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FINANCIAL STATEMENTS



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INDEPENDENT AUDIT REPORT

MARITIME AUTHORITY OF NSW AND CONTROLLED ENTITY



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Maritime Authority of New South Wales

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Maritime Authority of New South Wales (the Authority), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Authority and the consolidated entity. The consolidated entity comprises the Authority and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority and the consolidated entity as at 30 June 2011, and of their financial performance for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *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.

The Acting Chief Executive's Responsibility for the Financial Statements

The Acting Chief Executive is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act, and for such internal control as the Acting Chief Executive determines is necessary to enable the preparation of the financial statements 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 controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Acting Chief Executive, as well as evaluating the overall presentation of the financial statements.

INDEPENDENT AUDIT REPORT

MARITIME AUTHORITY OF NSW AND CONTROLLED ENTITY

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

My opinion does *not* provide assurance:

- about the future viability of the Authority or consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of 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 any other information, which 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 other 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 role by the possibility of losing clients or income.



C J Giumelli
Director, Financial Audit Services

28 October 2011
SYDNEY

CHIEF EXECUTIVE'S STATEMENT

MARITIME AUTHORITY OF NSW AND CONTROLLED ENTITY

MARITIME AUTHORITY OF NSW Financial Statements

For the year ended 30 June 2011

STATEMENT BY CHIEF EXECUTIVE

Pursuant to Section 41C (1B) and (1C) of the *Public Finance and Audit Act 1983*, I declare that in my opinion:

1. The accompanying Financial Statements exhibit a true and fair view of the Authority's financial position as at 30 June 2011 and the transactions for the year then ended.
2. The statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010*, and the Treasurer's Directions.

Further, I am not aware of any circumstances which would render any particulars included in the Financial Statements to be misleading or inaccurate.



Tony Middleton
Acting Chief Executive

28 October 2011

STATEMENT OF COMPREHENSIVE INCOME

MARITIME AUTHORITY OF NSW AND CONTROLLED ENTITY
FOR THE YEAR ENDED 30 JUNE 2011

| | Note | Consolidated | | Parent | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2011 \$000 | 2010 \$000 | 2011 \$000 | 2010 \$000 |
| INCOME | | | | | |
| Rendering of services: | | | | | |
| Port management | 5 | 1,208 | 1,250 | 1,208 | 1,250 |
| Channel fees | 6 | 11,354 | 8,342 | 11,354 | 8,342 |
| Boat licences | 7 | 18,932 | 18,246 | 18,932 | 18,246 |
| Boat registrations | 8 | 20,522 | 20,368 | 20,522 | 20,368 |
| Moorings | 9 | 7,697 | 7,705 | 7,697 | 7,705 |
| Commercial vessel charges | 10 | 3,041 | 3,058 | 3,041 | 3,058 |
| Lease revenue: | | | | | |
| Rentals | 11 | 38,538 | 36,808 | 38,538 | 36,808 |
| Investment income | 12 | 13,178 | 15,163 | 13,178 | 15,163 |
| Other income: | | | | | |
| Gain on revaluation of investment property | | 1,101 | 1,730 | 1,101 | 1,730 |
| Other | 13 | 6,294 | 11,907 | 6,287 | 11,907 |
| Contract revenue | 14 | 259 | 238 | 259 | 238 |
| Total income | | 122,124 | 124,815 | 122,117 | 124,815 |
| EXPENSES | | | | | |
| Employee related expenses | 15 | 40,739 | 39,221 | 39,998 | 44,478 |
| Contract service expenses | 16 | 23,600 | 22,056 | 23,600 | 22,056 |
| Fuel, protective clothing and other materials | | 1,111 | 1,117 | 1,111 | 1,117 |
| Utilities and communications | | 3,272 | 3,366 | 3,272 | 3,366 |
| Administration | 17 | 8,589 | 8,300 | 8,194 | 7,920 |
| Depreciation and amortisation | | 14,391 | 11,417 | 14,391 | 11,417 |
| Grants and subsidies | 18 | 2,373 | 5,233 | 2,373 | 5,233 |
| Better Boating Program | | 4,652 | 3,896 | 4,652 | 3,896 |
| Finance costs | 19 | 8,137 | 9,896 | 8,137 | 9,896 |
| Audit fees – audit of the financial statements | | 188 | 170 | 188 | 170 |
| Net loss on disposal of assets | 20 | 3,381 | 6,827 | 3,381 | 6,827 |
| Total expenses | | 110,433 | 111,499 | 109,297 | 116,376 |
| Surplus for the year | | 11,691 | 13,316 | 12,820 | 8,439 |
| Other comprehensive income | | | | | |
| Other comprehensive income in accumulated funds | | | | | |
| Superannuation actuarial gains (losses) | | 1,129 | (4,877) | – | – |
| Other comprehensive income in asset revaluation reserve | | | | | |
| Revaluation increment | | 206,864 | 150,102 | 206,864 | 150,102 |
| Other comprehensive income for the year | | 207,993 | 145,225 | 206,864 | 150,102 |
| Total comprehensive income for the year | | 219,684 | 158,541 | 219,684 | 158,541 |

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011
FOR THE YEAR ENDED 30 JUNE 2011

| | Note | Consolidated | | | Parent | | |
|--|------|------------------|----------------------------|--|------------------|------------------|--|
| | | 2011 \$'000 | 2010 restated \$'000 | As at 1 July 2009 restated \$'000 | 2011 \$'000 | 2010 \$'000 | As at 1 July 2009 restated \$'000 |
| ASSETS | | | | | | | |
| Current assets | | | | | | | |
| Cash and cash equivalents | 21 | 32,120 | 39,160 | 59,634 | 31,419 | 38,092 | 58,713 |
| Trade and other receivables | 22 | 32,230 | 27,752 | 20,158 | 32,230 | 27,752 | 20,118 |
| Inventories | 23 | 143 | 137 | 173 | 143 | 137 | 173 |
| Financial assets at fair value through profit or loss | 24 | 43,740 | 39,013 | 35,679 | 43,740 | 39,013 | 35,679 |
| Total current assets | | 108,233 | 106,062 | 115,644 | 107,532 | 104,994 | 114,683 |
| Non-current assets | | | | | | | |
| Trade and other receivables | 22 | 31,435 | 45,785 | 60,215 | 30,955 | 45,678 | 60,074 |
| Property, plant and equipment | 25 | 1,508,593 | 1,258,412 | 955,210 | 1,508,593 | 1,258,412 | 955,210 |
| Investment property | 26 | 132,289 | 131,188 | 129,458 | 132,289 | 131,188 | 129,458 |
| Intangible assets | 27 | 978 | 983 | 855 | 978 | 983 | 855 |
| Total non-current assets | | 1,673,295 | 1,436,368 | 1,145,738 | 1,672,815 | 1,436,281 | 1,145,597 |
| Total assets | | 1,781,582 | 1,542,430 | 1,261,382 | 1,780,347 | 1,541,275 | 1,260,280 |
| LIABILITIES | | | | | | | |
| Current liabilities | | | | | | | |
| Trade and other payables | 28 | 55,678 | 51,056 | 44,837 | 90,112 | 86,697 | 73,622 |
| Interest bearing borrowings | 29 | 20,595 | 16,689 | 13,334 | 20,595 | 16,689 | 13,334 |
| Provisions | 30 | 21,389 | 21,123 | 34,564 | 5,500 | 6,117 | 22,709 |
| Total current liabilities | | 97,662 | 88,868 | 92,735 | 116,207 | 109,503 | 109,665 |
| Non-current liabilities | | | | | | | |
| Trade and other payables | 28 | 236,129 | 199,973 | 51,552 | 219,220 | 181,217 | 36,717 |
| Interest bearing borrowings | 29 | 25,130 | 45,725 | 62,414 | 25,130 | 45,725 | 62,414 |
| Provisions | 30 | 2,817 | 3,034 | 3,197 | – | – | – |
| Total non-current liabilities | | 264,076 | 248,732 | 117,163 | 244,350 | 226,942 | 99,131 |
| Total liabilities | | 361,738 | 337,600 | 209,898 | 360,557 | 336,445 | 208,796 |
| Net assets | | 1,419,790 | 1,204,830 | 1,051,484 | 1,419,790 | 1,204,830 | 1,051,484 |
| EQUITY | | | | | | | |
| Asset revaluation reserve | | 889,122 | 648,064 | 509,789 | 889,122 | 648,064 | 509,789 |
| Accumulated funds | | 530,668 | 556,766 | 541,695 | 530,668 | 556,766 | 541,695 |
| Total equity | | 1,419,790 | 1,204,830 | 1,051,484 | 1,419,790 | 1,204,830 | 1,051,484 |

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

MARITIME AUTHORITY OF NSW AND CONTROLLED ENTITY
FOR THE YEAR ENDED 30 JUNE 2011

| | Note | Consolidated | | Parent | |
|---|-----------|-----------------|-----------------|-----------------|-----------------|
| | | 2011 \$000 | 2010 \$000 | 2011 \$000 | 2010 \$000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from customers | | 115,926 | 101,297 | 115,926 | 101,297 |
| Payments to suppliers and employees | | (96,173) | (87,604) | (95,806) | (87,751) |
| Interest received | | 5,368 | 5,699 | 5,368 | 5,699 |
| Contract receipts from development projects | | 259 | 238 | 259 | 238 |
| Net GST refund received from the Australian Tax Office | | 5,287 | 2,272 | 5,287 | 2,272 |
| Payments for Better Boating Program | | (4,652) | (3,896) | (4,652) | (3,896) |
| Net cash flows from operating activities | 21 | 26,015 | 18,006 | 26,382 | 17,859 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Proceeds from sale of property, plant and equipment | | 4,396 | 6,923 | 4,396 | 6,923 |
| Purchase of property, plant and equipment | | (24,935) | (25,770) | (24,935) | (25,770) |
| Receipt of lease revenue – Maritime Trade Tower lease | | 23,812 | 22,189 | 23,812 | 22,189 |
| Loan to Marine Rescue NSW | | (3,000) | – | (3,000) | – |
| Marine Rescue NSW loan repaid | | 200 | – | 200 | – |
| Net cash flows from investing activities | | 473 | 3,342 | 473 | 3,342 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Contribution paid to Government | | (4,000) | (15,309) | (4,000) | (15,309) |
| Payment of lease expense – Maritime Trade Tower lease | | (24,801) | (23,179) | (24,801) | (23,179) |
| Net cash flows used in financing activities | | (28,801) | (38,488) | (28,801) | (38,488) |
| Net decrease in cash and cash equivalents | | (2,313) | (17,140) | (1,946) | (17,287) |
| Cash and cash equivalents at the beginning of the year | | 78,173 | 95,313 | 77,105 | 94,392 |
| Cash and cash equivalents at the end of the year | 21 | 75,860 | 78,173 | 75,159 | 77,105 |

The above statement of cash flows should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

MARITIME AUTHORITY OF NSW AND CONTROLLED ENTITY
FOR THE YEAR ENDED 30 JUNE 2011

| | Note | Consolidated | | Parent | |
|--|------|------------------|------------------|------------------|------------------|
| | | 2011 \$000 | 2010 \$000 | 2011 \$000 | 2010 \$000 |
| Accumulated funds | | | | | |
| Balance at 1 July | | 556,766 | 541,695 | 556,766 | 541,695 |
| Surplus for the year | | 11,691 | 13,316 | 12,820 | 8,439 |
| Other comprehensive income for the year | | 1,129 | (4,877) | – | – |
| Total other comprehensive income for the year | | 12,820 | 8,439 | 12,820 | 8,439 |
| Transactions with owners in their capacity as owners | | | | | |
| Transfer from (to) asset revaluation reserve on disposal | | (34,194) | 11,827 | (34,194) | 11,827 |
| Assets transferred to Port Kembla Port Corporation | | – | (695) | – | (695) |
| Assets transferred from (to) Sydney Ferries | | – | (500) | – | (500) |
| Assets transferred to Land and Property Management Authority | | (6,385) | – | (6,385) | – |
| Assets transferred from Sydney Olympic Park Authority | | 2,351 | – | 2,351 | – |
| Assets transferred from Sydney Harbour Foreshore Authority | | 3,310 | – | 3,310 | – |
| Distribution to Government | | (4,000) | (4,000) | (4,000) | (4,000) |
| Total transactions with owners in their capacity as owners | | (38,918) | 6,632 | (38,918) | 6,632 |
| Balance at 30 June | | 530,668 | 556,766 | 530,668 | 556,766 |
| Effect of change in accounting policy and correction of errors in previous year | | | | | |
| Surplus for the period as recognised in 2010 | | | 9,228 | | 4,351 |
| Effect of accounting policy change for long-term leases of land | 36 | | 4,088 | | 4,088 |
| Restated surplus for the year | | | 13,316 | | 8,439 |
| Accumulated funds at 1 July as recognised in 2010 | | | | | |
| Accumulated funds at 1 July as recognised in 2010 | | | 273,530 | | 273,530 |
| Effect of accounting policy change for long-term leases of land | 36 | | 268,165 | | 268,165 |
| Restated accumulated funds | | | 541,695 | | 541,695 |
| Asset revaluation reserve | | | | | |
| Balance at 1 July | | 648,064 | 509,789 | 648,064 | 509,789 |
| Total other comprehensive income | | 206,864 | 150,102 | 206,864 | 150,102 |
| Revaluation transferred from (to) equity on disposal | | 34,194 | (11,827) | 34,194 | (11,827) |
| Balance at 30 June | | 889,122 | 648,064 | 889,122 | 648,064 |
| Total equity | | | | | |
| Balance at 1 July | | 1,204,830 | 1,051,484 | 1,204,830 | 1,051,484 |
| Comprehensive income for the year | | 219,684 | 158,541 | 219,684 | 158,541 |
| Transactions with owners in their capacity as owners | | (38,918) | 6,632 | (38,918) | 6,632 |
| Revaluation transferred from (to) equity on disposal | | 34,194 | (11,827) | 34,194 | (11,827) |
| Balance at 30 June | | 1,419,790 | 1,204,830 | 1,419,790 | 1,204,830 |

The above statement of changes in equity should be read in conjunction with the accompanying notes

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

MARITIME AUTHORITY OF NSW AND CONTROLLED ENTITY
FOR THE YEAR ENDED 30 JUNE 2011

1 INFORMATION ABOUT THE MARITIME AUTHORITY OF NSW

The Maritime Authority of NSW (NSW Maritime) was established on 1 July 1995 under the *Ports and Maritime Administration Act 1995*, as a statutory authority with responsibility for "all waterways management functions under the marine legislation other than those relating to any vessel that either requires a pilot...or whose master is the holder of a Pilotage Exemption Certificate that applies to that vessel". The financial statements for the year ended 30 June 2011 were authorised for issue by the Chief Executive on 28 October 2011. The Maritime Authority of NSW's registered business name is NSW Maritime.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010* and the Treasurer's Directions. The financial statements have been prepared on the basis of accrual accounting using historical cost conventions, except for non-current physical assets and investment properties which are reported at fair value, and superannuation which is shown at actuarially assessed present value. NSW Maritime and its controlled entity are not-for-profit entities as profit is not their principal objective.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

a) Changes in accounting policy

In accordance with NSW Treasury policy, NSW Maritime has changed its accounting policy in relation to the treatment of long-term land leases. Such long-term leases are now treated as finance leases if substantially all of the risks and rewards incidental to ownership are transferred to the lessee. Previously, all long-term land leases were treated as operating leases.

The change in policy has been adopted as a consequence of the issue of amended Accounting Standard AASB 117 Leases and the subsequent issue by NSW Treasury of tpp 11-01 *Accounting Policy: Lessor classification of long-term land leases*. The change in policy leads to an accounting treatment which more accurately reflects the substance of the transaction.

The impact of changes in accounting policies on each line item in the financial statements and the comparative figures is shown in note 36. It is not practicable to show the financial effect on each line item of earlier financial statements.

b) New accounting standards and interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the consolidated entity for the annual reporting period ending 30 June 2011. These are outlined in the table below.

| Reference | Title | Summary | Financial year of application |
|-----------|---|--|-------------------------------|
| AASB 7 | Financial Instruments: Disclosures | Introduces disclosure requirements for transfer of financial assets, including in respect of the nature of the financial assets involved and the risks associated with them. | 30 June 2012 |
| AASB 9 | Financial Instruments | Simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. | 30 June 2014 |
| AASB 108 | Accounting Policies, Changes in Accounting Estimates and Errors | Minor editorial change and will not result in a material financial impact on the financial statements. | 30 June 2012 |
| AASB 110 | Events after the Reporting Period | Minor editorial change and will not result in a material financial impact on the financial statements. | 30 June 2012 |
| AASB 119 | Employee Benefits | Minor editorial change and will not result in a material financial impact on the financial statements. | 30 June 2012 |
| AASB 137 | Provisions, Contingent Liabilities and Contingent Assets | Minor editorial change and will not result in a material financial impact on the financial statements. | 30 June 2012 |
| AASB 139 | Financial Instruments: Recognition and Measurement | Clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract. | 30 June 2012 |

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Basis of consolidation

The consolidated entity comprises NSW Maritime and its controlled entity the Maritime Authority of NSW Division. The Maritime Authority of NSW Division (the Division) is a division of the Government Service, established pursuant to Part 2 of Schedule 1 to the *Public Sector Employment and Management Act 2002*. Its sole objective is to provide personnel services to NSW Maritime. They are consolidated as part of the NSW Total State Sector Accounts. In the process of preparing the consolidated financial statements for the economic entity consisting of NSW Maritime and the Division, all inter-entity transactions and balances have been eliminated.

d) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank, cash in hand and TCorp Hour-Glass cash facilities. For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash in hand and all TCorp Hour-Glass investment facilities.

e) Trade and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at invoiced amount, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are accounted for in the statement of comprehensive income when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. Collectability of receivables is reviewed on an ongoing basis and, where necessary, an impairment provision is recorded in accordance with accounting policy note 2(h).

f) Inventories

A perpetual inventory system is adopted and is supported by monthly stocktakes of fuel and annual stocktakes of maps. Ending balance of fuel inventories, which are held for distribution, is reported at the lower of average cost or average replacement cost. Ending balance of maps inventories, which are held for sale, is reported at the lower of cost and net realisable value.

g) Financial assets at fair value

NSW Maritime determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates them at each financial year end. The classifications are:

Fair value through profit or loss – NSW Maritime measures investments classified as “held for trading” or designated upon initial recognition “at fair value through profit or loss” at fair value. Financial assets are classified as “held for trading” if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the statement of comprehensive income.

