in the equity of the Corporation. As at 30 June 2014 each shareholder held a $1 share.

(d) Capital risk management

During the year the Corporations strategy, unchanged from 2013, was to maintain a gearing ratio within investment grade. The gearing ratio as at year end was as follows:

	Notes	**Corporation 2014 $'000**	Corporation 2013 $'000
Total borrowings	16	**-**	95,098
Total equity		**54,286**	311,500
Total capital		**54,286**	406,598
Gearing ratio		**-%**	23.0%

19 Reserves and retained earnings

(a) Asset revaluation reserve

	Notes	**Corporation 2014 $'000**	Corporation 2013 $'000
Balance at the beginning of the financial year		**115,517**	115,600
Revaluation of property, plant and equipment, net of tax	11	**780,792**	(83)
De-recognition of deferred tax associated to assets and liabilities disposed of through long term lease recognised through revaluation reserve		**65,007**	-
Transfer from revaluation reserve to retained earnings on assets disposed of property, plant and equipment	5	**(956,028)**	-
Balance at the end of the financial year		**5,288**	115,517

The asset revaluation reserve is used to record increments and decrements, to the extent that they offset one another, in the fair value of property, plant and equipment. The revaluation of property, plant and equipment of $780.792M above is comprised of a revaluation increment of $799.395M less income tax effect of $18.603M and inclusive of the channel valuation of $737.4M which was tax neutral and therefore no deferred tax impact.

(b) Retained earnings

	Notes	**Corporation 2014 $'000**	Corporation 2013 $'000
Balance at the beginning of the financial year		**37,743**	27,679
Net profit for the year		**27,157**	20,751
Transfer from revaluation reserve to retained earnings on assets disposed		**956,028**	-
Dividends provided for or paid		**(15,000)**	(15,384)
Distribution to Restart NSW	19(b)(i)	**(636,232)**	-
Distribution to Port Assets Ministerial Holding Corporation	19(b)(ii)	**(20,391)**	-
Forgiveness of intercompany loan balances	19(b)(iii)	**15,300**	-
Post employment benefit actuarial gain		**1,910**	6,541
Income tax expense on Post employment benefit actuarial gain		**(573)**	(1,962)
Write back revaluation reserve and DTL on derecognition of plant		**-**	118
Write down of investment recognised directly in equity	19(b)(iv)	**(482,712)**	**-**
Balance at the end of the financial year		**(116,770)**	**37,743**

19 Reserves and retained earnings (continued)

(b) Retained earnings (continued)

(i) Distribution to Restart NSW

Following the refinancing of the Newcastle Package (for further details refer to Note 1) cash proceeds of $1.575 billion million were paid directly to the Restart NSW fund established by the NSW Government; $636 million of these proceeds related to the Corporation as a stand alone entity. In substance the transaction is treated as a disposal by the Corporation and in lieu of cash proceeds, is recognised as a distribution to Restart NSW, net of a purchase price adjustment in relation to the Newcastle Package and an authorised distribution to settle the Corporation's outstanding loan portfolio.

(ii) Distribution to Ports Assets Ministerial Holding Corporation

Immediately following the completion of the sale of Port of Newcastle Operations Pty Limited and the execution of a 98 year finance lease by Port of Newcastle Lessor Pty Limited, Port of Newcastle Lessor Pty Limited was transferred to the Ports Assets Ministerial Holding Corporation (a NSW Government agency) for nil consideration. This was treated as a distribution by the Corporation.

(iii) Forgiveness of intercompany loan balances

On 1 January 2014, Port of Newcastle Operations Pty Limited and Port of Newcastle Lessor Pty Limited were established in order to facilitate the disposal of the Newcastle Package (refer to Note 1 for further details). Whilst under the control of Newcastle Port Corporation, the new entities did not establish individual bank accounts and as such, the Corporation made and received payments on behalf of its subsidiaries as a result of day-to-day trading. Immediately prior to the completion of the transaction, a net balance was owed by the Corporation to its subsidiaries and was forgiven under the terms of the transaction. Under NSW Treasury Policy Paper TPP 09-3, Contributions made by owners to wholly-owned public sector entities, the transaction is accounted for as a direct adjustment to equity.

(iv) Write down of investment recognised directly in equity

Following the execution of the 98 year finance lease by Port of Newcastle Lessor Pty Limited, the carrying value of the Corporation's investment in Port of Newcastle Lessor Pty Limited was impaired and written down to the value of its net assets. In the Corporation's standalone accounts, this is also treated as a direct adjustment to equity under NSW Treasury Policy Paper TPP 09-3, Contributions made by owners to wholly-owned public sector entities.

