

CURRENT

An Update from Sydney Ports Corporation

September 2008

New look Sydney Ports Corporation

Sydney Ports Corporation measures our success in terms of how good we are in helping our customers and stakeholders achieve their own business objectives.

Over the next 10 to 20 years, trade through Sydney ports is set to double, creating new logistic and management challenges.

One of my primary aims since commencing as CEO in January has been to ensure Sydney Ports has the right people and the right focus to meet these challenges, proactively and holistically.

Over the last few months we have undergone significant internal change and appointed a number of senior staff with extensive industry experience.

The result is an organisation with a strong commercial and logistics focus, and improved skills in the areas of inter-port competition and management of international shipping.

Our challenge now is to put these skills into action and to ensure our improved operations and services are visible and beneficial to our customers, stakeholders and to the wider community.

In a survey undertaken earlier this year, stakeholders highlighted a number of areas where they would like to see Sydney Ports to improve.

In response to this feedback, a team from throughout the organisation is in the process of implementing projects that should reflect our new approach and strengthened abilities, in both our day-to-day operations and our strategic and development plans.

While our overall approval rating dropped marginally with this most recent survey, it was reassuring to see that the revitalised Sydney Ports is in line with our stakeholders' needs and expectations.

It is also heartening that our stakeholder's expectations are for us to take a more affirmative leadership role, and I believe we are now better able to do this.

We recognise, and you reminded us, that our challenge is finding an operational model which balances our economic, political and social boundaries and yet provides the maximum benefits for industry and for the State of NSW.

I look forward to sharing more about the new direction for Sydney Ports Corporation and working with you to develop successful and harmonious partnerships.

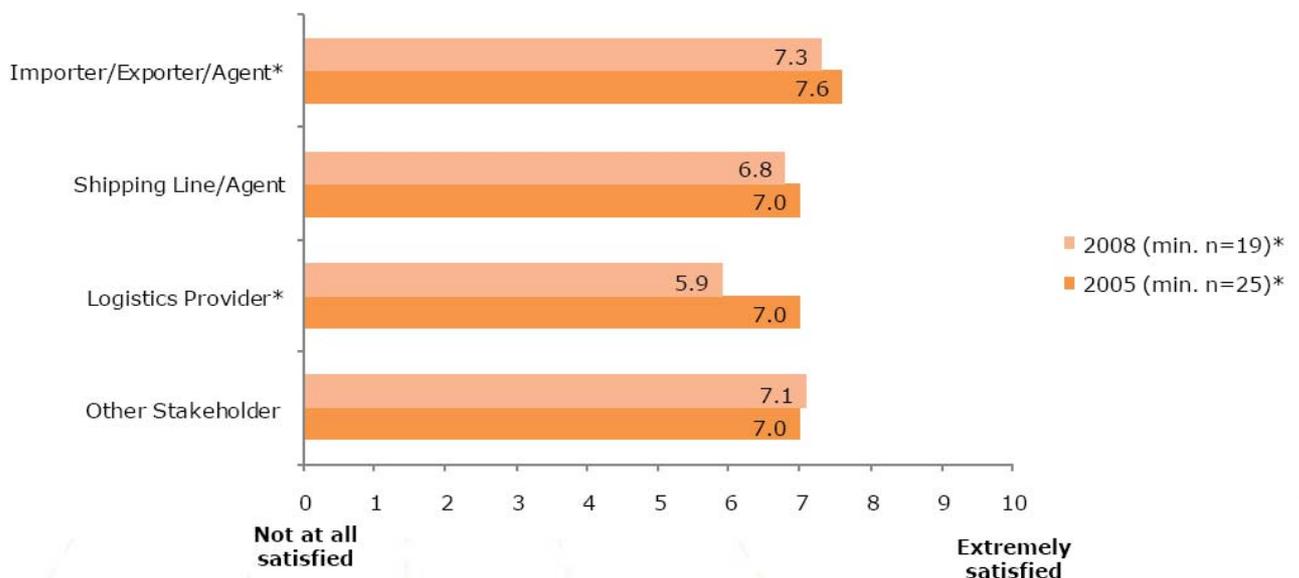
Grant Gilfillan
Chief Executive Officer

Stakeholder satisfaction survey

Between February and May 2008, Sydney Ports Corporation engaged a leading market research company to survey more than 150 stakeholders from across a range of industries and sectors.

Stakeholders gave an average satisfaction rating of 6.8 (out of 10). Although overall satisfaction has fallen slightly since 2005 (from 7.2) 64% of those interviewed in 2008 awarded an overall satisfaction score of 7 out of 10 or higher.

Overall satisfaction



* Small sample size, results indicative only

Our stakeholders were most satisfied with our operations in the areas of:

- emergency response (7.5),
- environmental management (7.4), and
- marine services/ marine response (7.2).

Opportunities for us to improve our operations were identified as:

- pilotage (40%),

The areas where stakeholders indicated the lowest level of satisfaction include:

- rail access (4.9), and
- road access (5.2).

- problem mediation (37%), and
- land leasing and property management (35%).