The Hour-Glass investment facilities are designated at fair value through profit or loss using the second leg of the fair value option i.e. these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to NSW Maritime’s key management personnel.

Designation at fair value through profit or loss is consistent with NSW Maritime’s documented risk management strategy because that strategy requires management to monitor the fair value of its Hour-Glass investments as a basis for assessing the risk associated with the investment.

The movement in the fair value of the Hour-Glass investment facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item ‘investment income’.

NSW Maritime currently has no investments “held to maturity” or “available for sale”.

h) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that NSW Maritime will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the statement of comprehensive income.

Any reversals of impairment losses are reversed through the statement of comprehensive income, where there is objective evidence that the reversal is justified. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds the carrying amount which would have been reported had there not been an impairment loss.

i) De-recognition of financial assets and financial liabilities

A financial asset is derecognised when:

- the contractual rights to the cash flows from the financial assets expire
- NSW Maritime transfers the financial asset where substantially all the risks and rewards have been transferred; or
- NSW Maritime transfers the financial asset and has not retained control of that asset

Where NSW Maritime has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of NSW Maritime’s continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or the obligation is cancelled or expires.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

MARITIME AUTHORITY OF NSW AND CONTROLLED ENTITY
FOR THE YEAR ENDED 30 JUNE 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Property, plant and equipment

Property, plant and equipment costing \$500 and above individually is capitalised. Only those assets completed and ready for service are taken to the property, plant and equipment account. The remaining capital expenditures are carried forward as construction in progress and included under property, plant and equipment in the statement of financial position.

Under certain long-term lease agreements where development has been carried out by the private sector, NSW Maritime may take control of various wharf constructions after 99 years. Due to the length of time until control may be achieved, they are currently recorded at \$1. In addition, certain wetland leases may be returning to NSW Maritime in a relatively short period of time. These assets have been independently valued and are stated at fair value in the statement of financial position.

Following initial recognition at cost, property, plant and equipment is carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation and accumulated impairment losses. Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

| | Rates (%) |
|-----------------------------|-----------|
| Buildings | 2 – 5 |
| Plant and equipment: | |
| Plant – communications | 20 – 40 |
| Plant – mobile | 5 – 20 |
| Plant – outboard engines | 50 |
| Plant – vessels | 5 – 20 |
| Plant – other | 5 – 20 |
| Computer – hardware | 20 – 50 |
| Motor vehicles | 10 – 15 |
| Furniture and fittings | 7.5 – 20 |
| Infrastructure: | |
| Moorings | 0 – 5 |
| Navigational aids | 5 – 20 |
| Roadways | 5 |
| Wharves & jetties | 2.5 – 10 |
| Seawalls | 2.5 – 4 |

The assets residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each reporting date.

Revaluations of property, plant and equipment

Property, plant and equipment is valued at fair value in accordance with Australian Accounting Standard AASB 116 *Property, Plant and Equipment*. NSW Treasury Policy and Guidelines Paper tpp 07-1 *Accounting Policy: Valuation of Physical Non-Current Assets at Fair Value* provides additional guidance on applying AASB 116 to public sector assets.

All significant physical non-current assets were revalued during 2009-2010 with the exception of dredged assets. Dredged assets (principally channels) were independently valued at 30 June 2011, using the written down replacement cost methodology. Those assets not revalued are recorded at their historical cost or previously revalued amount, which is considered not to be materially different from fair value. The written down replacement cost of a number of assets has been established by qualified persons within NSW Maritime.

Any revaluation increment is credited to the asset revaluation reserve included in equity, except to the extent that it reverses a revaluation decrement for the same asset class previously recognised in the statement of comprehensive income, in which case the increment is recognised in the statement of comprehensive income. Any revaluation decrement is recognised in the statement of comprehensive income unless it directly offsets a previous revaluation increment for the same asset class, in which case the decrement is debited to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset class.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. Gains and losses on disposals are included in the statement of comprehensive income. Upon disposal of an asset, any revaluation reserve relating to that asset is transferred to accumulated funds.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists, the asset is written down to its recoverable amount, which is the greater of fair value less costs to sell and value in use. As NSW Maritime is a not-for-profit entity, value in use is defined as depreciated replacement cost. Impairment losses are recognised in the statement of comprehensive income.

Contributed assets

Assets transferred from other NSW State Government agencies at no cost are recorded at fair value directly to equity. Assets transferred from other entities at no cost are recorded at fair value through the statement of comprehensive income.

Port Corporation dredging

As NSW Maritime is the owner of the major NSW ports, costs incurred by Port Corporations in NSW in capital dredging (harbour deepening) of channels are recorded as a NSW Maritime asset. A corresponding amount is recorded as "Long term channel fees unearned income" and amortised over a period of 99 years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Investment properties

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are revalued annually and stated at fair value, which is based on active market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of comprehensive income in the year in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognition of an investment property are recognised in the statement of comprehensive income in the year of derecognition.

Transfers are made to and from investment property when, and only when, there is a change in use. Where properties are transferred from investment property, the deemed cost for subsequent accounting is its fair value at the date of change in use. Where properties are transferred to investment property, such properties are accounted for in accordance with the policy stated under note 2(i) up to the date of change in use.

l) Intangible assets

Intangible assets acquired separately are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets have been assessed to be finite. These intangible assets are amortised over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The useful life of intangible assets is also examined on an annual basis and adjustments, where applicable, are made on a prospective basis by changing the amortisation period or method, as appropriate, which is a change in an accounting estimate. The amortisation expense of intangible assets is recognised in the statement of comprehensive income. The amortisation rate for computer software is 20-50%.

m) Trade and other payables

Payables represent liabilities for goods, services and other amounts provided to NSW Maritime. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. Trade accounts payable are unsecured and are generally settled within their due date.

n) Leases

Where NSW Maritime is the lessor, leases in which it retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease rental receipts are recognised as revenue in the statement of comprehensive income on a straight line basis over the term of the lease. Where NSW Maritime is the lessee, operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

Leases in terms of which NSW Maritime assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Long term land leases (up to 99 years) are classified as finance leases where substantially all the risks and rewards incidental to ownership have been transferred to the lessee. This is in line with AASB 117 Leases and NSW Treasury Policy and Guidelines Paper tpp11-01 *Accounting Policy: Lessor classification of long-term land leases*. Where long term leases of land have been classified as finance leases, the land is recorded at a nominal value of \$1, the fair value of which increases towards the end of the lease term as the effect of the encumbrance diminishes.

o) Provisions

Provisions are recognised when NSW Maritime has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where NSW Maritime expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised in the statement of comprehensive income.

Employee leave benefits

i) Salaries, sick leave and annual leave

Liabilities for salaries and annual leave are recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees service up to that date. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. This is based on an actuarial assessment. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using Commonwealth bond rates.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

MARITIME AUTHORITY OF NSW AND CONTROLLED ENTITY
FOR THE YEAR ENDED 30 JUNE 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

iii) Payroll tax, fringe benefits tax and compulsory employer superannuation contributions

The outstanding amount of payroll tax, fringe benefits tax and compulsory employer superannuation contributions, which are consequential to employment, are recognised as liabilities and expenses where the employee entitlements to which they relate have been recognised and it is reasonably likely that the expense will be incurred at the time of paying the employee entitlement.

iv) Superannuation

NSW Maritime contributes to employee superannuation funds in addition to contributions made by employees. Such contributions are paid to nominated funds. NSW Maritime contributes to defined benefit schemes and accumulation schemes. Payments are applied towards the accruing liability for superannuation in respect of employees and are expensed in the statement of comprehensive income. Actuarial assessments are performed at each reporting date for the defined benefit schemes. Actuarial gains and losses are recognised as a movement in accumulated funds. Under funded defined benefit schemes are recognised as a non-current liability while over funded schemes are recognised as a non-current asset.

p) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:

- i) *Licences, registrations, and grants and subsidies* – where control of a right exists to receive consideration upon the completion of or a stage of services provided.
- ii) *Rentals and moorings* – where control of a right exists to receive consideration for the provision of assets has been attained in accordance with Australian Accounting Standard AASB 117 Leases.
- iii) *Interest* – where control of a right exists to receive consideration for the provision of, or investment in assets has been attained.
- iv) *Fines and penalties* – Fines and penalties are recognised on a cash basis when received from NSW Police Service Infringement Processing Bureau.
- v) *Marine Rescue Contribution* – From 1 September 2010, the former Minister for Ports and Waterways approved a Marine Rescue Contribution to be added to certain boat licences and registrations. The revenue collected from the contribution is for the sole purpose of Marine Rescue NSW to assist their voluntary work in marine safety throughout NSW. From September 2010 to May 2011 the contribution was paid to the NSW Rural Fire Service for forwarding to Marine Rescue NSW.

Since June 2011, the contribution was paid to Ministry for Police and Emergency Services for forwarding to Marine Rescue NSW. NSW Maritime is acting as agent for the collection of this contribution, it has no control over the actual level of revenue collected and has no exposure to the risks and rewards associated with the collection of the contribution. Consequently the contribution is not recognised by NSW Maritime as revenue. The contribution collected in 2010-11 and paid to the NSW Rural Fire Service and the Ministry for Police and Emergency Service for forwarding to Marine Rescue NSW totalled \$3.754M.

q) Financial expenses

Lease interest is recognised as a financial expense and is accrued using the effective interest rate method. This is a method of calculating the amortised cost of a finance lease liability and allocating the interest expense over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future payments over the lease term to the net carrying amount of the lease liability.

r) Insurance

NSW Maritime's insurance requirement is managed by the NSW Treasury Managed Fund. NSW Maritime had the following coverage in place during the year: workers' compensation, public liability, motor vehicle, property and miscellaneous.

s) Distribution policy

NSW Maritime pays distributions to the Consolidated Fund. These distributions are from operations. Distributions from operations are provided after the results for the year have been determined and cash requirements for subsequent periods, according to forward estimates, have been satisfied. Distributions from operations are paid in two equal instalments each year, the first on 1 August and the second on 1 December.

t) Income and other taxes

NSW Maritime is a non-budget dependent general government agency and is not subject to the income tax equivalent regime.

Revenues, expenses and assets are recognised net of the amount of GST except:

- i) when the GST incurred on the purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the good or service, and
- ii) in relation to receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from or payable to the Australian Taxation Office is included as part of receivables or payables in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the Australian Taxation Office is included in operating cash flows. Commitments and contingencies are disclosed at the gross amount, including any GST.

3 FINANCIAL INSTRUMENTS

NSW Maritime's principal financial instruments comprise receivables, payables, finance leases, cash and short-term deposits.

NSW Maritime manages its exposure to key financial risks in accordance with NSW Maritime's risk management policy. The objective of the policy is to facilitate the effective management of potential opportunities and adverse effects.

The main risks arising from NSW Maritime's financial instruments are interest rate risk, credit risk and liquidity risk. NSW Maritime uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rates. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, and liquidity risk is monitored through the development of cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with the Finance Manager under the authority of the Chief Executive. The General Manager Corporate Services reviews and agrees policies for managing each of the risks identified below, including the setting of limits for credit allowances, and future cash flow forecast projections.

a) Financial instrument categories

| | Note | Category | Consolidated | | Parent | |
|--------------------------------|------|---|---------------|---------------|---------------|---------------|
| | | | 2011 \$000 | 2010 \$000 | 2011 \$000 | 2010 \$000 |
| FINANCIAL ASSETS | | | | | | |
| Cash and cash equivalents | 21 | N/A | 32,120 | 39,160 | 31,419 | 38,092 |
| Receivables | 22 | Loans and receivables at amortised cost excluding prepayments and statutory receivables | 12,908 | 10,478 | 12,908 | 10,478 |
| Financial assets at fair value | 24 | At fair value through profit or loss – designated as such upon initial recognition | 43,740 | 39,013 | 43,740 | 39,013 |
| FINANCIAL LIABILITIES | | | | | | |
| Payables | 28 | Financial liabilities measured at amortised cost, excluding unearned income | 13,907 | 13,315 | 13,269 | 12,390 |
| Borrowings | 29 | Finance lease liabilities measured at amortised cost | 45,725 | 62,414 | 45,725 | 62,414 |

b) Credit risk

Credit risk arises from the financial assets of NSW Maritime, which comprise cash and cash equivalents, receivables and financial assets at fair value. NSW Maritime's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets (net of any allowance for impairment). Exposure at reporting date is addressed in each applicable note. NSW Maritime trades only with recognised, creditworthy third parties, and as such collateral is not requested. NSW Maritime has not securitised its trade and other receivables and has not granted any financial guarantees. Credit risk associated with NSW Maritime's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash

Comprises cash on hand and at bank and TCorp Hour-Glass cash facilities.

Receivables – trade debtors

All trade debtors are recognised as amounts receivable at reporting date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are 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 NSW Maritime 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. No interest is earned on trade debtors. Sales are normally made on 7 day terms.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

MARITIME AUTHORITY OF NSW AND CONTROLLED ENTITY
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3 FINANCIAL INSTRUMENTS (CONTINUED)

Major concentrations of credit risk that arise from NSW Maritime debtors in relation to the industry categories and location of the customer by the percentage of the total receivable from customers are:

| Categories | 2011 (%) | 2010 (%) |
|------------------------|------------|------------|
| Boating industries | 12 | 14 |
| Government authorities | 35 | 30 |
| Other business | 53 | 56 |
| | 100 | 100 |

Based on past experience, debtors that are less than 3 months past due (2011: \$2.397M; 2010: \$1.860M) are not considered impaired. Total unimpaired debtors represent 87% (2010: 90%) of the total debtors. There are no debtors which would otherwise be past due or impaired whose terms have been renegotiated. The only financial assets that are past due or impaired are 'trade debtors' and 'rental debtors' in the 'receivables' category of the statement of financial position.

| | Total \$000 | Not past due \$000 | Past due but not impaired \$000 | Considered impaired \$000 |
|-----------------------------|----------------|--------------------------|---------------------------------------|---------------------------------|
| 2011 – CONSOLIDATED | | | | |
| < 3 months overdue | 7,702 | 5,305 | 2,397 | – |
| 3 months – 6 months overdue | 50 | – | 50 | – |
| > 6 months overdue | 1,984 | – | 702 | 1,282 |
| | 9,736 | 5,305 | 3,149 | 1,282 |
| Allowance for impairment | (1,282) | – | – | (1,282) |
| Receivables | 8,454 | 5,305 | 3,149 | – |
| 2010 – CONSOLIDATED | | | | |
| < 3 months overdue | 6,772 | 4,912 | 1,860 | – |
| 3 months – 6 months overdue | 235 | – | 235 | – |
| > 6 months overdue | 2,444 | – | 1,478 | 966 |
| | 9,451 | 4,912 | 3,573 | 966 |
| Allowance for impairment | (966) | – | – | (966) |
| Receivables | 8,485 | 4,912 | 3,573 | – |
| 2011 – PARENT ENTITY | | | | |
| < 3 months overdue | 7,702 | 5,305 | 2,397 | – |
| 3 months – 6 months overdue | 50 | – | 50 | – |
| > 6 months overdue | 1,984 | – | 702 | 1,282 |
| | 9,736 | 5,305 | 3,149 | 1,282 |
| Allowance for impairment | (1,282) | – | – | (1,282) |
| Receivables | 8,454 | 5,305 | 3,149 | – |
| 2010 – PARENT ENTITY | | | | |
| < 3 months overdue | 6,772 | 4,912 | 1,860 | – |
| 3 months – 6 months overdue | 235 | – | 235 | – |
| > 6 months overdue | 2,444 | – | 1,478 | 966 |
| | 9,451 | 4,912 | 3,573 | 966 |
| Allowance for impairment | (966) | – | – | (966) |
| Receivables | 8,485 | 4,912 | 3,573 | – |

The aging analysis excludes statutory receivables and prepayments.

3 FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets at fair value

NSW Maritime has placed funds on deposit with TCorp, which has been rated "AAA" by Standard and Poors. These deposits are similar to money market or bank deposits and can be placed "at call" or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits vary. The deposits at balance date were earning an average interest rate of 6.70% (2010: 7.02%), while over the year the weighted average interest rate was 6.58% (2010: 6.67%) on a weighted average balance during the year of \$71.1M (2010: \$82.8M). None of these assets are past due or impaired.

c) Liquidity risk

Liquidity risk is the risk that NSW Maritime will be unable to meet its payment obligations when they fall due. NSW Maritime continuously manages liquidity risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets when required. The objective is to maintain a balance between continuity of funding and flexibility through the use of available liquid resources. Consequently exposure to liquidity risk is considered minimal.

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. NSW Maritime policy is to apply the judgement debt interest rate as stated in the Uniform Civil Procedures Rules 2005.