20 Contingent assets and contingent liabilities

The Corporation had no contingent assets at 30 June 2014 (2013: nil).

The Corporation had no contingent liabilities at 30 June 2014 (2013: $3 million)

21 Commitments

(a) Capital commitments

	Corporation 2014 $'000	Corporation 2013 $'000
Within one year (including GST)	**-**	655

(b) Lease commitments: group as lessee

(i) Non-cancellable operating leases

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**62**	136
Later than one year but not later than five years	**-**	86
Total including GST	**62**	222

22 Events occurring after the reporting period

On 7 April 2014 the NSW Budget Committee of Cabinet approved the amalgamation of Sydney Ports Corporation (SPC) and Port Kembla Port Corporation (PKPC) into Newcastle Port Corporation (NPC) as provided for in the Ports Assets (Authorised Transactions) Act 2012. On 23 June 2014 the Treasurer signed Ministerial Orders transferring the assets, rights and liabilities of SPC and PKPC to NPC effective from 1 July 2014. An additional Ministerial Order of the same date was signed transferring the staff employed in SPC and PKPC to NPC effective from 1 July 2014. On 1 July 2014 the Minister for Roads and Freight announced the start of operations of the amalgamated State Owned Corporation trading as Port Authority of New South Wales.

Port Authority of New South Wales is primarily responsible for all commercial marine functions for the ports of Newcastle, Sydney Harbour, Botany Bay, Port Kembla, Eden and Yamba. These functions include the provision of Harbour Masters, pilotage and navigation services, and port safety functions as prescribed in the Port Safety Operating License, such as the provision and maintenance of navigation aids, marine pollution emergency response and administering legislation concerning the handling, transportation and storage of dangerous goods within the jurisdiction of the ports. It is also the regulator of the Hunter Coal Export Framework.

Port Authority of New South Wales is also responsible for the management of business activities and related assets in Sydney Harbour, predominantly cruise activities at its two facilities, the Overseas Passengers Terminal at Circular Quay and the White Bay Cruise Terminal at White Bay. Other business activities include management of the dry bulk facility at Glebe Island and being an active participant in the Hunter Valley Coal Chain Coordinator. The amalgamation has no financial impact on these 30 June 2014 financial statements.

Management is not aware of any other events occurring after the balance sheet date requiring disclosure.

23 Remuneration of auditors

	Corporation 2014 $	Corporation 2013 $
Fees paid or payable to the Audit Office of NSW for services provided in accordance with the *Public Finance and Audit Act*.	**152,000**	117,800

24 Director and Executive disclosure

The Directors of Newcastle Port Corporation during the financial year or up to and including the date of signing the financial statements were:

Nicholas Whitlam	Chairman from 28 October 2013 and Director from 18 July 2013 to 27 October 2013
Paul Jeans	Chairman to 27 October 2013
John Carter	Director to 30 June 2014
Eileen Doyle	Director
Grant Gilfillan	Chief Executive Officer from 1 October 2013 and Director from 22 November 2013
Shaun Kindleysides	Staff Director resigned 30 June 2014
Michelle McPherson	Director to 30 June 2014
Gary Webb	Chief Executive Officer to 30 September 2013
Penny Bingham-Hall	Director from 1 July 2014
Robert Dunn	Director from 1 July 2014
Gerard Sutton	Director from 1 July 2014

The Executives of Newcastle Port Corporation during the financial year were:

Ron Sorensen	General Manager - Operations
David Callaghan	General Manager - Finance and Corporate Services
Peter Francis	General Manager - Port Development resigned 30 May 2014
Michael Dowzer	General Manager - Strategy Efficiency and Governance resigned 30 May 2014
Tony Houlcroft	Human Resource Manager resigned 30 May 2014

(a) Key management personnel compensation

	Corporation 2014 $	Corporation 2013 $
Short-term employee benefits	**1,381,669**	1,353,992
Post-employment benefits	**144,907**	196,124
Termination benefits	**698,442**	-
	2,225,018	1,550,116

Remuneration paid to Directors is in accordance with rates determined by the Premier's Office.

Remuneration paid to the CEO and Executives is determined by the Corporation's Remuneration Committee.
Key management personnel received no loans nor any other benefits during the year.