Managing and developing port facilities

Construction starts on \$1 billion Port Botany Expansion

Construction on the \$1 billion expansion of Port Botany commenced in July, with the turning of the first soil by the Premier of NSW, Morris Iemma.

The expansion will double the capacity of the Port Botany container terminal over the 60 hectare development, with five new shipping berths and 1,850 metres of new wharves to be built.

A Boulderstone Hornibrook–Jan de Nul consortium will build the new port facility, with construction to be complete by March 2011 and the first ship expected to berth and unload its containers in early 2012.

Construction will be staged to ensure minimal interference with existing port operations.

Dredging is due to commence in early September with a cutter-suction dredge the Nu Bounty. Early preparatory works are complete with environmental monitoring, site clearance and collection of seeds for transplanting.



Right: Premier Morris Iemma with Minister Joe Tripodi congratulates a Baulderstone Hornibrook employee at the turning of the soil ceremony at Port Botany.

Tenders for third terminal open

The international tender to select a stevedore to operate the third terminal at Port Botany has opened.

Sydney Ports Corporation has invited expressions of interest as part of a two stage process to select the operator. Applicants will have to demonstrate their capability and expertise in the areas of financial and resource capability; container terminal experience and ability to resource and manage the new terminal.

From these applications Sydney Ports will invite short listed proponents to formally tender to operate the new terminal. Sydney Ports Corporation expects the stevedore to be chosen by early 2009. The land area will be available for fit-out by the successful proponent in 2011 with the first berths available for trade from 2012.

Environment

Work starts on rehabilitation of Penrhyn Estuary

The \$8 million rehabilitation of Penrhyn Estuary, part of the environmental enhancement works for the Port Botany expansion, has commenced with the construction of a temporary shorebird roosting island, transplantation of seagrass and propagation of saltmarsh seeds.

A temporary bird roosting island has been built to provide a high tide roosting area for use by migratory shorebird species which frequent the Estuary during the construction of the new terminal.

This island will later be replaced by 3 permanent bird roosting islands which together with expanded intertidal sand flats and new saltmarsh habitat will result in over 17 hectares of shorebird habitat at Penrhyn Estuary.

The collection and propagation of over 200,000 saltmarsh seeds has begun. Seedlings will be grown in nurseries prior to planting in the newly created saltmarsh habitat. *Posidonia australis*, a high conservation value species of seagrass, to be directly affected by the expansion project has been transplanted to Quibray Bay. Six and a half hectares of new seagrass habitat will also be created as part of the rehabilitation works.

The rehabilitation works has also involved the removal of mangroves as they colonise shorebird habitat and compete with saltmarsh for space. The mangroves less than 1m in height were removed by hand and transplanted to new sites in Sutherland Shire.

Sydney Ports Corporation has been monitoring key environmental aspects of the Estuary and will continue to monitor these aspects to assess success of the estuary rehabilitation project.



Left: Little tern and their mother at Botany Bay

Community

Sydney Ports helps create outdoor classroom for South Sydney High

Sydney Ports Corporation has donated native trees and shrubs worth more than \$2000 to help create an outdoor classroom at South Sydney High School.

Students designed the area as an outdoor leaning environment as well as a place to encourage native birds and animals.

On Planet Ark's National Schools Tree Day on 25 July, Sydney Ports Corporation staff helped students plant 100 seedlings and to mulch their new outdoor classroom.

Sydney Ports' environmental management staff also made a presentation to students on the habitat enhancement projects associated with the Port Botany Expansion.



Above: Students from South Sydney High School plant a tree donated by Sydney Ports Corporation on National School's Tree Day.

Port, businesses and neighbours to work together

A new *Port Neighbourhood Liaison Group* held its first meeting in August 2008.

The group aims to enhance communication between businesses at the port and port neighbours, by creating a forum for the exchange of ideas and discussion on areas of impact.

Members include representatives of community organisations such as the La Perouse Precinct Committee, Botany Environment Watch and local and nationwide boating and fishing associations. Businesses operating at the port - stevedores, bulk liquids importers and customs - and three councils, Botany, Randwick and Rockdale, are also represented. Member for Maroubra, Michael Daley whose electorate encompasses the port, is also a member.

Facilitating trade

Trade Highlights

Preliminary trade figures through Sydney's ports for the financial year 2007-08 show that container trade increased by 9.8 per cent compared to last year, and totalled over 1.778 million TEUs.

This is the seventh consecutive year of growth in container trade since 2000/2001, with a compounded annual growth rate at 8.7 per cent. Goods imported in containers increased by 11 per cent over last year and exports grew by 4.2 per cent.

Commodities such as manufactured products, machinery and transport equipment and chemicals contributed to the increase in imports with the main countries these came from being China, United States and New Zealand. Exports to countries such as China, New Zealand and Indonesia of commodities like chemicals, machinery and transport equipment has maintained our export growth despite a decline in agriculture products such as cotton.

Total trade through Sydney's ports was 29.2 million mass tonnes, 5.0 per cent higher than last year. Trade in bulk liquids and gases increased by 18.1 per cent over last year.

For more trade information visit www.sydneyports.com.au

*TEU – Twenty Foot Equivalent Unit