The table below summarises the maturity profile of financial liabilities, together with the interest rate exposure. All obligations are shown in present value terms.

| | Interest rate exposure | | | | | Maturity dates | | |
|----------------------------|------------------------|----------------------|------------------|---------------------|----------------------------|----------------|-----------------|-----------------|
| | Interest rate % | Nominal amount \$000 | Fixed rate \$000 | Variable rate \$000 | Non-interest bearing \$000 | < 1 year \$000 | 1-5 years \$000 | > 5 years \$000 |
| 2011 – CONSOLIDATED | | | | | | | | |
| Payables | | | | | | | | |
| Creditors | – | 13,907 | – | – | 13,907 | 13,907 | – | – |
| Borrowings | | | | | | | | |
| Finance leases | 13% | 45,725 | 45,725 | – | – | 20,595 | 25,130 | – |
| | – | 59,632 | 45,725 | – | 13,907 | 34,502 | 25,130 | – |
| 2010 – CONSOLIDATED | | | | | | | | |
| Payables | | | | | | | | |
| Creditors | – | 13,315 | – | – | 13,315 | 13,315 | – | – |
| Borrowings | | | | | | | | |
| Finance leases | 13% | 62,414 | 62,414 | – | – | 16,690 | 45,724 | – |
| | – | 75,729 | 62,414 | – | 13,315 | 30,005 | 45,724 | – |
| 2011 – PARENT | | | | | | | | |
| Payables | | | | | | | | |
| Creditors | – | 13,269 | – | – | 13,269 | 13,269 | – | – |
| Borrowings | | | | | | | | |
| Finance leases | 13% | 45,725 | 45,725 | – | – | 20,595 | 25,130 | – |
| | – | 58,994 | 45,725 | – | 13,269 | 33,864 | 25,130 | – |
| 2010 – PARENT | | | | | | | | |
| Payables | | | | | | | | |
| Creditors | – | 12,390 | – | – | 12,390 | 12,390 | – | – |
| Borrowings | | | | | | | | |
| Finance leases | 13% | 62,414 | 62,414 | – | – | 16,690 | 45,724 | – |
| | – | 74,804 | 62,414 | – | 12,390 | 29,080 | 45,724 | – |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

MARITIME AUTHORITY OF NSW AND CONTROLLED ENTITY
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3 FINANCIAL INSTRUMENTS (CONTINUED)

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 market prices. NSW Maritime's exposure to market risk is primarily through price risks associated with the movement in the unit price of the Hour-Glass investment facilities. NSW Maritime 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 information 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 NSW Maritime operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the reporting date. The analysis is performed on the same basis as last year. The analysis assumes that all other variables remain constant.

Interest rate risk

NSW Maritime has insignificant exposure to interest rate risk on its borrowings as its only borrowings arise from a long-term finance lease in which the interest rate is fixed.

NSW Maritime has some limited exposure to interest rate risk arising from its investment in interest-bearing cash balances. In assessing sensitivity, a reasonably possible change of +/- 2% 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. Exposure to interest rate risk is set out in the following table:

| | | -2% | | +2% | |
|----------------------------|--------------------------|-----------------|-----------------|-----------------|-----------------|
| | Carrying amount \$000 | Profit \$000 | Equity \$000 | Profit \$000 | Equity \$000 |
| 2011 – CONSOLIDATED | | | | | |
| <i>Financial assets</i> | | | | | |
| Cash and cash equivalents | 32,120 | (642) | (642) | 642 | 642 |
| 2010 – CONSOLIDATED | | | | | |
| <i>Financial assets</i> | | | | | |
| Cash and cash equivalents | 39,160 | (783) | (783) | 783 | 783 |
| 2011 – PARENT | | | | | |
| <i>Financial assets</i> | | | | | |
| Cash and cash equivalents | 31,419 | (628) | (628) | 628 | 628 |
| 2010 – PARENT | | | | | |
| <i>Financial assets</i> | | | | | |
| Cash and cash equivalents | 38,092 | (762) | (762) | 762 | 762 |

3 FINANCIAL INSTRUMENTS (CONTINUED)

Other price risk – TCorp Hour-Glass facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour-Glass investment facilities, which are held for strategic rather than trading purposes. NSW Maritime has no direct equity investments, and holds units in the following Hour-Glass investment trusts:

| Facility | Investment sectors | Investment horizon | 2011 \$000 | 2010 \$000 |
|-----------------------------|---|----------------------|---------------|---------------|
| Cash facility | Cash, money market instruments | Up to 1.5 years | 23,730 | 35,675 |
| Strategic cash facility | Cash, money market instruments Interest rate securities, Bank floating rate notes | 1.5 years to 3 years | 1,802 | – |
| Medium term growth facility | Cash, money market instruments Australian and international bonds listed property Australian and international shares | 3 years to 7 years | 30,847 | 28,792 |
| Long term growth facility | Cash, money market instruments, Australian and international bonds listed property, Australian and international shares | 7 years and over | 11,091 | 10,221 |
| | | | 67,470 | 74,688 |

The unit price of each 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 that facility. Unit prices are calculated and published daily. TCorp as trustee for each of the above facilities is required to act in the best interest of the unitholders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. However, TCorp acts as manager for part of the cash facility. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour-Glass facilities limits NSW Maritime's exposure to risk, as it allows diversification across a pool of funds, with different investment horizons and a mix of investments. TCorp provides sensitivity analysis information for each of the facilities, using historically based volatility information. The TCorp Hour-Glass investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on comprehensive income (rather than equity).

| | Impact on comprehensive income | | | |
|-----------------------------|--------------------------------|---------------|-------------------------|---------------|
| | Change in unit price | 2011 \$000 | Change in unit price | 2010 \$000 |
| Cash facility | +/- 1% | 237 | +/- 1% | 357 |
| Strategic cash facility | +/- 1% | 18 | +/- 1% | – |
| Medium term growth facility | +/- 6% | 1,851 | +/- 7% | 2,015 |
| Long term growth facility | +/- 15% | 1,664 | +/- 15% | 1,533 |

A reasonable possible change is based on the percentage change in unit price multiplied by the redemption price as at 30 June each year for each facility (as advised by TCorp).

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MARITIME AUTHORITY OF NSW AND CONTROLLED ENTITY
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3 FINANCIAL INSTRUMENTS (CONTINUED)

e) Fair value

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value. As discussed, the value of the Hour-Glass investments is based on NSW Maritime's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing. As at 30 June 2011 NSW Maritime recognised \$nil (2010: \$nil) amortised cost of financial instruments in the statement of financial position.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

| | Level 1 \$000 | Level 2 \$000 | Level 3 \$000 | Total \$000 |
|---|------------------|------------------|------------------|----------------|
| 2011 | | | | |
| Financial assets at fair value through profit or loss | | | | |
| TCorp Hour-Glass investment facilities | | | | |
| Long term growth facility | – | 11,091 | – | 11,091 |
| Medium term growth facility | – | 30,847 | – | 30,847 |
| Strategic cash facility | – | 1,802 | – | 1,802 |
| | – | 43,740 | – | 43,740 |

| | | | | |
|---|---|---------------|---|---------------|
| 2010 | | | | |
| Financial assets at fair value through profit or loss | | | | |
| TCorp Hour-Glass investment facilities | | | | |
| Long term growth facility | – | 10,221 | – | 10,221 |
| Medium term growth facility | – | 28,792 | – | 28,792 |
| | – | 39,013 | – | 39,013 |

There were no transfers between levels in the period.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Significant accounting judgements

Leases

Leases in terms of which NSW Maritime assumes substantially all risks and rewards of ownership are classified as finance leases. Other leases are treated as operating leases and are expensed in the statement of comprehensive income.

Impairment of non-financial assets

NSW Maritime assesses impairment of all assets at each reporting date by evaluating possible impairment conditions. These include changes in technology, economic and political environments and future customer expectations. If an impairment trigger exists, the recoverable amount of the asset is determined. In relation to the year ended 30 June 2011, management did not identify significant triggers for impairment testing and as such these assets have not been tested for impairment.

Capitalised development costs

Development costs are only capitalised when it can be demonstrated that the technical feasibility of completing the intangible asset is valid so that the asset will be available for use or sale.

Significant accounting estimates and assumptions

Make good provisions

A provision has been made for the present value of anticipated costs of future environmental restoration. The provision includes future cost estimates associated with remediation of the maritime environment. The calculation of this provision requires assumptions such as application of environmental legislation, community expectations, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision recognised is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs are recognised in the statement of financial position by adjusting both the expense and/or asset (if applicable) and provision.

Long service leave provision

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. This is based on an actuarial assessment. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using Commonwealth bond rates.

Net defined benefit superannuation asset or liability

The net defined benefit superannuation asset or liability arising from under funded or over funded obligations is assessed each year by independent consultants. This assessment requires assumptions in relation to future salary increases, changes in CPI and return on plan assets. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Valuation of infrastructure assets

Major infrastructure assets consisting of wharves and jetties, seawalls, roadways and dredged assets (channels) are revalued to fair value based on written down replacement cost. The determination of replacement cost, total useful life and remaining useful life of these assets require assessments and judgements based on available market evidence. The written down replacement cost methodology is in accordance with NSW Treasury Policy and Guidelines Paper tpp 07-1. Significant judgement is involved in assessing the fair value of the Authority's dredged assets (channels). The Authority has revalued these assets in accordance with an independent valuation report, which contains judgements as to appropriate costs per cubic metre of dredging, the nature of the material to be dredged, methods to be used etc. Any significant changes in these judgements is likely to result in a material change in the carrying value of dredged assets of \$949.3 million within Infrastructure assets.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

MARITIME AUTHORITY OF NSW AND CONTROLLED ENTITY
FOR THE YEAR ENDED 30 JUNE 2011

| | Consolidated | | Parent | |
|---|---------------|---------------|---------------|---------------|
| | 2011 \$000 | 2010 \$000 | 2011 \$000 | 2010 \$000 |
| 5 PORT MANAGEMENT | | | | |
| Wharfage | 195 | 210 | 195 | 210 |
| Site occupation charges | 54 | 97 | 54 | 97 |
| Ship utility charges | 2 | 3 | 2 | 3 |
| Navigation services | 635 | 611 | 635 | 611 |
| Pilotage | 199 | 193 | 199 | 193 |
| Storage facilities | 123 | 136 | 123 | 136 |
| | 1,208 | 1,250 | 1,208 | 1,250 |
| 6 CHANNEL FEES | | | | |
| Newcastle Port Corporation | 3,671 | 3,204 | 3,671 | 3,204 |
| Port Kembla Port Corporation | 2,183 | 1,664 | 2,183 | 1,664 |
| Sydney Ports Corporation | 3,666 | 3,203 | 3,666 | 3,203 |
| Channel deepening | 1,834 | 271 | 1,834 | 271 |
| | 11,354 | 8,342 | 11,354 | 8,342 |
| 7 BOAT LICENCES | | | | |
| One year licence | 2,220 | 1,987 | 2,220 | 1,987 |
| Three year licence – current year's portion | 16,367 | 15,897 | 16,367 | 15,897 |
| Licence tests | 345 | 362 | 345 | 362 |
| | 18,932 | 18,246 | 18,932 | 18,246 |
| 8 BOAT REGISTRATIONS | | | | |
| Initial | 1,094 | 799 | 1,094 | 799 |
| Renewal | 16,664 | 16,382 | 16,664 | 16,382 |
| Other | 2,764 | 3,187 | 2,764 | 3,187 |
| | 20,522 | 20,368 | 20,522 | 20,368 |
| 9 MOORINGS | | | | |
| Private | 6,233 | 5,995 | 6,233 | 5,995 |
| Commercial | 1,440 | 1,558 | 1,440 | 1,558 |
| Inspection fees | 24 | 152 | 24 | 152 |
| | 7,697 | 7,705 | 7,697 | 7,705 |
| 10 COMMERCIAL VESSELS CHARGES | | | | |
| Survey fees | 1,737 | 1,839 | 1,737 | 1,839 |
| Registration fees | 953 | 840 | 953 | 840 |
| Examinations | 95 | 169 | 95 | 169 |
| Other | 256 | 210 | 256 | 210 |
| | 3,041 | 3,058 | 3,041 | 3,058 |
| 11 RENTALS | | | | |
| Maritime Trade Tower – building | 12,244 | 10,491 | 12,244 | 10,491 |
| Commercial | 18,239 | 17,542 | 18,239 | 17,542 |
| Private | 8,011 | 8,274 | 8,011 | 8,274 |
| Superyacht charges | 44 | 501 | 44 | 501 |
| | 38,538 | 36,808 | 38,538 | 36,808 |

| | Consolidated | | Parent | |
|--|---------------|---------------|---------------|---------------|
| | 2011 \$000 | 2010 \$000 | 2011 \$000 | 2010 \$000 |
| 12 INVESTMENT INCOME | | | | |
| Bank and other interest | 279 | 119 | 279 | 119 |
| Interest – Maritime Trade Tower | 7,810 | 9,464 | 7,810 | 9,464 |
| TCorp investment facilities designated at fair value through profit or loss – gain on fair valuation | 5,089 | 5,580 | 5,089 | 5,580 |
| | 13,178 | 15,163 | 13,178 | 15,163 |
| 13 OTHER INCOME | | | | |
| Other boating fees | 1,758 | 1,761 | 1,758 | 1,761 |
| Miscellaneous services | 2,834 | 2,554 | 2,834 | 2,554 |
| Defined benefit superannuation schemes net income | 7 | – | – | – |
| Wharf assets received from local councils | – | 4,538 | – | 4,538 |
| Emerging asset – marina berth leases | 1,695 | 1,597 | 1,695 | 1,597 |
| Sale of Superyacht Marina | – | 1,457 | – | 1,457 |
| | 6,294 | 11,907 | 6,287 | 11,907 |
| 14 CONTRACT REVENUE | | | | |
| Maritime shelter signage | – | 8 | – | 8 |
| Realignment of James Craig Road | – | 230 | – | 230 |
| Restoration of cabling – Bank St Pyrmont | 50 | – | 50 | – |
| Multiplex Coach Layover car park | 209 | – | 209 | – |
| | 259 | 238 | 259 | 238 |
| 15 EMPLOYEE RELATED EXPENSES | | | | |
| Payroll services | – | – | 39,995 | 44,478 |
| Ordinary time | 29,350 | 27,680 | – | – |
| Long service leave | 1,815 | 2,386 | – | – |
| Recreation leave | 2,763 | 2,589 | – | – |
| Payroll tax and fringe benefits tax | 2,074 | 2,295 | – | – |
| Overtime | 480 | 501 | – | – |
| Sick leave | 530 | 684 | – | – |
| Voluntary separation payments | 326 | 42 | 3 | – |
| Other employee benefits and workers' compensation | 1,133 | 1,111 | – | – |
| Superannuation expenses | | | | |
| Accumulation schemes expense including contributions | 2,162 | 1,980 | – | – |
| Defined benefit superannuation schemes net expense | 106 | 357 | – | – |
| Accrual for salaries, enterprise agreement, annual leave and long service leave | – | (404) | – | – |
| | 40,739 | 39,221 | 39,998 | 44,478 |
| 16 CONTRACT SERVICE EXPENSES | | | | |
| Contractors | 8,989 | 8,448 | 8,989 | 8,448 |
| External labour | 3,879 | 2,467 | 3,879 | 2,467 |
| Maintenance agreements | 2,203 | 1,209 | 2,203 | 1,209 |
| Wharf maintenance | 5,679 | 7,426 | 5,679 | 7,426 |
| Navigational aids maintenance | 1,629 | 1,476 | 1,629 | 1,476 |
| Motor vehicle and vessel expenses | 1,154 | 979 | 1,154 | 979 |
| Other | 67 | 51 | 67 | 51 |
| | 23,600 | 22,056 | 23,600 | 22,056 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

MARITIME AUTHORITY OF NSW AND CONTROLLED ENTITY
FOR THE YEAR ENDED 30 JUNE 2011

| | Consolidated | | Parent | |
|---|----------------|----------------|----------------|----------------|
| | 2011 \$000 | 2010 \$000 | 2011 \$000 | 2010 \$000 |
| 17 ADMINISTRATION | | | | |
| Advertising | 482 | 673 | 482 | 673 |
| Collection fees | 304 | 708 | 304 | 708 |
| Printing | 883 | 828 | 883 | 828 |
| Rent | 1,100 | 1,034 | 1,100 | 1,034 |
| Training | 539 | 710 | 539 | 710 |
| Stationery and office supplies | 285 | 320 | 285 | 320 |
| Insurance | 629 | 616 | 629 | 616 |
| Travel | 1,102 | 932 | 708 | 553 |
| Legal fees | 781 | 1,414 | 781 | 1,414 |
| Management fees – port corporations | 32 | 241 | 32 | 241 |
| Internal audit fees and special reviews | 261 | 257 | 261 | 257 |
| Subscriptions, donations and professional fees | 110 | 129 | 110 | 129 |
| Other | 2,081 | 438 | 2,080 | 437 |
| | 8,589 | 8,300 | 8,194 | 7,920 |
| 18 GRANTS AND SUBSIDIES | | | | |
| Marine Rescue NSW | 1,442 | 4,481 | 1,442 | 4,481 |
| National Marine Safety Committee | 577 | 577 | 577 | 577 |
| Australia Day NSW Maritime staff support | 99 | 170 | 99 | 170 |
| Menai High School Boat Smart program | – | 5 | – | 5 |
| Sewage pumpout facilities White Bay Balmain | 253 | – | 253 | – |
| Sponsorship 19th NSW Coastal Conference | 2 | – | 2 | – |
| | 2,373 | 5,233 | 2,373 | 5,233 |
| 19 FINANCE COST | | | | |
| Interest – Maritime Trade Tower | 8,112 | 9,845 | 8,112 | 9,845 |
| Transactions and account keeping fees | 25 | 51 | 25 | 51 |
| | 8,137 | 9,896 | 8,137 | 9,896 |
| 20 NET LOSS ON DISPOSAL OF ASSETS | | | | |
| Property plant and equipment | | | | |
| Proceeds from sale of property, plant and equipment | 7,189 | 6,923 | 7,189 | 6,923 |
| Disposed and written off assets at cost | 61,261 | 16,146 | 61,261 | 16,146 |
| Less: accumulated depreciation | (50,693) | (2,396) | (50,693) | (2,396) |
| Written down value of disposed and written off assets | 10,568 | 13,750 | 10,568 | 13,750 |
| Net loss on disposal and write off of property, plant and equipment | (3,379) | (6,827) | (3,379) | (6,827) |
| Intangible Assets | | | | |
| Written off assets at cost | 532 | – | 532 | – |
| Less: accumulated depreciation | (530) | – | (530) | – |
| Written down value of written off assets | 2 | – | 2 | – |
| Net loss on write off of intangible assets | (2) | – | (2) | – |
| Net loss on disposal of property, plant and equipment | (3,381) | (6,827) | (3,381) | (6,827) |

| | Consolidated | | Parent | |
|---|---------------|---------------|---------------|---------------|
| | 2011 \$000 | 2010 \$000 | 2011 \$000 | 2010 \$000 |
| 21 CASH AND CASH EQUIVALENTS | | | | |
| Cash on hand | 53 | 50 | 53 | 50 |
| Cash at bank | 8,337 | 3,435 | 7,636 | 2,367 |
| TCorp Investments: Hour-Glass cash facility | 23,730 | 35,675 | 23,730 | 35,675 |
| Cash and cash equivalents in the statement of financial position | 32,120 | 39,160 | 31,419 | 38,092 |