25 Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated	Corporation
	2014	2013
	$'000	$'000
Profit from ordinary activities after income tax equivalent	**498,828**	20,751
Depreciation and amortisation	**5,620**	6,225
Assets contributed for nil consideration	**-**	(50)
Revaluation decrements	**5,380**	-
Finance lease income	**(172)**	-
Early debt settlement	**3,455**	-
Gain on discontinued operations	**(491,442)**	-
Net (gain) loss on sale of non-current assets	**389**	56
Impairment loss	**988**	-
Defined benefit expense	**585**	856
Change in operating assets and liabilities:		
(Increase) / decrease in trade and other receivables	**(3,512)**	3,788
(Increase) / decrease in inventories	**461**	(314)
(Decrease) / increase in trade and other payables	**255**	(5,581)
(Increase) decrease in deferred tax assets	**4,431**	**-**
(Decrease) / increase in borrowings	**-**	136
(Decrease) / increase in tax payable	**(1,083)**	1,245
(Decrease) / increase in deferred tax liabilities	**(6,242)**	(302)
(Decrease) / increase in leave provisions	**(410)**	195
Net cash inflow from operating activities	**17,531**	27,005

26 Financial risk management

The Corporation's principal financial instruments are outlined below. These financial instruments arise directly from the Corporation's operations or are required to finance the Corporation's operations. The Corporation does use derivative instruments to manage exposure to risk however does not use derivatives for speculative purposes.

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 this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Financial risk management is provided by NSW Treasury Corporation (T Corp) under a set of policies approved by the Corporation's Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas including liquidity risk, interest rate risk, foreign exchange risk, commodity risk, permitted instruments and counterparty credit risk. Compliance with policies is reviewed by the Audit Committee on a continuous basis.

The Corporation manages debt and investments within the framework of the *Public Authorities (Financial Arrangements) Act 1987*.

26 Financial risk management (continued)

(a) Financial instruments held

	Notes	**Corporation 2014 $'000**	Corporation 2013 $'000
Financial assets			
Cash	7	**369**	608
T Corp Hourglass facility	7	**25,508**	17,606
Trade receivables	8	**1,382**	3,958
Lease receivable	8	**30,388**	-
Accrued income and other receivables	8	**2,953**	2,574
Total financial assets		**60,600**	24,746
Financial liabilities			
Trade and other payables	14	**21,493**	26,307
Borrowings	16	**-**	67,142
Deferred settlements	16	**-**	27,956
Total financial liabilities		**21,493**	121,405

(b) 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 impairment).

Credit risk arises from the financial assets of the Corporation, including cash and trade and other receivables. No collateral is held by the Corporation. The Corporation has not granted any financial guarantees.

Credit risk associated with the Corporation's financial assets, other than trade and other receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

As the finance lease receivable represents the net investment in the lease and all lease payments have been paid up front, there is no associated credit risk.

Cash and T Corp Hourglass facility

Cash comprises cash on hand and at bank with the Commonwealth Bank under the Government Banking division. Interest is earned on a daily bank balance basis and credited monthly. Deposits held in the NSW Treasury Corporation Cash Hourglass facility are guaranteed by the State of NSW and are AAA rated by Standard and Poors.

26 Financial risk management (continued)

(b) Credit risk (continued)

Trade receivables
All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Sound debt recovery procedures are established and followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the Corporation will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. Invoices are raised on 7 day terms. Interest may be charged on outstanding debt in accordance with the *Ports and Maritime Administration Act*.

The Corporation is not materially exposed to concentrations of credit risk to a single trade debtor, group of debtors or industry sector. Based on past experience, the Corporation has had limited exposure to impaired or bad debts. The majority of debts are paid within 15 days.

Major concentrations of credit risk that arose from the Corporation's receivables during the year in relation to the industry categories and location of the customers by the percentage of the total revenues from customers are:

	2014	2013
	%	%
Mining industry	**84**	82
Manufacturing industry	**10**	10
Agricultural industry	**6**	8
	100	100
Asia	**95**	94
Australia	**2**	2
Other	**3**	4
	100	100

Trade Receivables is the only financial asset that has individual transactions that are past due or impaired. The transactions relate to port charges or rent. A summary of past due or impaired debtors is as follows:

	2014	2013
	$000	$000
Past due but not impaired > 30 days		
<3 months overdue	**23**	357
3 months - 6 months overdue	**70**	17
> 6 months overdue	**26**	64
	119	438

The Corporation has policies in place to ensure that sales and services are made to customers with an appropriate credit history.

The Corporation has policies in place to ensure that cash deposits are held with counterparties with an appropriate credit rating.

(c) 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 risk through monitoring future cash flows and maturities planning to ensure adequate holdings of high quality liquid assets.