Reconciliation of cash

The amount shown is fair value. For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand and TCorp investments. The TCorp investments are unit trust investment facilities which are at call.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:

| | | | | |
|--|---------------|---------------|---------------|---------------|
| Cash and cash equivalents (per statement of financial position) | 32,120 | 39,160 | 31,419 | 38,092 |
| Long term growth facility | 11,091 | 10,221 | 11,091 | 10,221 |
| Medium term growth facility | 30,847 | 28,792 | 30,847 | 28,792 |
| Strategic cash facility | 1,802 | – | 1,802 | – |
| Closing cash and cash equivalents (per statement of cash flows) | 75,860 | 78,173 | 75,159 | 77,105 |

Reconciliation of net cash flows from operating activities to net surplus (deficit)

| | | | | |
|--|---------------|---------------|---------------|--------------|
| Net cash provided by operating activities | 26,015 | 18,006 | 26,382 | 17,859 |
| Revaluation (decrement) increment on investment properties | 1,101 | 1,730 | 1,101 | 1,730 |
| Depreciation and amortisation | (14,391) | (11,417) | (14,391) | (11,417) |
| Interest paid shown as financing cash flow | (8,112) | (9,845) | (8,112) | (9,845) |
| Interest received shown as investing cash flow | 7,810 | 9,464 | 7,810 | 9,464 |
| Net loss on assets disposed, written off and granted | (3,381) | (6,917) | (3,381) | (6,917) |
| Non-cash assets received and recognised | 1,695 | 6,135 | 1,695 | 6,135 |
| Change in assets and liabilities | | | | |
| (Decrease) increase in current receivables | 61 | 9,468 | 61 | 9,468 |
| (Decrease) increase in inventory | 6 | (36) | 6 | (36) |
| Increase in non-current receivables | 476 | 652 | 83 | 505 |
| (Increase) in current payables | (4,622) | (9,352) | (3,415) | (16,168) |
| Decrease in non-current payables | 5,082 | 1,484 | 4,364 | 753 |
| Decrease in provisions | (49) | 2,319 | 617 | 5,283 |
| Net surplus (deficit) | 11,691 | 13,316 | 12,820 | 8,439 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

MARITIME AUTHORITY OF NSW AND CONTROLLED ENTITY
FOR THE YEAR ENDED 30 JUNE 2011

| | Consolidated | | Parent | |
|---|---------------|---------------|---------------|---------------|
| | 2011 \$000 | 2010 \$000 | 2011 \$000 | 2010 \$000 |
| 22 TRADE AND OTHER RECEIVABLES (CURRENT) | | | | |
| Trade debtors | 3,777 | 4,070 | 3,777 | 4,070 |
| Rental debtors | 6,350 | 5,075 | 6,350 | 5,075 |
| Payments in advance | 597 | 71 | 597 | 71 |
| Accrued income | 1,616 | 367 | 1,616 | 367 |
| Land sale receivables (a) | 19,819 | 16,002 | 19,819 | 16,002 |
| Net GST receivable | 615 | 2,827 | 615 | 2,827 |
| Other | 738 | 306 | 738 | 306 |
| Less: allowance for impairment | (1,282) | (966) | (1,282) | (966) |
| | 32,230 | 27,752 | 32,230 | 27,752 |

Movement in the allowance for impairment

| | | | | |
|--|--------------|------------|--------------|------------|
| Balance at 1 July | 966 | 3,111 | 966 | 3,111 |
| Amounts written off during the year | (837) | (1,669) | (837) | (1,669) |
| Increase in allowance recognised in profit or loss | 1,153 | (476) | 1,153 | (476) |
| Balance at 30 June | 1,282 | 966 | 1,282 | 966 |

Trade and other receivables (non-current)

| | | | | |
|-------------------------------|---------------|---------------|---------------|---------------|
| Superannuation surplus | 480 | 87 | – | – |
| Land sale receivables (a) | 24,253 | 44,072 | 24,253 | 44,072 |
| Other non-current receivables | 6,702 | 1,626 | 6,702 | 1,626 |
| | 31,435 | 45,785 | 30,955 | 45,698 |

a) Land sale receivables relate to the Maritime Trade Tower land which was sold in 1989 on a 96 year term with payments extending for 25 years. These amounts represent the capital portion owed. The purchaser's tenure is secured by a lease.

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in note 3.

23 INVENTORIES

| | | | | |
|---|-----|-----|-----|-----|
| Boating maps (at cost) and fuel (at average cost) | 143 | 137 | 143 | 137 |
|---|-----|-----|-----|-----|

24 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | | | | |
|--|---------------|---------------|---------------|---------------|
| TCorp Hour-Glass investment facilities | | | | |
| Long term growth facility | 11,091 | 10,221 | 11,091 | 10,221 |
| Medium term growth facility | 30,847 | 28,792 | 30,847 | 28,792 |
| Strategic cash facility | 1,802 | – | 1,802 | – |
| | 43,740 | 39,013 | 43,740 | 39,013 |

Details regarding credit risk, liquidity risk and market risk, arising from financial instruments are disclosed in note 3.

25 PROPERTY, PLANT AND EQUIPMENT (CONSOLIDATED AND PARENT ENTITY)

| | Construction in progress \$000 | Land and buildings \$000 | Infrastructure \$000 | Plant and equipment \$000 | Total \$000 |
|---|--------------------------------------|--------------------------------|-------------------------|---------------------------------|------------------|
| Year ended 30 June 2011 | | | | | |
| At 1 July 2010 | | | | | |
| Carrying amount | 10,309 | 117,185 | 1,114,072 | 16,846 | 1,258,412 |
| Additions | 2,834 | 1,358 | 12,449 | 8,022 | 24,663 |
| Assets transferred between classes | – | – | – | – | – |
| Transfers of assets from local agencies | – | – | 48,028 | – | 48,028 |
| Emerging assets – marinas | – | – | 1,695 | – | 1,695 |
| Disposal of assets | (1,546) | (6,386) | (7,596) | (1,425) | (16,953) |
| Revaluations | – | – | 206,864 | – | 206,864 |
| Depreciation charge for the year | – | (1,103) | (9,648) | (3,365) | (14,116) |
| At 30 June 2011 | | | | | |
| Carrying amount | 11,597 | 111,054 | 1,365,864 | 20,078 | 1,508,593 |
| At 1 July 2010 | | | | | |
| Cost or fair value | 10,309 | 122,259 | 1,285,860 | 25,915 | 1,444,343 |
| Accumulated depreciation and impairment | – | (5,074) | (171,788) | (9,069) | (185,931) |
| Carrying amount | 10,309 | 117,185 | 1,114,072 | 16,846 | 1,258,412 |
| At 30 June 2011 | | | | | |
| Cost or fair value | 11,597 | 117,231 | 1,498,972 | 30,147 | 1,657,947 |
| Accumulated depreciation and impairment | – | (6,177) | (133,108) | (10,069) | (149,354) |
| Carrying amount | 11,597 | 111,054 | 1,365,864 | 20,078 | 1,508,593 |

Asset stocktake

An asset stocktake of all items on the fixed asset register was undertaken during the year. Records were adjusted for stocktake results.

Valuation

All significant physical non-current assets except for dredged assets (channels) were revalued as at 30 June 2010 by independent external valuers. Dredged assets were independently valued at 30 June 2011.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

MARITIME AUTHORITY OF NSW AND CONTROLLED ENTITY
FOR THE YEAR ENDED 30 JUNE 201125 PROPERTY, PLANT AND EQUIPMENT (CONSOLIDATED AND PARENT ENTITY)
(CONTINUED)

| | Construction in progress \$000 | Land and buildings \$000 | Infrastructure \$000 | Plant and equipment \$000 | Total \$000 |
|---|--------------------------------------|--------------------------------|-------------------------|---------------------------------|------------------|
| Year ended 30 June 2010 | | | | | |
| <i>At 1 July 2009</i> | | | | | |
| Carrying amount | 5,728 | 126,415 | 807,920 | 15,147 | 955,210 |
| Additions | 4,581 | 1,975 | 14,082 | 6,734 | 27,372 |
| Assets transferred between classes | – | (26,362) | 26,362 | – | – |
| Transfers of assets from state and local agencies | – | – | 4,538 | – | 4,538 |
| Assets received from developer | – | – | 145,814 | – | 145,814 |
| Emerging assets – marinas | – | – | 1,597 | – | 1,597 |
| Disposal of assets held for sale | – | (10,967) | (2,419) | (1,651) | (15,037) |
| Revaluations | – | 27,405 | 122,697 | – | 150,102 |
| Depreciation charge for the year | – | (1,281) | (6,519) | (3,384) | (11,184) |
| <i>At 30 June 2010</i> | | | | | |
| Carrying amount | 10,309 | 117,185 | 1,114,072 | 16,846 | 1,258,412 |
| <i>At 1 July 2009</i> | | | | | |
| Carrying amount | 5,728 | 126,415 | 807,920 | 15,147 | 955,210 |
| <i>At 30 June 2010</i> | | | | | |
| Cost or fair value | 10,309 | 122,259 | 1,285,860 | 25,915 | 1,444,343 |
| Accumulated depreciation and impairment | – | (5,074) | (171,788) | (9,069) | (185,931) |
| Carrying amount | 10,309 | 117,185 | 1,114,072 | 16,846 | 1,258,412 |

| | Consolidated | | Parent | |
|-----------------------------------|----------------|----------------|----------------|----------------|
| | 2011 \$000 | 2010 \$000 | 2011 \$000 | 2010 \$000 |
| 26 INVESTMENT PROPERTY | | | | |
| Opening balance at 1 July | 131,188 | 129,458 | 131,188 | 129,458 |
| Changes in fair value | 1,101 | 1,730 | 1,101 | 1,730 |
| Closing balance at 30 June | 132,289 | 131,188 | 132,289 | 131,188 |

The fair value of investment properties has been determined by reference to independent valuations as at 30 June 2011. Such valuations are performed on an open market basis, being the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the valuation date, in accordance with Australian Valuation Standards.

| | Consolidated | | Parent | |
|---|---------------|---------------|---------------|---------------|
| | 2011 \$000 | 2010 \$000 | 2011 \$000 | 2010 \$000 |
| 27 INTANGIBLE ASSETS | | | | |
| Opening balance at 1 July | 983 | 855 | 983 | 855 |
| Additions (subsequent expenditure) | 272 | 361 | 272 | 361 |
| Written off | (2) | – | (2) | – |
| Depreciation charge for the year | (275) | (233) | (275) | (233) |
| Closing balance at 30 June | 978 | 983 | 978 | 983 |
| At 1 July | | | | |
| Cost | 5,639 | 5,306 | 5,639 | 5,306 |
| Accumulated depreciation and impairment | (4,656) | (4,451) | (4,656) | (4,451) |
| | 983 | 855 | 983 | 855 |
| At 30 June | | | | |
| Cost | 5,379 | 5,639 | 5,379 | 5,639 |
| Accumulated depreciation and impairment | (4,401) | (4,656) | (4,401) | (4,656) |
| | 978 | 983 | 978 | 983 |

Intangible assets consist of computer software which is not an integral part of a computer system and is recorded at cost. Intangible assets have been assessed as having a finite life and are amortised using the straight line method over 5 years. The assets are tested for impairment when an indicator of impairment arises.

28 TRADE AND OTHER PAYABLES

Current

| | | | | |
|--|---------------|---------------|---------------|---------------|
| Accrued salaries, wages and on-costs | 865 | 748 | 35,937 | 37,314 |
| Creditors | 10,475 | 11,206 | 9,878 | 10,312 |
| Customer advances and deposits | 1,602 | 456 | 1,602 | 456 |
| Priority list on moorings | 543 | 561 | 543 | 561 |
| Wetland lease security deposits (a) | 1,197 | 1,078 | 1,197 | 1,078 |
| Rent in advance | 5,868 | 5,112 | 5,868 | 5,112 |
| Long term channel fees unearned income | 3,394 | 1,789 | 3,394 | 1,789 |
| Other creditors and accruals | 2,452 | 2,109 | 2,411 | 2,078 |
| Boating fees in advance (b) | 29,282 | 27,997 | 29,282 | 27,997 |
| | 55,678 | 51,056 | 90,112 | 86,697 |

Non-current

| | | | | |
|--|----------------|----------------|----------------|----------------|
| Boating fees in advance (b) | 10,043 | 10,970 | 10,043 | 10,970 |
| Long term channel fees unearned income | 209,177 | 170,247 | 209,177 | 170,247 |
| Superannuation deficit | 16,909 | 18,756 | – | – |
| | 236,129 | 199,973 | 219,220 | 181,217 |

Trade payables are non-interest bearing and are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

a) This amount mainly represents cash deposits, in lieu of bank guarantees, received from the developer of King Street Wharf, as security over the completion of specific stages of the construction project.

b) Boating fees in advance comprises prepayments by customers for licences, registrations and moorings for the service component which will be provided by NSW Maritime in the future.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in note 3.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

MARITIME AUTHORITY OF NSW AND CONTROLLED ENTITY
FOR THE YEAR ENDED 30 JUNE 2011

| | Consolidated | | Parent | |
|---------------------------------------|---------------|---------------|---------------|---------------|
| | 2011 \$000 | 2010 \$000 | 2011 \$000 | 2010 \$000 |
| 29 INTEREST BEARING BORROWINGS | | | | |
| Current | | | | |
| <i>Less than one year</i> | | | | |
| Future minimum lease payments | 26,538 | 24,802 | 26,538 | 24,802 |
| Future finance charges | (5,943) | (8,113) | (5,943) | (8,113) |
| | 20,595 | 16,689 | 20,595 | 16,689 |
| Non-current | | | | |
| <i>Between one and five years</i> | | | | |
| Future minimum lease payments | 28,396 | 54,934 | 28,396 | 54,934 |
| Future finance charges | (3,266) | (9,209) | (3,266) | (9,209) |
| | 25,130 | 45,725 | 25,130 | 45,725 |

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in note 3.

30 PROVISIONS**Current employee benefits and related on-cost**

| | | | | |
|---|---------------|---------------|----------|----------|
| Annual leave (a) | 3,609 | 3,398 | – | – |
| Long service leave – short term benefit (a) | 1,059 | 1,226 | – | – |
| Long service leave – long term benefit (a) | 10,761 | 9,892 | – | – |
| Provision for workers' compensation (b) | 460 | 490 | – | – |
| | 15,889 | 15,006 | – | – |

Current other provisions

| | | | | |
|---|---------------|---------------|--------------|--------------|
| Provision for distribution | 4,000 | 4,000 | 4,000 | 4,000 |
| Provision for environmental restoration | 1,500 | 2,117 | 1,500 | 2,117 |
| | 21,389 | 21,123 | 5,500 | 6,117 |

Non-current employee benefits and related on-cost

| | | | | |
|---|--------------|--------------|----------|----------|
| Long service leave (a) | 277 | 269 | – | – |
| Provision for workers' compensation (b) | 2,540 | 2,765 | – | – |
| | 2,817 | 3,034 | – | – |

| | Balance 1 Jul 10 \$000 | Charges to revenue \$000 | Less payments \$000 | Balance 30 Jun 11 \$000 |
|--|------------------------------|--------------------------------|---------------------------|-------------------------------|
|--|------------------------------|--------------------------------|---------------------------|-------------------------------|

Movement in annual and long service leave provisions

| | | | | |
|----------------------------------|--------|-------|---------|--------|
| Annual leave | 3,398 | 2,998 | (2,787) | 3,609 |
| Long service leave – current | 11,118 | 1,874 | (1,172) | 11,820 |
| Long service leave – non-current | 269 | 8 | – | 277 |

a) The provision for annual leave is calculated using 1 July 2011 wage rates and the provision for long service leave is actuarially assessed.

b) Workers' compensation provision includes \$1.210M for dust diseases (2010: \$1.380M) of which \$102K (2010: \$151K) is current. This provision is for claims from former Maritime Services Board (MSB) staff for dust related diseases that can be attributed to their service during the period 1/7/89 – 30/6/95 when the MSB was a self insurer.

31 SUPERANNUATION

Fund information

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

State Superannuation Scheme (SSS)

State Authorities Non-Contributory Superannuation Scheme (SANCS)

State Authorities Superannuation Scheme (SASS)

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. All the schemes are closed to new members.

| | SASS 2011 | SANCS 2011 | SSS 2011 |
|-------------------------|--------------|---------------|-------------|
| Member numbers | | | |
| Contributors | 49 | 79 | 30 |
| Deferred benefits | – | – | 2 |
| Pensioners | 3 | – | 34 |
| Pensions fully commuted | – | – | 5 |
| | SASS 2010 | SANCS 2010 | SSS 2010 |
| Contributors | 56 | 87 | 31 |
| Deferred benefits | – | – | 2 |
| Pensioners | 3 | – | 33 |
| Pensions fully commuted | – | – | 5 |

Superannuation position recognised in the statement of financial position under AASB 119

| | SASS 2011 \$000 | SANCS 2011 \$000 | SSS 2011 \$000 | Total 2011 \$000 |
|---|-----------------------|------------------------|----------------------|------------------------|
| Accrued liability | 17,900 | 3,890 | 58,819 | 80,609 |
| Estimated reserve account balance | (18,037) | (4,233) | (41,910) | (64,180) |
| Net (asset) liability recognised in the statement of financial position | (137) | (343) | 16,909 | 16,429 |
| Future service liability | 2,809 | 1,075 | 1,807 | 5,691 |
| Surplus in excess of recovery available from schemes | – | – | – | – |
| Net (asset)/liability to be recognised in statement of financial position | (137) | (343) | 16,909 | 16,429 |
| | SASS 2010 \$000 | SANCS 2010 \$000 | SSS 2010 \$000 | Total 2010 \$000 |
| Accrued liability | 19,093 | 4,039 | 58,026 | 81,158 |
| Reserve account balance | (18,593) | (4,126) | (39,770) | (62,489) |
| Net (asset) liability recognised in the statement of financial position | 500 | (87) | 18,256 | 18,669 |
| Future service liability | 3,525 | 1,286 | 2,297 | 7,108 |
| Surplus in excess of recovery available from schemes | – | – | – | – |
| Net (asset)/liability to be recognised in statement of financial position | 500 | (87) | 18,256 | 18,669 |

The future service liability does not have to be recognised by NSW Maritime. It is only used to determine if an asset ceiling limit should be imposed. Under AASB 119, any prepaid superannuation asset recognised cannot exceed the amount of any unrecognised past service cost and 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

MARITIME AUTHORITY OF NSW AND CONTROLLED ENTITY
FOR THE YEAR ENDED 30 JUNE 2011

31 SUPERANNUATION (CONTINUED)

Accounting policy

Actuarial gains and losses are recognised immediately in other comprehensive income in the year in which they occur.

Reconciliation of the present value of the defined benefit obligation

| | SASS 2011 \$000 | SANCS 2011 \$000 | SSS 2011 \$000 | Total 2011 \$000 |
|---|-----------------------|------------------------|----------------------|------------------------|
| Present value of partly funded defined benefit obligations at beginning of year | 19,093 | 4,039 | 58,026 | 81,158 |
| Current service cost | 682 | 184 | 400 | 1,266 |
| Interest cost | 948 | 199 | 2,957 | 4,104 |
| Contributions by fund participants | 321 | – | 397 | 718 |
| Actuarial (gains) losses | (545) | (103) | (538) | (1,186) |
| Benefits paid | (2,599) | (429) | (2,423) | (5,451) |
| Present value of partly funded defined benefit obligations at end of year | 17,900 | 3,890 | 58,819 | 80,609 |

| | SASS 2010 \$000 | SANCS 2010 \$000 | SSS 2010 \$000 | Total 2010 \$000 |
|---|-----------------------|------------------------|----------------------|------------------------|
| Present value of partly funded defined benefit obligations at beginning of year | 16,212 | 3,614 | 51,420 | 71,246 |
| Current service cost | 662 | 177 | 410 | 1,249 |
| Interest cost | 881 | 194 | 2,831 | 3,906 |
| Contributions by fund participants | 336 | – | 400 | 736 |
| Actuarial (gains) losses | 1,170 | 216 | 4,114 | 5,500 |
| Benefits paid | (168) | (162) | (1,149) | (1,479) |
| Present value of partly funded defined benefit obligations at end of year | 19,093 | 4,039 | 58,026 | 81,158 |

Reconciliation of the fair value of fund assets

| | SASS 2011 \$000 | SANCS 2011 \$000 | SSS 2011 \$000 | Total 2011 \$000 |
|--|-----------------------|------------------------|----------------------|------------------------|
| Fair value of fund assets at beginning of year | 18,593 | 4,126 | 39,770 | 62,489 |
| Expected return on fund assets | 1,560 | 347 | 3,364 | 5,271 |
| Actuarial gains (losses) | (469) | (4) | 417 | (56) |
| Employer contributions | 631 | 193 | 385 | 1,209 |
| Contributions by fund participants | 321 | – | 397 | 718 |
| Benefits paid | (2,599) | (429) | (2,423) | (5,451) |
| Fair value of fund assets at end of year | 18,037 | 4,233 | 41,910 | 64,180 |

| | SASS 2010 \$000 | SANCS 2010 \$000 | SSS 2010 \$000 | Total 2010 \$000 |
|--|-----------------------|------------------------|----------------------|------------------------|
| Fair value of fund assets at beginning of year | 15,924 | 3,755 | 36,897 | 56,576 |
| Expected return on fund assets | 1,358 | 319 | 3,121 | 4,798 |
| Actuarial gains (losses) | 477 | 14 | 132 | 623 |
| Employer contributions | 667 | 200 | 369 | 1,236 |
| Contributions by fund participants | 335 | – | 400 | 735 |
| Benefits paid | (168) | (162) | (1,149) | (1,479) |
| Fair value of fund assets at end of year | 18,593 | 4,126 | 39,770 | 62,489 |

31 SUPERANNUATION (CONTINUED)

Reconciliation of the assets and liabilities recognised in statement of financial position

| | SASS 2011 \$000 | SANCS 2011 \$000 | SSS 2011 \$000 | Total 2011 \$000 |
|--|-----------------------|------------------------|----------------------|------------------------|
| Present value of partly funded defined benefit obligation at end of year | 17,900 | 3,890 | 58,819 | 80,609 |
| Fair Value of Fund assets at end of year | (18,037) | (4,233) | (41,910) | (64,180) |
| Subtotal | (137) | (343) | 16,909 | 16,429 |
| Unrecognised past service cost | – | – | – | – |
| Unrecognised gain/(loss) | – | – | – | – |
| Adjustment for limitation on net asset | – | – | – | – |
| Net Liability/(Asset) recognised in statement of financial position at end of year | (137) | (343) | 16,909 | 16,429 |

| | SASS 2010 \$000 | SANCS 2010 \$000 | SSS 2010 \$000 | Total 2010 \$000 |
|--|-----------------------|------------------------|----------------------|------------------------|
| Present value of partly funded defined benefit obligation at end of year | 19,093 | 4,039 | 58,026 | 81,158 |
| Fair Value of Fund assets at end of year | (18,593) | (4,126) | (39,770) | (62,489) |
| Subtotal | 500 | (87) | 18,256 | 18,669 |
| Unrecognised past service cost | – | – | – | – |
| Unrecognised gain/(loss) | – | – | – | – |
| Adjustment for limitation on net asset | – | – | – | – |
| Net Liability/(Asset) recognised in statement of financial position at end of year | 500 | (87) | 18,256 | 18,669 |

Total expense (income) recognised in the statement of comprehensive income

| | SASS 2011 \$000 | SANCS 2011 \$000 | SSS 2011 \$000 | Total 2011 \$000 |
|--|-----------------------|------------------------|----------------------|------------------------|
| Current service cost | 682 | 184 | 400 | 1,266 |
| Interest cost | 948 | 199 | 2,957 | 4,104 |
| Expected return on fund assets (net of expenses) | (1,560) | (347) | (3,364) | (5,271) |
| Expense (income) recognised | 70 | 36 | (7) | 99 |

| | SASS 2010 \$000 | SANCS 2010 \$000 | SSS 2010 \$000 | Total 2010 \$000 |
|--|-----------------------|------------------------|----------------------|------------------------|
| Current service cost | 662 | 177 | 410 | 1,249 |
| Interest cost | 881 | 194 | 2,831 | 3,906 |
| Expected return on fund assets (net of expenses) | (1,358) | (319) | (3,121) | (4,798) |
| Expense (income) recognised | 185 | 52 | 120 | 357 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

MARITIME AUTHORITY OF NSW AND CONTROLLED ENTITY
FOR THE YEAR ENDED 30 JUNE 2011

31 SUPERANNUATION (CONTINUED)

Amounts recognised in other comprehensive income

| | SASS 2011 \$000 | SANCS 2011 \$000 | SSS 2011 \$000 | Total 2011 \$000 |
|--------------------------|-----------------------|------------------------|----------------------|------------------------|
| Actuarial (gains) losses | (76) | (99) | (954) | (1,129) |

| | SASS 2010 \$000 | SANCS 2010 \$000 | SSS 2010 \$000 | Total 2010 \$000 |
|--------------------------|-----------------------|------------------------|----------------------|------------------------|
| Actuarial (gains) losses | 693 | 201 | 3,983 | 4,877 |

Cumulative amount recognised in other comprehensive income

| | SASS 2011 \$000 | SANCS 2011 \$000 | SSS 2011 \$000 | Total 2011 \$000 |
|--------------------------|-----------------------|------------------------|----------------------|------------------------|
| Actuarial (gains) losses | (1,344) | 954 | 19,327 | 18,937 |

| | SASS 2010 \$000 | SANCS 2010 \$000 | SSS 2010 \$000 | Total 2010 \$000 |
|--------------------------|-----------------------|------------------------|----------------------|------------------------|
| Actuarial (gains) losses | (1,268) | 1,053 | 20,281 | 20,066 |

Fund assets

| | 2011 | 2010 |
|--|---------------|---------------|
| <i>The percentage invested in each asset class at reporting date</i> | | |
| Australian equities | 33.4% | 31.0% |
| Overseas equities | 29.5% | 26.8% |
| Australian fixed interest securities | 5.7% | 6.1% |
| Overseas fixed interest securities | 3.1% | 4.3% |
| Property | 9.9% | 9.5% |
| Cash | 5.1% | 9.6% |
| Other | 13.3% | 12.7% |
| Total | 100.0% | 100.0% |

Fair value of fund assets

All fund assets are invested by the SAS Trustee Corporation (STC) at arm's length through independent fund managers.

Expected rate of return on assets

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

31 SUPERANNUATION (CONTINUED)

Actual return on fund assets

| | SASS 2011 \$000 | SANCS 2011 \$000 | SSS 2011 \$000 | Total 2011 \$000 |
|------------------------------|-----------------------|------------------------|----------------------|------------------------|
| Actual return on fund assets | 1,530 | 342 | 3,312 | 5,184 |

| | SASS 2010 \$000 | SANCS 2010 \$000 | SSS 2010 \$000 | Total 2010 \$000 |
|------------------------------|-----------------------|------------------------|----------------------|------------------------|
| Actual return on fund assets | 1,498 | 333 | 3,387 | 5,218 |

Valuation method and principal actuarial assumptions at reporting date

a) Valuation method

The Projected Unit Credit (PUC) 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.

| | 2011 | 2010 |
|--|-------|-------|
| b) Economic assumptions | | |
| Salary increase rate (excluding promotional increases) | 3.50% | 3.50% |
| Rate of CPI increase | 2.50% | 2.50% |
| Expected rate of return on assets | 8.60% | 8.60% |
| Discount rate | 5.28% | 5.17% |

c) Demographic assumptions

The demographic assumptions at 30 June 2011 are those that were used in the 2009 triennial actuarial valuation. The triennial review report is available from the NSW Treasury website.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

MARITIME AUTHORITY OF NSW AND CONTROLLED ENTITY
FOR THE YEAR ENDED 30 JUNE 2011

31 SUPERANNUATION (CONTINUED)

Historical information

| | SASS 2011 \$000 | SANCS 2011 \$000 | SSS 2011 \$000 | Total 2011 \$000 |
|---|-----------------------|------------------------|----------------------|------------------------|
| Present value of defined benefit obligation | 17,900 | 3,890 | 58,819 | 80,609 |
| Fair value of Fund assets | (18,037) | (4,233) | (41,910) | (64,180) |
| (Surplus)/Deficit in Fund | (137) | (343) | 16,909 | 16,429 |
| Experience adjustments – Fund liabilities | (545) | (103) | (538) | (1,186) |
| Experience adjustments – Fund assets | 469 | 4 | (417) | 56 |

| | SASS 2010 \$000 | SANCS 2010 \$000 | SSS 2010 \$000 | Total 2010 \$000 |
|---|-----------------------|------------------------|----------------------|------------------------|
| Present value of defined benefit obligation | 19,093 | 4,039 | 58,026 | 81,158 |
| Fair value of Fund assets | (18,593) | (4,126) | (39,770) | (62,489) |
| (Surplus)/Deficit in Fund | 500 | (87) | 18,256 | 18,669 |
| Experience adjustments – Fund liabilities | 1,170 | 216 | 4,115 | 5,501 |
| Experience adjustments – Fund assets | (478) | (14) | (132) | (624) |

Expected contributions

| | SASS 2011 \$000 | SANCS 2011 \$000 | SSS 2011 \$000 | Total 2011 \$000 |
|---|-----------------------|------------------------|----------------------|------------------------|
| Expected employer contributions to be paid in the next reporting period | 611 | 195 | 369 | 1,175 |

Funding arrangements for employer contributions

a) Surplus/deficit

The following is a summary of the 30 June 2011 financial position of the fund calculated in accordance with AAS25 "Financial Reporting by Superannuation Plans":

| | SASS 2011 \$000 | SANCS 2011 \$000 | SSS 2011 \$000 | Total 2011 \$000 |
|---------------------------------|-----------------------|------------------------|----------------------|------------------------|
| Accrued benefits | 16,420 | 3,577 | 41,800 | 61,797 |
| Net market value of fund assets | (18,037) | (4,233) | (41,910) | (64,180) |
| Net (surplus) deficit | (1,617) | (656) | (110) | (2,383) |

| | SASS 2010 \$000 | SANCS 2010 \$000 | SSS 2010 \$000 | Total 2010 \$000 |
|---------------------------------|-----------------------|------------------------|----------------------|------------------------|
| Accrued benefits | 17,376 | 3,654 | 40,139 | 61,169 |
| Net market value of fund assets | (18,593) | (4,126) | (39,771) | (62,490) |
| Net (surplus) deficit | (1,217) | (472) | 368 | (1,321) |

31 SUPERANNUATION (CONTINUED)

b) Contribution recommendations

Recommended contribution rates for the entity are:

| | SASS 2011 | SANCS 2011 | SSS 2011 |
|----------------------------------|--------------|---------------|-------------|
| multiple of member contributions | 1.90 | – | 0.93 |
| % member salary | – | 2.5 | – |

| | SASS 2010 | SANCS 2010 | SSS 2010 |
|----------------------------------|--------------|---------------|-------------|
| multiple of member contributions | 1.90 | – | 0.93 |
| % member salary | – | 2.50 | – |

c) Funding method

Contribution rates are set after discussions between NSW Maritime, STC and NSW Treasury.

d) Economic assumptions

The economic assumptions adopted for the 2009 actuarial review of the fund were:

Weighted average assumptions

| | |
|--|------|
| Expected rate of return on fund assets backing current pension liabilities | 8.3% |
| Expected rate of return on fund assets backing other liabilities | 7.3% |
| Expected salary increase rate | 4.0% |
| Expected rate of CPI increase | 2.5% |

Nature of asset / liability

If a surplus exists in NSW Maritime's interest in the fund, NSW Maritime may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the fund's actuary and agreement with NSW Treasury. Where a deficiency exists, NSW Maritime is responsible for any difference between its share of fund assets and the defined benefit obligation.

e) Five year comparatives

| | 2011 \$000 | 2010 \$000 | 2009 \$000 | 2008 \$000 | 2007 \$000 |
|---|---------------|---------------|---------------|---------------|---------------|
| Fair value of the plan assets | 64,180 | 62,489 | 56,576 | 63,154 | 68,801 |
| Present value of the defined benefit obligation | (80,609) | (81,158) | (71,246) | (57,750) | (57,853) |
| Plan surplus (deficit) | (16,429) | (18,669) | (14,670) | 5,404 | 10,948 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

MARITIME AUTHORITY OF NSW AND CONTROLLED ENTITY
FOR THE YEAR ENDED 30 JUNE 2011

| | Consolidated | | Parent | |
|---|---------------|---------------|---------------|---------------|
| | 2011 \$000 | 2010 \$000 | 2011 \$000 | 2010 \$000 |
| 32 COMMITMENTS | | | | |
| a) Capital expenditure commitments – relates to capital projects mainly dealing with the Wharf Upgrade Program | | | | |
| Aggregate capital expenditures contracted for at balance date and not provided: | | | | |
| Not later than one year | 14,486 | 17,055 | 14,486 | 17,055 |
| Later than one year and not later than 5 years | 56,903 | 56,281 | 56,903 | 56,281 |
| Total Including GST | 71,389 | 73,336 | 71,389 | 73,336 |
| b) Operating expenditure commitments (excluding lease commitments) – relates mainly to wharf maintenance contracts | | | | |
| Not later than one year | 5,377 | 4,235 | 5,377 | 4,235 |
| Later than one year and not later than 5 years | 2,557 | 5,280 | 2,557 | 5,280 |
| Total Including GST | 7,934 | 9,515 | 7,934 | 9,515 |
| c) Operating lease commitments payable – relates mainly to rental for office accommodation | | | | |
| Not later than one year | 682 | 587 | 682 | 587 |
| Later than one year and not later than 5 years | 817 | 693 | 817 | 693 |
| Later than 5 years | – | 29 | – | 29 |
| Total Including GST | 1,499 | 1,309 | 1,499 | 1,309 |
| d) National Marine Safety Committee Incorporated (NMSC) – grant to the national intergovernmental committee which seeks to promote national vessel standards | | | | |
| Commitments in relation to operating expenditure of the NMSC are as follows | | | | |
| Not later than one year (total Including GST) | 656 | 634 | 656 | 634 |
| e) Better Boating Program – grants for recreational boating infrastructure | | | | |
| Not later than one year | 4,467 | 3,599 | 4,467 | 3,599 |
| Later than one year and not later than 5 years | 5,446 | 5,238 | 5,446 | 5,238 |
| Total Including GST | 9,913 | 8,837 | 9,913 | 8,837 |
| f) Marine Rescue NSW – grant to assist their voluntary work in marine safety throughout NSW | | | | |
| Not later than one year | 1,472 | 1,442 | 1,472 | 1,442 |
| Total (no GST) | 1,472 | 1,442 | 1,472 | 1,442 |
| g) Total GST included in the above commitments is as follows: | | | | |
| GST recoverable from the Australian Taxation Office | 8,308 | 8,512 | 8,308 | 8,512 |

33 CONTINGENT ASSET AND LIABILITIES

Contingent liabilities for unsettled claims subject to litigation as at 30 June 2011 are estimated to be \$0.979M (2010: \$1.340M). If successful, these claims will be met by NSW Maritime's insurers. The contingent asset in relation to these claims is \$0.979M (2010: \$1.340M).

| | Consolidated | | Parent | |
|--|---------------|---------------|---------------|---------------|
| | 2011 \$000 | 2010 \$000 | 2011 \$000 | 2010 \$000 |

34 AUDITORS' REMUNERATION

Amounts received or due and receivable by the NSW Auditor-General for:
audit and review of financial statements *

| | | | |
|-----|-----|-----|-----|
| 188 | 170 | 188 | 170 |
|-----|-----|-----|-----|

* There were no other services performed by the NSW Auditor-General

35 COMPARATIVES

Comparatives for current and non-current receivables, current and non-current interest-bearing borrowings, accumulated funds, rental income, interest income and interest expense were amended to reflect the change in the method of accounting for long-term land leases as provided in AASB 117 *Leases* and as required by NSW Treasury Policy and Guidelines Paper tpp 11-01 *Accounting Policy: Lessor classification of long-term land leases*.