The Corporation has Public Authorities Financial Arrangement Act approval of a T Corp borrowing limit of $80 million of which $80 million was unused as at 30 June 2014 ($17.9 million unused as at 30 June 2013). The approval also provides for T Corp Come and Go facility of $15 million. Planned future capital expenditure will be funded through T Corp borrowings. Future committed expenditure is disclosed in note 21.

26 Financial risk management (continued)

(c) Liquidity risk (continued)

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 periods data and current assessment of risk.

Liabilities are recognised for amounts due to be paid in the future for goods and services, whether or not invoiced. Amounts owing to suppliers are settled within trade terms. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice is received.

The table below outlines the maturity analysis of the Corporation's financial liabilities. Fair value represents market value which is the amount which would be repaid to retire the debt at 30 June 2014 at current market yields plus accrual interest.

Contractual maturities of financial liabilities **30 June 2014**	**Non interest bearing $'000**	**< 1 year $'000**	**< 1 < 5 years $'000**	**> 5 years $'000**	**Total contrac-tual cash flows $'000**	**Fair value $'000**
Trade payables	**420**	**-**	**-**	**-**	**-**	**-**
Borrowings	**-**	**-**	**-**	**-**	**-**	**-**
Deferred settlements -SPA	**-**	**-**	**-**	**-**	**-**	**-**
Deferred settlements- RIC	**-**	**-**	**-**	**-**	**-**	**-**
Total financial liabilities	**420**	**-**	**-**	**-**	**-**	**-**
30 June 2013						
Trade payables	2,245	-	-	-	-	-
Borrowings	-	4,211	35,879	27,052	67,142	72,800
Deferred settlements -SPA	-	-	12,763	-	12,763	12,065
Deferred settlements- RIC	-	1,997	8,503	15,740	26,240	15,891
Total financial liabilities	2,245	6,208	57,145	42,792	106,145	100,756

(d) 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 the market price. The Corporation's exposures to market risk are primarily through interest rate risk on the Corporation's borrowings and other price risks associated with the movement in the unit price of the T Corp Hourglass investment facility. The Corporation has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the table below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Corporation operates and the time frame for the assessment. The sensitivity analysis is based on risk exposures in existence at 30 June 2014. The analysis is performed on the same basis for 2013. The analysis assumes that all other variables remain constant.

26 Financial risk management (continued)

(d) Market risk (continued)

(i) Interest rate risk

Exposures to interest rate risk arises primarily through the Corporation's interest bearing liabilities. The risk is minimised by undertaking mainly fixed rate borrowings with T Corp. The Corporation does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale. Therefore for these financial instruments a change in interest rates would not effect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The Corporation's exposure to interest rate risk is provided as follows:

30 June 2014

			Carrying amount	Profit	Equity
			$000	$000	$000
Asset					
Cash at bank	**+/-**	**1%**	**369**	**4**	**4**
Liabilities					
Borrowings	**+/-**	**1%-**	-	-	

30 June 2013

Asset					
Cash at bank	+/-	1%	605	6	6
Liabilities					
Borrowings	+/-	1%	95,098	951	951

(ii) Other price risk- NSW Treasury Corporation

Exposure to "other price risk" arises through the investment in the T Corp Cash Hourglass facility, which is held for strategic rather than trading purposes. The Corporation has no direct equity investments.

Funds were held in the T Corp Cash Hourglass facility for the years ended 30 June 2014 and 30 June 2013. The Cash facility is categorised as Investment Sector and consists of cash and money market instruments. The investment horizon is up to 2 years.

The unit price of the facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for the facility. Unit prices are calculated and published daily.

T Corp as trustee for the facility is required to act in the best interest of the unit holders and to administer the trust in accordance with the trust deed. As trustee, T Corp has appointed managers to manage the performance and risks of the facility in accordance with a mandate agreed by the parties. However, T Corp, acts as manager for part of the Cash Hourglass facility. A significant portion of the administration of the facility is outsourced to an external custodian.

Investment in the T Corp Cash Hourglass facility limits the Corporation's exposure to risk, as it is relatively short term, however allows diversification with different investment horizons and mix of investments.

T Corp provides sensitivity analysis information for the cash facility, using historically based volatility information. The T Corp Hourglass facility is recognised as cash and measured at fair value with any change in unit price impacting on profit rather than equity.