36 CHANGE OF ACCOUNTING POLICIES

In accordance with NSW Treasury policy, NSW Maritime has amended its accounting policy to treat long-term leases of land as finance leases. This change in policy is in accordance with AASB 117 *Leases* and NSW Treasury Policy and Guidelines Paper tpp 11-01 *Accounting Policy: Lessor classification of long-term land leases*. This change in policy increases the 2011 surplus by \$2.540m (2010: \$4.088m).

| | Consolidated | | Parent | |
|---|---------------|----------------|---------------|----------------|
| | 2011 \$000 | 2010 \$000 | 2011 \$000 | 2010 \$000 |
| Effect of changes in policy on prior period accumulated funds balance | | | | |
| a) Maritime Trade Tower finance lease of land sale | – | 229,840 | – | 229,840 |
| b) Maritime Trade Tower finance lease of buildings purchase | – | (72,031) | – | (72,031) |
| c) Munn St Stores finance lease of land | – | 1,132 | – | 1,132 |
| d) Finger / Cowper Wharf Road finance lease of land and buildings | – | 11,324 | – | 11,324 |
| e) Lincoln Crescent finance lease of land and buildings | – | 3,135 | – | 3,135 |
| f) Walsh Bay redevelopment finance lease of land and buildings | – | 9,293 | – | 9,293 |
| g) Pier One finance lease of land and buildings | – | 2,496 | – | 2,496 |
| h) King Street Wharf finance lease of land and buildings | – | 82,976 | – | 82,976 |
| Total effect on accumulated funds at 1 July 2009 | – | 268,165 | – | 268,165 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

MARITIME AUTHORITY OF NSW AND CONTROLLED ENTITY
FOR THE YEAR ENDED 30 JUNE 2011

36 CHANGE OF ACCOUNTING POLICIES (CONTINUED)

| | Previously reported figure at 30 June 2010 \$000 | Correction of balance at 1 July 2009 \$000 | Correction of balance at 30 June 2010 \$000 | Comparative restated at 30 June 2010 \$000 |
|---|---|---|--|---|
| Consolidated revenues | | | | |
| Lease rental income | 41,452 | – | (4,644) | 36,808 |
| Investment income | 5,699 | – | 9,464 | 15,163 |
| Other income | 10,450 | – | 1,457 | 11,907 |
| Total income | 118,538 | – | 6,277 | 124,815 |
| Consolidated expenses | | | | |
| Finance cost | 7,707 | – | 2,189 | 9,896 |
| Total expenses | 109,310 | – | 2,189 | 111,499 |
| Consolidated surplus | 9,228 | – | 4,088 | 13,316 |
| Consolidated assets | | | | |
| Current trade and other receivables | 13,376 | 12,725 | 1,651 | 27,752 |
| Total current assets | 91,686 | 12,725 | 1,651 | 106,062 |
| Non-current trade and other receivables | 79,862 | (5,383) | (28,694) | 45,785 |
| Total non-current assets | 1,470,445 | (5,383) | (28,694) | 1,436,368 |
| Total assets | 1,562,131 | 7,342 | (27,043) | 1,542,430 |
| Consolidated liabilities | | | | |
| Current trade and other payables | 55,729 | (4,643) | (30) | 51,056 |
| Current interest bearing borrowings | 1,340 | 12,128 | 3,221 | 16,689 |
| Total current liabilities | 78,192 | 7,485 | 3,191 | 88,868 |
| Non-current trade and other payables | 481,699 | (262,754) | (18,972) | 199,973 |
| Non-current interest bearing borrowings | 66,629 | (5,554) | (15,350) | 45,725 |
| Total non-current liabilities | 551,362 | (268,308) | (34,322) | 248,732 |
| Total liabilities | 629,554 | (260,823) | (31,131) | 337,600 |
| Net assets | 932,577 | 268,165 | 4,088 | 1,204,830 |
| Consolidated equity | | | | |
| Accumulated funds | 284,513 | 268,165 | 4,088 | 556,766 |
| Total equity | 932,577 | 268,165 | 4,088 | 1,204,830 |

36 CHANGE OF ACCOUNTING POLICIES (CONTINUED)

| | Previously reported figure at 30 June 2010 \$000 | Correction of balance at 1 July 2009 \$000 | Correction of balance at 30 June 2010 \$000 | Comparative restated at 30 June 2010 \$000 |
|---|---|---|--|---|
| Parent entity revenues | | | | |
| Lease rental income | 41,452 | – | (4,644) | 36,808 |
| Investment income | 5,699 | – | 9,464 | 15,163 |
| Other income | 10,450 | – | 1,457 | – |
| Total income | 118,538 | – | 6,277 | 124,815 |
| Parent entity expenses | | | | |
| Finance cost | 7,707 | – | 2,189 | 9,896 |
| Total expenses | 114,187 | – | 2,189 | 116,376 |
| Parent entity surplus | 4,351 | – | 4,088 | 8,439 |
| Parent entity assets | | | | |
| Current trade and other receivables | 13,376 | 12,725 | 1,651 | 27,752 |
| Total current assets | 90,618 | 12,725 | 1,651 | 104,994 |
| Non-current trade and other receivables | 79,775 | (5,383) | (28,694) | 45,698 |
| Total non-current assets | 1,470,358 | (5,383) | (28,694) | 1,436,281 |
| Total assets | 1,560,976 | 7,342 | (27,043) | 1,541,275 |
| Parent entity liabilities | | | | |
| Current trade and other payables | 91,370 | (4,643) | (30) | 86,697 |
| Current interest bearing borrowings | 1,340 | 12,128 | 3,221 | 16,689 |
| Total current liabilities | 98,827 | 7,485 | 3,191 | 109,503 |
| Non-current trade and other payables | 462,943 | (262,754) | (18,972) | 181,217 |
| Non-current interest bearing borrowings | 66,629 | (5,554) | (15,350) | 45,725 |
| Total non-current liabilities | 529,572 | (268,308) | (34,322) | 226,942 |
| Total liabilities | 628,399 | (260,823) | (31,131) | 336,445 |
| Net assets | 932,577 | 268,165 | 4,088 | 1,204,830 |
| Parent entity equity | | | | |
| Accumulated funds | 284,513 | 268,165 | 4,088 | 556,766 |
| Total equity | 932,577 | 268,165 | 4,088 | 1,204,830 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

MARITIME AUTHORITY OF NSW AND CONTROLLED ENTITY
FOR THE YEAR ENDED 30 JUNE 2011

37 EVENTS AFTER THE REPORTING DATE

On 15 July 2011 the Minister for Transport and the Minister for Roads and Ports jointly announced the establishment of a new integrated transport authority that is to be called 'Transport for NSW'. Transport for NSW will be responsible for improving the customer experience, planning, program administration, policy, regulation, procurement of transport services, infrastructure and freight. Some of the functions of NSW Maritime will be transferred to Transport for NSW.

The Ministers also announced that the Roads and Traffic Authority (RTA) and NSW Maritime would cease to exist in their current form with a new agency, Roads and Maritime Services, created in their place. The legislation to create Roads and Maritime Services has been passed by both houses of parliament, with the date of proclamation expected to be 1 November 2011.

The new agency will report to the Minister for Roads and Ports. As a result of these changes, it is expected that Transport for NSW, through the direction of the Director General, will have control over the following transport agencies operating in NSW in 2011-12:

- Roads and Maritime Services
- Rail Corporation
- State Transit Authority
- Sydney Ferries
- Public Transport Ticketing Corporation
- Sydney Metro

It is also expected that Transport for NSW will be preparing consolidated financial statements of these transport agencies for the year 2011-12.

There are no other material post-balance date events or transactions that require adjustments or disclosures in the financial statements.

End of Audited Financial Statements

INDEPENDENT AUDIT REPORT

MARITIME AUTHORITY OF NSW DIVISION



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Maritime Authority of New South Wales Division

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Maritime Authority of New South Wales Division (the Division), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Division.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Division as at 30 June 2011, and of its financial performance for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *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.

The Acting Chief Executive's Responsibility for the Financial Statements

The Acting Chief Executive is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act, and for such internal control as the Acting Chief Executive determines is necessary to enable the preparation of the financial statements 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 controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Acting Chief Executive, as well as evaluating the overall presentation of the financial statements.

INDEPENDENT AUDIT REPORT

MARITIME AUTHORITY OF NSW DIVISION

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

My opinion does *not* provide assurance:

- about the future viability of the Division
- 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 any other information, which 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 other 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 role by the possibility of losing clients or income.



C J Giumelli
Director, Financial Audit Services

28 October 2011
SYDNEY

CHIEF EXECUTIVE'S STATEMENT

MARITIME AUTHORITY OF NSW DIVISION

MARITIME AUTHORITY OF NSW DIVISION Financial Statements

For the year ended 30 June 2011

STATEMENT BY CHIEF EXECUTIVE

Pursuant to Section 41C (1B) and (1C) of the *Public Finance and Audit Act 1983*, I declare that in my opinion:

1. The accompanying Financial Statements exhibit a true and fair view of the Division's financial position as at 30 June 2011 and the transactions for the year then ended.
2. The statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010*, and the Treasurer's Directions.

Further, I am not aware of any circumstances which would render any particulars included in the Financial Statements to be misleading or inaccurate.



Tony Middleton
Acting Chief Executive

28 October 2011

STATEMENT OF COMPREHENSIVE INCOME

MARITIME AUTHORITY OF NSW DIVISION
FOR THE YEAR ENDED 30 JUNE 2011

| | Note | 2011 \$000 | 2010 \$000 |
|--|------|----------------|----------------|
| REVENUE | | | |
| Payroll services | | 39,995 | 44,478 |
| Superannuation funding surplus | | 7 | – |
| Total revenue | | 40,002 | 44,478 |
| EXPENSES | | | |
| Employee related expenses | 5 | 40,736 | 39,221 |
| Administration | 6 | 395 | 380 |
| Total expenses | | 41,131 | 39,601 |
| Surplus (deficit) for the year | | (1,129) | 4,877 |
| Other comprehensive income | | | |
| Superannuation actuarial gains/(losses) | 11 | 1,129 | (4,877) |
| Other comprehensive income for the year | | 1,129 | (4,877) |
| Total comprehensive income for the year | | – | – |

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

| | Note | 2011 \$000 | 2010 \$000 |
|--------------------------------------|------|---------------|---------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 7 | 701 | 1,068 |
| Trade and other receivables | 8 | 35,937 | 37,314 |
| Total current assets | | 36,638 | 38,382 |
| Non-current assets | | | |
| Trade and other receivables | 8 | 480 | 87 |
| Total non-current assets | | 480 | 87 |
| Total assets | | 37,118 | 38,469 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 9 | 1,503 | 1,673 |
| Provisions | 10 | 15,889 | 15,006 |
| Total current liabilities | | 17,392 | 16,679 |
| Non-current liabilities | | | |
| Trade and other payables | 9 | 16,909 | 18,756 |
| Provisions | 10 | 2,817 | 3,034 |
| Total non-current liabilities | | 19,726 | 21,790 |
| Total liabilities | | 37,118 | 38,469 |
| Net assets | | – | – |
| EQUITY | | | |
| Accumulated funds | | – | – |
| Total equity | | – | – |

STATEMENT OF CASH FLOWS

MARITIME AUTHORITY OF NSW DIVISION
FOR THE YEAR ENDED 30 JUNE 2011

The accompanying notes form part of these financial statements

| | Note | 2011 \$000 | 2010 \$000 |
|---|----------|---------------|---------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | 40,986 | 38,909 |
| Payments to suppliers and employees | | (41,353) | (38,762) |
| Net cash flows from operating activities | 7 | (367) | 147 |
| Net increase (decrease) in cash and cash equivalents | | (367) | 147 |
| Cash and cash equivalents at the beginning of the year | | 1,068 | 921 |
| Cash and cash equivalents at the end of the year | 7 | 701 | 1,068 |

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

| | Note | 2011 \$000 | 2010 \$000 |
|---|------|---------------|---------------|
| Accumulated funds | | | |
| Balance at 1 July | | — | — |
| Surplus (deficit) for the year | | (1,129) | 4,877 |
| Other comprehensive income for the year | | 1,129 | (4,877) |
| Balance at 30 June | | — | — |

The accompanying notes form part of these financial statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

MARITIME AUTHORITY OF NSW DIVISION
FOR THE YEAR ENDED 30 JUNE 2011

1 INFORMATION ABOUT NSW MARITIME AUTHORITY DIVISION

Maritime Authority of NSW Division (the Division) was established on 16 March 2006, as a special purpose entity to take over all payroll and employment related responsibilities from the Maritime Authority of NSW (NSW Maritime) in order to enhance and protect the working conditions of NSW Maritime employees. The financial statements of the Division for the year ended 30 June 2011 was authorised for issue by the Chief Executive on 28 October 2011.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010* and the Treasurer's Directions. The financial statements have been prepared on the basis of full accrual accounting using historical cost conventions, except for superannuation which is shown at actuarially assessed present value.

The Division is a division of the Government Service, established pursuant to Part 2 of Schedule 1 to the *Public Sector Employment and Management Act 2002*. Its sole objective is to provide personnel services to NSW Maritime.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

a) New accounting standards and interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ending 30 June 2011. These are outlined in the table below.

| Reference | Title | Summary | Financial year of application |
|-----------|---|--|-------------------------------|
| AASB 7 | Financial Instruments: Disclosures | Introduces disclosure requirements for transfer of financial assets, including in respect of the nature of the financial assets involved and the risks associated with them. | 30 June 2012 |
| AASB 9 | Financial Instruments | Simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. | 30 June 2014 |
| AASB 108 | Accounting Policies, Changes in Accounting Estimates and Errors | Minor editorial change and will not result in a material financial impact on the financial statements. | 30 June 2012 |
| AASB 110 | Events after the Reporting Period | Minor editorial change and will not result in a material financial impact on the financial statements. | 30 June 2012 |
| AASB 119 | Employee Benefits | Minor editorial change and will not result in a material financial impact on the financial statements. | 30 June 2012 |
| AASB 137 | Provisions, Contingent Liabilities and Contingent Assets | Minor editorial change and will not result in a material financial impact on the financial statements. | 30 June 2012 |

b) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash at bank.

c) Trade and other receivables

The only receivable relates to an amount payable by NSW Maritime. This amount will be settled in cash during the next financial year. Subsequent transactions between NSW Maritime and the Division are settled on a monthly basis. This financial asset is measured at the original invoice amount as the effect of discounting is immaterial. There is no material risk associated with the collectability of this receivable, so no impairment evaluation is deemed necessary.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Trade and other payables

Trade accounts payable, including accruals not yet billed, are recognised when the Division becomes obliged to make future payments as a result of the purchase of assets or services. Trade accounts payable are unsecured and are generally settled within their due date.

e) Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Division expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised in the statement of comprehensive income.

Employee leave benefits

i) Salaries, sick leave and annual leave

Liabilities for salaries and annual leave are recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees service up to that date. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. This is based on an actuarial assessment. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using Commonwealth bond rates.

iii) Payroll tax, fringe benefits tax and compulsory employer superannuation contributions

The outstanding amount of payroll tax, fringe benefits tax and compulsory employer superannuation contributions, which are consequential to employment, are recognised as liabilities and expenses where the employee entitlements to which they relate have been recognised and it is reasonably likely that the expense will be incurred at the time of paying the employee entitlement.

iv) Superannuation

The Division contributes to employee superannuation funds in addition to contributions made by employees. Such contributions are paid to nominated funds. The Division contributes to defined benefit schemes and accumulation schemes. Payments are applied towards the accruing liability for superannuation in respect of employees and are expensed in the statement of comprehensive income. Actuarial assessments are performed at each reporting date for the defined benefit schemes. Actuarial gains and losses are recognised as a movement in accumulated funds. Under funded defined benefit schemes are recognised as a non-current liability while over funded schemes are recognised as a non-current asset.

f) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The only source of revenue for the Division is NSW Maritime. The Division is structured such that all expenses are reimbursed by NSW Maritime, so that revenues will always equal costs except for the amount of superannuation actuarial gains and losses.

g) Insurance

The Division's insurance requirement is managed by the NSW Treasury Managed Fund. During the year the Division had workers' compensation insurance in place.