26 Financial risk management (continued)

(d) Market risk (continued)

(ii) Other price risk- NSW Treasury Corporation (continued)

30 June 2014

			Carrying amount	Profit
			$000	$000
T Corp Hourglass cash facility	**+/-**	**1%**	**25,508**	**255**
T Corp Hourglass medium term growth facility	**+/-**	**6%**	**-**	**-**

30 June 2013

			Carrying amount	Profit
			$000	$000
T Corp Hourglass cash facility	+/-	1%	17,006	170
T Corp Hourglass medium term growth facility	+/-	6%	600	36

(e) Fair value

Financial instruments are generally recognised at cost, with the exception of the T Corp Cash hourglass facility and derivative financial instruments which are measured at fair value. The facility is valued using redemption pricing.

The Corporation considers the carrying amount of the financial instrument approximates its net fair values.

(f) Fair value recognised in the statement of financial position

The following hierarchy is used for disclosing the fair value of financial instruments by valuation technique:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

30 June 2014	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets at fair value				
T Corp Hourglass facility trust	**-**	**25,508**	**-**	**25,508**

30 June 2013	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets at fair value				
T Corp Hourglass facility trust	-	17,606	-	17,606

26 Financial risk management (continued)

(f) Fair value recognised in the statement of financial position (continued)

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

27 Recognised fair value measurements

To provide an indication about the reliability of the inputs used in determining fair value, the corporation has classified its non- financial assets and liabilities into the three levels prescribed under the accounting standards. An explanation of each level is provided in Note 26.

30 June 2014	**Notes**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets					
Land and buildings		**-**	**-**	**13,751**	**13,751**
Roads		**-**	**-**	**81**	**81**
Wharves and Jetties		**-**	**-**	**1,377**	**1,377**
Plant		**-**	**-**	**5,924**	**5,924**
Total non- financial assets	11	**-**	**-**	**21,133**	**21,133**

The group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

(a) Valuation techniques used to determine level 2 and level 3 fair values

(i) Property, plant and equipment

The Corporation obtains independent valuations for its roads, wharves and jetties, breakwaters, major items of plant and its freehold land and buildings (classified as property, plant and equipment) at least every three to five years.

At the end of each reporting period, the directors update their assessment of the fair value of each item of property, plant and equipment, taking into account the most recent independent valuations. The directors determine a value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar assets. Where such information is not available the directors consider information from a variety of sources including:

- current prices in an active market for land and building of different nature or recent prices of similar land and building in less active markets, adjusted to reflect those differences;
- discounted cash flow projections based on reliable estimates of future cash flows; and
- assessment of independent valuation against likely future revenue from agreements for lease or potential future leases

27 Recognised fair value measurements (continued)

(a) Valuation techniques used to determine level 2 and level 3 fair values (continued)

(i) Property, plant and equipment (continued)

Description	Fair value at 30 June 2014	Valuation Method	Unobservable inputs	Relationship of unobservable inputs to fair value
Land and buildings	13,751	Land- fair value based on current market prices for existing use Buildings- Fair value based on current market prices for existing use, and fair value based on current market prices for the highest and best use under the present zoning of the land on which they are built	Land and buildings - Rate per square meter and the added value uplift	An increase in the rate per square meter and an increase in added value uplift will increase the market value
Roads	81	Depreciated replacement cost	Replacement cost (cost per unit times per meter), total asset life, remaining useful life	An increase in the replacement cost and the remaining useful life will increase the fair value.
Wharves and Jetties	1,377	Depreciated replacement cost	Replacement cost (cost per unit times per meter), total asset life, remaining useful life	An increase in the replacement cost and the remaining useful life will increase the fair value.
Plant	5,924	Market value	Replacement cost (cost per unit times per meter), total asset life, remaining useful life	An increase in the replacement cost and the remaining useful life will increase the fair value.

27 Recognised fair value measurements (continued)

(b) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the period ended 30 June 2014 for recurring fair value measurements:

	Land and building $'000	Roads $'000	Wharves and Jetties $'000	Breakwaters $'000	Rail $'000	Plant $'000	Total $'000
Closing balance 30 June 2013	-	-	-	-	-	-	-
Adoption of AASB 13	356,926	6,208	63,431	14,144	-	20,817	461,526
Additions	23,014	1,588	321	-	664	3,386	28,973
Disposals	(380,677)	(10,951)	(78,181)	(758,386)	(3,801)	(20,381)	(1,252,377)
Depreciation	(338)	(475)	(1,186)	(74)	(3)	(1,392)	(3,468)
Gains recognised in other comprehensive income	14,826	3,711	16,992	744,316	3,140	3,494	786,479
Closing balance 30 June 2014	13,751	81	1,377	-	-	5,924	21,133

<End of Report>