3 FINANCIAL INSTRUMENTS

The Division's principal financial instruments comprise receivables, payables and cash.

The Division's exposure to key financial risks is managed by NSW Maritime in accordance with NSW Maritime's risk management policy. The objective of the policy is to facilitate the effective management of potential opportunities and adverse effects.

The main risks arising from financial instruments are interest rate risk and liquidity risk. The Division has no significant credit risk. Methods used to measure and manage risk include monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rates, and development and monitoring of forward cash flow estimates.

Primary responsibility for identification and control of financial risks rests with NSW Maritime's Finance Manager under the authority of the Chief Executive. The General Manager Corporate Services reviews and agrees policies for managing each of the risks identified below.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

MARITIME AUTHORITY OF NSW DIVISION
FOR THE YEAR ENDED 30 JUNE 2011

3 FINANCIAL INSTRUMENTS (CONTINUED)

a) Financial instrument categories

| | Note | Category | 2011 \$000 | 2010 \$000 |
|------------------------------|------|---|---------------|---------------|
| FINANCIAL ASSETS | | | | |
| Cash and cash equivalents | 7 | N/A | 701 | 1,068 |
| Receivables | 8 | Loans and receivables at amortised cost excluding prepayments and statutory receivables | | |
| FINANCIAL LIABILITIES | | | | |
| Payables | 9 | Financial liabilities measured at amortised cost excluding unearned income and statutory payables | 597 | 894 |

b) Credit risk

Credit risk arises from the financial assets of the Division, which comprise cash and cash equivalents and receivables. Exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets. Exposure at reporting date is addressed in each applicable note. The Division trades only with NSW Maritime and as such collateral is not requested. The Division has not securitised its trade and other receivables and has not granted any financial guarantees. Credit risk associated with NSW Maritime's financial assets, other than receivables, is managed through the selection of its bankers.

Cash

Cash comprises cash at bank held with the Division's bankers. Interest on daily bank balances is credited directly to NSW Maritime.

Receivables – NSW Maritime

The receivable from NSW Maritime is considered to have no significant risk, and no allowance for impairment is considered. No interest is earned on this debt. The amount is payable within 30 days. No amount is past due.

c) Liquidity risk

As a body funded by NSW Maritime, the Division has no significant liquidity risk. The table below reflects all contractually fixed payables resulting from recognised financial liabilities at reporting date, based on management expectations. The Division has no interest-bearing payables and, therefore, no exposure to interest rate risk. All obligations are shown at undiscounted cash amounts.

| | Maturity dates | | |
|-------------|----------------|-----------|-----------|
| | < 1 year | 1-5 years | > 5 years |
| 2011 | | | |
| Payables | – | – | – |
| Creditors | 597 | – | – |
| | 597 | – | – |
| 2010 | | | |
| Payables | – | – | – |
| Creditors | 894 | – | – |
| | 894 | – | – |

d) Market risk

Interest rate risk

The Division has no material exposure to market interest rate risks, as it has no long-term variable interest rate debt obligations and receives no interest on its short-term cash balances.

e) Fair Value

Financial instruments are recognised at cost. The Division has no financial instruments which are measured at fair value.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Significant accounting estimates and assumptions

Long service leave provision

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. This is based on an actuarial assessment. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using Commonwealth bond rates.

Net defined benefit superannuation asset or liability

The net defined benefit superannuation asset or liability arising from under funded or over funded obligations is assessed each year by independent consultants. This assessment requires assumptions in relation to future salary increases, changes in CPI and return on plan assets. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

| | 2011 \$000 | 2010 \$000 |
|---|---------------|---------------|
| 5 EMPLOYEE RELATED EXPENSES | | |
| Ordinary time | 29,350 | 27,680 |
| Long service leave | 1,815 | 2,386 |
| Recreation leave | 2,763 | 2,589 |
| Payroll tax and fringe benefits tax | 2,074 | 2,295 |
| Overtime | 480 | 501 |
| Sick leave | 530 | 684 |
| Voluntary separation payments | 323 | 42 |
| Other employee benefits and workers' compensation | 1,133 | 1,111 |
| Superannuation | | |
| Accumulation schemes expense including contributions | 2,162 | 1,980 |
| Defined benefit superannuation schemes net expense | 106 | 357 |
| Accrual for salaries, enterprise agreement, annual leave and long service leave | – | (404) |
| | 40,736 | 39,221 |

9

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

MARITIME AUTHORITY OF NSW DIVISION
FOR THE YEAR ENDED 30 JUNE 2011

| | 2011 \$000 | 2010 \$000 |
|---|----------------|---------------|
| 6 ADMINISTRATION | | |
| Travel allowances | 395 | 380 |
| 7 CASH AND CASH EQUIVALENTS | | |
| Cash at bank | 701 | 1,068 |
| Reconciliation of cash | | |
| The amount shown is fair value. For the purposes of the statement of cash flows, cash and cash equivalents comprise the amount shown above. | | |
| Reconciliation of net cash flows from operating activities to net surplus | | |
| Net cash provided by (used in) operating activities | (367) | 147 |
| Changes in assets and liabilities | | |
| Increase (decrease) in current receivables | (1,377) | 5,422 |
| Increase in non-current receivables | 393 | 147 |
| Decrease in current payables | 170 | 1,394 |
| Decrease in non-current payables | 718 | 731 |
| Increase (decrease) in provisions | (666) | (2,964) |
| Net surplus (deficit) | (1,129) | 4,877 |
| 8 TRADE AND OTHER RECEIVABLES | | |
| Current receivables | | |
| Amount owing from NSW Maritime | 35,937 | 37,314 |
| | 35,937 | 37,314 |
| Non-current receivables | | |
| Superannuation surplus | 480 | 87 |
| | 480 | 87 |

i) Net fair value

The Division considers the carrying amount of debtors approximate their net fair values.

ii) Significant terms and conditions

The amount receivable from NSW Maritime is payable within the next financial year. Amounts owing which arise during subsequent years will be settled within one month.

Details regarding credit risk, liquidity risk and market risk relating to receivables are disclosed in note 3.

| | 2011 \$000 | 2010 \$000 |
|-----------------------------------|---------------|---------------|
| 9 TRADE AND OTHER PAYABLES | | |
| Current payables | | |
| Trade creditors | 597 | 894 |
| Accrued superannuation | 41 | 31 |
| Accrued payroll tax | 233 | 220 |
| Accrued salaries | 564 | 439 |
| Accrued fringe benefits tax | 68 | 89 |
| | 1,503 | 1,673 |
| Non-current payables | | |
| Superannuation deficit | 16,909 | 18,756 |
| | 16,909 | 18,756 |

Details regarding credit risk, liquidity risk and market risk relating to payables are disclosed in note 3.

10 PROVISIONS

Current employee benefits and related on-cost

| | | |
|---|---------------|---------------|
| Annual leave (a) | 3,609 | 3,398 |
| Long service leave – short term benefit (a) | 1,059 | 1,226 |
| Long service leave – long term benefit (a) | 10,761 | 9,892 |
| Provision for workers' compensation (b) | 460 | 490 |
| | 15,889 | 15,006 |

Non-current employee benefits and related on-cost

| | | |
|---|--------------|--------------|
| Long service leave (a) | 277 | 269 |
| Provision for workers' compensation (b) | 2,540 | 2,765 |
| | 2,817 | 3,034 |

a) The provision for annual leave is calculated using 1 July 2011 wage rates and the provision for long service leave is actuarially assessed.

b) Workers' compensation provision includes \$1.210M for dust diseases (2010: \$1.380M) of which \$102K (2010: \$151K) is current. This provision is for claims from former Maritime Services Board (MSB) staff for dust related diseases that can be attributed to their service during the period 1/7/89 – 30/6/95 when the MSB was a self insurer.

| | Balance 1 Jul 10 \$000 | Charges to revenue \$000 | Less payments \$000 | Balance 30 Jun 11 \$000 |
|--|------------------------------|--------------------------------|---------------------------|-------------------------------|
| Movement in annual and long service leave provision | | | | |
| Annual leave | 3,398 | 2,998 | (2,787) | 3,609 |
| Long service leave – current | 11,118 | 1,874 | (1,172) | 11,820 |
| Long service leave – non-current | 269 | 8 | – | 277 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

MARITIME AUTHORITY OF NSW DIVISION
FOR THE YEAR ENDED 30 JUNE 2011

11 SUPERANNUATION

Fund information

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

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. All the schemes are closed to new members.

Member numbers

| | SASS 2011 | SANCS 2011 | SSS 2011 |
|-------------------------|--------------|---------------|-------------|
| Contributors | 49 | 79 | 30 |
| Deferred benefits | – | – | 2 |
| Pensioners | 3 | – | 34 |
| Pensions fully commuted | – | – | 5 |

| | SASS 2010 | SANCS 2010 | SSS 2010 |
|-------------------------|--------------|---------------|-------------|
| Contributors | 56 | 87 | 31 |
| Deferred benefits | – | – | 2 |
| Pensioners | 3 | – | 33 |
| Pensions fully commuted | – | – | 5 |

Superannuation position recognised in the statement of financial position under AASB 119

| | SASS 2011 \$000 | SANCS 2011 \$000 | SSS 2011 \$000 | Total 2011 \$000 |
|---|-----------------------|------------------------|----------------------|------------------------|
| Accrued liability | 17,900 | 3,890 | 58,819 | 80,609 |
| Estimated reserve account balance | (18,037) | (4,233) | (41,910) | (64,180) |
| Net (asset) liability recognised in the statement of financial position | (137) | (343) | 16,909 | 16,429 |
| Future service liability | 2,809 | 1,075 | 1,807 | 5,691 |
| Surplus in excess of recovery available from schemes | – | – | – | – |
| Net (asset)/liability to be recognised in statement of financial position | (137) | (343) | 16,909 | 16,429 |

| | SASS 2010 \$000 | SANCS 2010 \$000 | SSS 2010 \$000 | Total 2010 \$000 |
|---|-----------------------|------------------------|----------------------|------------------------|
| Accrued liability | 19,093 | 4,039 | 58,026 | 81,158 |
| Reserve account balance | (18,593) | (4,126) | (39,770) | (62,489) |
| Net (asset) liability recognised in the statement of financial position | 500 | (87) | 18,256 | 18,669 |
| Future service liability | 3,525 | 1,286 | 2,297 | 7,108 |
| Surplus in excess of recovery available from schemes | – | – | – | – |
| Net (asset)/liability to be recognised in statement of financial position | 500 | (87) | 18,256 | 18,669 |

The future service liability does not have to be recognised by the Division. It is only used to determine if an asset ceiling limit should be imposed. Under AASB 119, any prepaid superannuation asset recognised cannot exceed the amount of any unrecognised past service cost and 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 is imposed.

11 SUPERANNUATION (CONTINUED)

Accounting policy

Actuarial gains and losses are recognised immediately in other comprehensive income in the year in which they occur.

Reconciliation of the present value of the defined benefit obligation

| | SASS 2011 \$000 | SANCS 2011 \$000 | SSS 2011 \$000 | Total 2011 \$000 |
|---|-----------------------|------------------------|----------------------|------------------------|
| Present value of partly funded defined benefit obligations at beginning of year | 19,093 | 4,039 | 58,026 | 81,158 |
| Current service cost | 682 | 184 | 400 | 1,266 |
| Interest cost | 948 | 199 | 2,957 | 4,104 |
| Contributions by fund participants | 321 | – | 397 | 718 |
| Actuarial (gains) losses | (545) | (103) | (538) | (1,186) |
| Benefits paid | (2,599) | (429) | (2,423) | (5,451) |
| Present value of partly funded defined benefit obligations at end of year | 17,900 | 3,890 | 58,819 | 80,609 |

| | SASS 2010 \$000 | SANCS 2010 \$000 | SSS 2010 \$000 | Total 2010 \$000 |
|---|-----------------------|------------------------|----------------------|------------------------|
| Present value of partly funded defined benefit obligations at beginning of year | 16,212 | 3,614 | 51,420 | 71,246 |
| Current service cost | 662 | 177 | 410 | 1,249 |
| Interest cost | 881 | 194 | 2,831 | 3,906 |
| Contributions by fund participants | 336 | – | 400 | 736 |
| Actuarial (gains) losses | 1,170 | 216 | 4,114 | 5,500 |
| Benefits paid | (168) | (162) | (1,149) | (1,479) |
| Present value of partly funded defined benefit obligations at end of year | 19,093 | 4,039 | 58,026 | 81,158 |

Reconciliation of the fair value of fund assets

| | SASS 2011 \$000 | SANCS 2011 \$000 | SSS 2011 \$000 | Total 2011 \$000 |
|--|-----------------------|------------------------|----------------------|------------------------|
| Fair value of fund assets at beginning of year | 18,593 | 4,126 | 39,770 | 62,489 |
| Expected return on fund assets | 1,560 | 347 | 3,364 | 5,271 |
| Actuarial gains (losses) | (469) | (4) | 417 | (56) |
| Employer contributions | 631 | 193 | 385 | 1,209 |
| Contributions by fund participants | 321 | – | 397 | 718 |
| Benefits paid | (2,599) | (429) | (2,423) | (5,451) |
| Fair value of fund assets at end of year | 18,037 | 4,233 | 41,910 | 64,180 |

| | SASS 2010 \$000 | SANCS 2010 \$000 | SSS 2010 \$000 | Total 2010 \$000 |
|--|-----------------------|------------------------|----------------------|------------------------|
| Fair value of fund assets at beginning of year | 15,924 | 3,755 | 36,897 | 56,576 |
| Expected return on fund assets | 1,358 | 319 | 3,121 | 4,798 |
| Actuarial gains (losses) | 477 | 14 | 132 | 623 |
| Employer contributions | 667 | 200 | 369 | 1,236 |
| Contributions by fund participants | 335 | – | 400 | 735 |
| Benefits paid | (168) | (162) | (1,149) | (1,479) |
| Fair value of fund assets at end of year | 18,593 | 4,126 | 39,770 | 62,489 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

MARITIME AUTHORITY OF NSW DIVISION
FOR THE YEAR ENDED 30 JUNE 2011

11 SUPERANNUATION (CONTINUED)

Reconciliation of the assets and liabilities recognised in statement of financial position

| | SASS 2011 \$000 | SANCS 2011 \$000 | SSS 2011 \$000 | Total 2011 \$000 |
|--|-----------------------|------------------------|----------------------|------------------------|
| Present value of partly funded defined benefit obligation at end of year | 17,900 | 3,890 | 58,819 | 80,609 |
| Fair Value of Fund assets at end of year | (18,037) | (4,233) | (41,910) | (64,180) |
| Subtotal | (137) | (343) | 16,909 | 16,429 |
| Unrecognised past service cost | – | – | – | – |
| Unrecognised gain/(loss) | – | – | – | – |
| Adjustment for limitation on net asset | – | – | – | – |
| Net Liability/(Asset) recognised in statement of financial position at end of year | (137) | (343) | 16,909 | 16,429 |

| | SASS 2010 \$000 | SANCS 2010 \$000 | SSS 2010 \$000 | Total 2010 \$000 |
|--|-----------------------|------------------------|----------------------|------------------------|
| Present value of partly funded defined benefit obligation at end of year | 19,093 | 4,039 | 58,026 | 81,158 |
| Fair Value of Fund assets at end of year | (18,593) | (4,126) | (39,770) | (62,489) |
| Subtotal | 500 | (87) | 18,256 | 18,669 |
| Unrecognised past service cost | – | – | – | – |
| Unrecognised gain/(loss) | – | – | – | – |
| Adjustment for limitation on net asset | – | – | – | – |
| Net Liability/(Asset) recognised in statement of financial position at end of year | 500 | (87) | 18,256 | 18,669 |

Total expense (income) recognised in the statement of comprehensive income

| | SASS 2011 \$000 | SANCS 2011 \$000 | SSS 2011 \$000 | Total 2011 \$000 |
|--|-----------------------|------------------------|----------------------|------------------------|
| Current service cost | 682 | 184 | 400 | 1,266 |
| Interest cost | 948 | 199 | 2,957 | 4,104 |
| Expected return on fund assets (net of expenses) | (1,560) | (347) | (3,364) | (5,271) |
| Expense/(Income) recognised | 70 | 36 | (7) | 99 |

| | SASS 2010 \$000 | SANCS 2010 \$000 | SSS 2010 \$000 | Total 2010 \$000 |
|--|-----------------------|------------------------|----------------------|------------------------|
| Current service cost | 662 | 177 | 410 | 1,249 |
| Interest cost | 881 | 194 | 2,831 | 3,906 |
| Expected return on fund assets (net of expenses) | (1,358) | (319) | (3,121) | (4,798) |
| Expense (income) recognised | 185 | 52 | 120 | 357 |

11 SUPERANNUATION (CONTINUED)

Amounts recognised in other comprehensive income

| | SASS 2011 \$000 | SANCS 2011 \$000 | SSS 2011 \$000 | Total 2011 \$000 |
|--------------------------|-----------------------|------------------------|----------------------|------------------------|
| Actuarial (gains) losses | (76) | (99) | (954) | (1,129) |

| | SASS 2010 \$000 | SANCS 2010 \$000 | SSS 2010 \$000 | Total 2010 \$000 |
|--------------------------|-----------------------|------------------------|----------------------|------------------------|
| Actuarial (gains) losses | 693 | 201 | 3,983 | 4,877 |

Cumulative amount recognised in other comprehensive income

| | SASS 2011 \$000 | SANCS 2011 \$000 | SSS 2011 \$000 | Total 2011 \$000 |
|--------------------------|-----------------------|------------------------|----------------------|------------------------|
| Actuarial (gains) losses | (1,344) | 954 | 19,327 | 18,937 |

| | SASS 2010 \$000 | SANCS 2010 \$000 | SSS 2010 \$000 | Total 2010 \$000 |
|--------------------------|-----------------------|------------------------|----------------------|------------------------|
| Actuarial (gains) losses | (1,268) | 1,053 | 20,281 | 20,066 |

Fund assets

| | 2011 | 2010 |
|--|---------------|---------------|
| <i>The percentage invested in each asset class at the reporting date</i> | | |
| Australian equities | 33.4% | 31.0% |
| Overseas equities | 29.5% | 26.8% |
| Australian fixed interest securities | 5.7% | 6.1% |
| Overseas fixed interest securities | 3.1% | 4.3% |
| Property | 9.9% | 9.5% |
| Cash | 5.1% | 9.6% |
| Other | 13.3% | 12.7% |
| Total | 100.0% | 100.0% |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

MARITIME AUTHORITY OF NSW DIVISION
FOR THE YEAR ENDED 30 JUNE 2011

11 SUPERANNUATION (CONTINUED)

Fair value of fund assets

All fund assets are invested by the SAS Trustee Corporation (STC) at arms length through independent fund managers.

Expected rate of return on assets

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

Actual return on fund assets

| | SASS 2011 \$000 | SANCS 2011 \$000 | SSS 2011 \$000 | Total 2011 \$000 |
|------------------------------|-----------------------|------------------------|----------------------|------------------------|
| Actual Return on fund assets | 1,530 | 342 | 3,312 | 5,184 |

| | SASS 2010 \$000 | SANCS 2010 \$000 | SSS 2010 \$000 | Total 2010 \$000 |
|------------------------------|-----------------------|------------------------|----------------------|------------------------|
| Actual Return on fund assets | 1,498 | 333 | 3,387 | 5,218 |

Valuation method and principal actuarial assumptions at reporting date

a) Valuation method

The Projected Unit Credit (PUC) 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.

| | 2011 | 2010 |
|--|-------|-------|
| b) Economic assumptions | | |
| Salary increase rate (excluding promotional increases) | 3.50% | 3.50% |
| Rate of CPI increase | 2.50% | 2.50% |
| Expected rate of return on assets | 8.60% | 8.60% |
| Discount rate | 5.28% | 5.17% |

c) Demographic assumptions

The demographic assumptions at 30 June 2011 are those that were used in the 2009 triennial actuarial valuation. The triennial review report is available from the NSW Treasury website.

11 SUPERANNUATION (CONTINUED)

Historical information

| | SASS 2011 \$000 | SANCS 2011 \$000 | SSS 2011 \$000 | Total 2011 \$000 |
|---|-----------------------|------------------------|----------------------|------------------------|
| Present value of defined benefit obligation | 17,900 | 3,890 | 58,819 | 80,609 |
| Fair value of Fund assets | (18,037) | (4,233) | (41,910) | (64,180) |
| (Surplus)/Deficit in Fund | (137) | (343) | 16,909 | 16,429 |
| Experience adjustments – Fund liabilities | (545) | (103) | (538) | (1,186) |
| Experience adjustments – Fund assets | 469 | 4 | (417) | 56 |

| | SASS 2010 \$000 | SANCS 2010 \$000 | SSS 2010 \$000 | Total 2010 \$000 |
|---|-----------------------|------------------------|----------------------|------------------------|
| Present value of defined benefit obligation | 19,093 | 4,039 | 58,026 | 81,158 |
| Fair value of Fund assets | (18,593) | (4,126) | (39,770) | (62,489) |
| (Surplus)/Deficit in Fund | 500 | (87) | 18,256 | 18,669 |
| Experience adjustments – Fund liabilities | 1,170 | 216 | 4,115 | 5,501 |
| Experience adjustments – Fund assets | (478) | (14) | (132) | (624) |

Expected contributions

| | SASS 2011 \$000 | SANCS 2011 \$000 | SSS 2011 \$000 | Total 2011 \$000 |
|---|-----------------------|------------------------|----------------------|------------------------|
| Expected employer contributions to be paid in the next reporting period | 611 | 195 | 369 | 1,175 |

Funding arrangements for employer contributions

a) Surplus/deficit

The following is a summary of the 30 June 2011 financial position of the fund calculated in accordance with AAS25 "Financial Reporting by Superannuation Plans":

| | SASS 2011 \$000 | SANCS 2011 \$000 | SSS 2011 \$000 | Total 2011 \$000 |
|---------------------------------|-----------------------|------------------------|----------------------|------------------------|
| Accrued benefits | 16,420 | 3,577 | 41,800 | 61,797 |
| Net market value of fund assets | (18,037) | (4,233) | (41,910) | (64,180) |
| Net (surplus) deficit | (1,617) | (656) | (110) | (2,383) |

| | SASS 2010 \$000 | SANCS 2010 \$000 | SSS 2010 \$000 | Total 2010 \$000 |
|---------------------------------|-----------------------|------------------------|----------------------|------------------------|
| Accrued benefits | 17,376 | 3,654 | 40,139 | 61,169 |
| Net market value of fund assets | (18,593) | (4,126) | (39,771) | (62,490) |
| Net (surplus) deficit | (1,217) | (472) | 368 | (1,321) |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

MARITIME AUTHORITY OF NSW DIVISION
FOR THE YEAR ENDED 30 JUNE 2011

11 SUPERANNUATION (CONTINUED)

b) Contribution recommendations

Recommended contribution rates for the entity are:

| | SASS 2011 | SANCS 2011 | SSS 2011 |
|----------------------------------|--------------|---------------|-------------|
| multiple of member contributions | 1.90 | – | 0.93 |
| % member salary | – | 2.50 | – |

| | SASS 2010 | SANCS 2010 | SSS 2010 |
|----------------------------------|--------------|---------------|-------------|
| multiple of member contributions | 1.90 | – | 0.93 |
| % member salary | – | 2.50 | – |

c) Funding method

Contribution rates are set after discussions between NSW Maritime, STC and NSW Treasury.

d) Economic assumptions

The economic assumptions adopted for the 2009 actuarial review of the fund were:

Weighted average assumptions

| | |
|--|------|
| Expected rate of return on fund assets backing current pension liabilities | 8.3% |
| Expected rate of return on fund assets backing other liabilities | 7.3% |
| Expected salary increase rate | 4.0% |
| Expected rate of CPI increase | 2.5% |

Nature of asset / liability

If a surplus exists in the Division's interest in the fund, the Division may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the fund's actuary and agreement with NSW Treasury. Where a deficiency exists, the Division is responsible for any difference between its share of fund assets and the defined benefit obligation.

e) Five year comparatives

| | 2011 \$000 | 2010 \$000 | 2009 \$000 | 2008 \$000 | 2007 \$000 |
|---|---------------|---------------|---------------|---------------|---------------|
| Fair value of the plan assets | 64,180 | 62,489 | 56,576 | 63,154 | 68,801 |
| Present value of the defined benefit obligation | (80,609) | (81,158) | (71,246) | (57,750) | (57,853) |
| Plan surplus (deficit) | (16,429) | (18,669) | (14,670) | 5,404 | 10,948 |

12 COMMITMENTS

The Division had no commitments for expenditures at 30 June 2011.

13 CONTINGENT ASSETS AND LIABILITIES

The Division had no contingent assets or liabilities at 30 June 2011.

14 COMPARATIVES

No comparative information has been materially amended from the previous financial statements.

15 EVENTS AFTER THE REPORTING DATE

On 15 July 2011 the Minister for Transport and the Minister for Roads and Ports jointly announced the establishment of a new integrated transport authority that is to be called 'Transport for NSW'. Transport for NSW will be responsible for improving the customer experience, planning, program administration, policy, regulation, procurement of transport services, infrastructure and freight. Some of the functions of NSW Maritime will be transferred to Transport for NSW.

The Ministers also announced that the Roads and Traffic Authority (RTA) and NSW Maritime would cease to exist in their current form with a new agency, Roads and Maritime Services, created in their place. The legislation to create Roads and Maritime Services has been passed by both houses of parliament, with the date of proclamation expected to be 1 November 2011. The division will be abolished and its functions will be transferred to the new Roads and Maritime Services Division.

The new agency will report to the Minister for Roads and Ports. As a result of these changes, it is expected that Transport for NSW, through the direction of the Director General, will have control over the following transport agencies operating in NSW in 2011-12:

- Roads and Maritime Services
- Rail Corporation
- State Transit Authority
- Sydney Ferries
- Public Transport Ticketing Corporation
- Sydney Metro

It is also expected that Transport for NSW will be preparing consolidated financial statements of these transport agencies for the year 2011-12.

There are no other material post-balance date events or transactions that require adjustments or disclosures in the financial statements.

End of Audited Financial Statements

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APPENDICES



1. CHANGES TO LEGISLATION

| Date | Legislation | Action |
|----------------|--|--|
| 2 August 10 | – <i>Marine Safety (General) Regulation 2009</i> | Amended by the <i>Marine Safety (General) Amendment (Fees) Regulation 2010</i> to increase certain fees related to vessel registration (other than personal watercraft and certain fishing vessels), personal watercraft driving licences and general boat driving licences. |
| 1 September 10 | – <i>Ports and Maritime Administration Regulation 2007</i> | Amended by the <i>Ports and Maritime Administration Amendment (Site Occupation Charges) Regulation 2010</i> to provide for site occupation charges to be based on gross tonnage of a vessel or the amount of time for which the site is reserved or occupied, or both. |
| 1 October 10 | – <i>Commercial Vessels (Certificates of Competency and Safety Manning) Regulation 1986</i> – <i>Commercial Vessels (Load Lines) Regulation 1986</i> – <i>Commercial Vessels (Permits) Regulation 1986</i> – <i>Management of Waters and Waterside Lands Regulations – N.S.W.</i> – <i>Marine Safety (General) Regulation 2009</i> | Amended by the following Regulations to increase fees generally in line with movements in the Consumer Price Index: – <i>Commercial Vessels Legislation (Fees, Charges and Expenses) Regulation 2010</i> – <i>Management of Waters and Waterside Lands Amendment (Fees) Regulation 2010</i> – <i>Marine Safety (General) Further Amendment (Fees) Regulation 2010</i> |
| 1 November 10 | – <i>Marine Safety (General) Regulation 2009</i> | Amended by the <i>Marine Safety (General) Amendment (Lifejackets) Regulation 2010</i> to extend lifejacket wear requirements on vessels, make further provision for minimum safety equipment on vessels and clarify that kiteboard and sailboard craft are vessels for the purposes of the safety equipment requirements for recreational vessels and make related amendments. |
| 26 November 10 | – <i>Ports and Maritime Administration Regulation 2007</i> | Amended by the <i>Ports and Maritime Administration Amendment (Port Botany Landside Improvement Strategy) Regulation 2010</i> to provide for: a) the setting of and compliance with standards relating to access by road carriers to the Port Botany Container Terminals and the performance of road carriers and stevedores, and b) the regulation by the Minister of charges imposed by stevedores and service providers for or in connection with facilities or services of the port-related supply chain at Port Botany. |
| 1 January 11 | – <i>Marine Safety Act 1998</i> and – <i>Marine Safety Amendment Act 2008</i> | Provisions relating to commercial vessels commenced. |
| 1 January 11 | – <i>Commercial Vessels Act 1979</i> – <i>Commercial Vessels (Certificates of Competency and Safety Manning) Regulation 1986</i> – <i>Commercial Vessels (Emergency Procedures and Safety of Navigation) Regulation 1986</i> | Repealed and replaced by provisions of the <i>Marine Safety Act 1998</i> and the <i>Marine Safety (Commercial Vessels) Regulation 2010</i> |

Left: New lifejacket rules introduced in November 2010 require paddlers to wear lifejackets at all times on open or alpine waters, and when more than 100 metres from shore on enclosed waters.

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APPENDICES

| Date | Legislation | Action |
|------------------------------|--|---|
| 1 January 11 continued... | <ul style="list-style-type: none"> - <i>Commercial Vessels (Equipment) Regulation 1986</i> - <i>Commercial Vessels (Hire and Drive) Regulation 1986</i> - <i>Commercial Vessels (Load Lines) Regulation 1986</i> - <i>Commercial Vessels (Permits) Regulation 1986</i> | Repealed and replaced by provisions of the Marine Safety Act 1998 and the Marine Safety (Commercial Vessels) Regulation 2010 |
| 1 January 11 | - <i>Marine Safety (Commercial Vessels) Regulation 2010</i> | Commenced |
| 1 January 11 | - <i>Maritime Services Act 1935</i> | <ul style="list-style-type: none"> - Section 13SA repealed - Relevant provisions concerning speed limits are now in the Marine Safety Act 1998 and regulations under that Act. |
| 1 January 11 | - <i>Management of Waters and Waterside Lands Regulations – N.S.W.</i> | <ul style="list-style-type: none"> - Clauses 8, 8A, 12, 13, 14, 16-17B, 19 and 19A, and the Sixth and Eighth Schedules repealed. - Relevant provisions concerning matter covered by these clauses and schedules is now in the <i>Marine Safety Act 1998</i> and regulations under that Act. |
| 1 February 11 | <ul style="list-style-type: none"> - <i>Marine Safety Act 1998</i> - <i>Marine Safety Amendment Act 2008</i> | Provisions relating to marine pilot licensing commenced. |
| 1 February 11 | <i>Marine Safety (General) Regulation 2009</i> | Amended by the <i>Marine Safety (General) Amendment (Pilotage) Regulation 2011</i> to provide for the issue, suspension, cancellation, conditions, requirements and other matters in respect of marine pilot's licences, marine pilotage exemption certificates and certificates of local knowledge. |
| 1 February 11 | <ul style="list-style-type: none"> - <i>Marine Pilotage Licensing Act 1971</i> - <i>Marine Pilotage Licensing Regulation</i> | Repealed and replaced by provisions of the <i>Marine Safety Act 1998</i> and the <i>Marine Safety (General) Regulation 2009</i> . |
| 1 February 11 | - <i>Ports and Maritime Administration Act 1995</i> | Amended by the <i>Marine Safety Act 1998</i> to omit Part 6 Pilotage. Similar provision is now made in Part 6 Pilotage of the <i>Marine Safety Act 1998</i> . |
| 7 February 11 | <ul style="list-style-type: none"> - <i>Marine Safety Act 1998</i> - <i>Marine Safety (General) Regulation 2009</i> | Amended by the <i>Statute Law (Miscellaneous Provisions) Act (No 2) 2010</i> to remove amending provisions of the Act that have commenced and to correct minor errors in the Regulation. |
| 3 March 11 | - <i>Marine Safety (General) Regulation 2009</i> | Amended by the <i>Marine Safety (General) Amendment Regulation 2011</i> to make minor miscellaneous amendments with respect to various matters. |
| 3 March 11 | - <i>Ports and Maritime Administration Regulation 2007</i> | Amended by the <i>Ports and Maritime Administration Amendment Regulation 2011</i> to prescribe authorised officers appointed under the Marine Safety Act 1998 as a class of law enforcement officer for the purpose of issuing a penalty notice under the <i>Ports and Maritime Administration Act 1995</i> . |

2. GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT 2009

Schedule 2 Statistical information about access applications to be included in annual report

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 | 3 | 0 | 2 | 0 | 0 | 0 | 0 |
| Members of Parliament | 3 | 3 | 2 | 1 | 0 | 0 | 0 | 0 |
| Private sector business | 17 | 1 | 1 | 3 | 0 | 0 | 0 | 0 |
| Not for profit organisations or community groups | 1 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Members of the public (application by legal representative) | 18 | 6 | 0 | 0 | 0 | 0 | 0 | 0 |
| Members of the public (other) | 16 | 4 | 6 | 4 | 0 | 3 | 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.

GOVERNMENT INFORMATION (PUBLIC ACCESS) APPLICATION – ANNUAL REPORT

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* | 14 | 1 | 2 | 0 | 0 | 0 | 0 | 0 |
| Access applications (other than personal information applications) | 44 | 19 | 8 | 10 | 0 | 3 | 0 | 0 |
| Access applications that are partly personal information applications and partly other | 3 | 1 | 1 | 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 | No of applications |
|---|--------------------|
| Application does not comply with formal requirements (section 41 of the Act) | 3 |
| 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 | 3 |
| Invalid applications that subsequently became valid applications | 1 |

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GOVERNMENT INFORMATION (PUBLIC ACCESS) APPLICATION – ANNUAL REPORT

Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of Act

Number of times consideration used*

| | |
|---|---|
| Overriding secrecy laws | 2 |
| Cabinet information | 1 |
| Executive Council information | 0 |
| Contempt | 0 |
| Legal professional privilege | 7 |
| 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 | 4 |
| Law enforcement and security | 1 |
| Individual rights, judicial processes and natural justice | 12 |
| Business interests of agencies and other persons | 11 |
| 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 35 extensions) | 35 |
| Decided after 35 days (by agreement with applicant) | 1 |
| Not decided within time (deemed refusal) | 55 |
| Total | 91 |

GOVERNMENT INFORMATION (PUBLIC ACCESS) APPLICATION – ANNUAL REPORT

Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

| | Decision varied | Decision upheld | Total |
|--|-----------------|-----------------|----------|
| Internal review | 0 | 0 | 0 |
| Review by Information Commissioner* | 0 | 1 | 1 |
| Internal review following recommendation under section 93 of Act | 0 | 0 | 0 |
| Review by the Administrative Decisions Tribunal | 0 | 1 | 1 |
| Total | 0 | 2 | 2 |

* 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 | 2 |
| Applications by persons to whom information the subject of access application relates (see section 54 of the Act) | 0 |

3. COMPLIANCE AND LITIGATION REPORT

During the year, NSW Maritime conducted 53 Local Court prosecutions across the State, mainly in the Sydney and Central Coast regions, but also in regional areas such as Tweed Heads, Ballina, Nowra and Moama.

Many of these marine safety prosecutions related to those legislative provisions which have been identified by NSW Maritime, State Coroners and others as requiring greater scrutiny and compliance. Targeted areas include the use of navigation lights at night, the carriage of lifejackets, and anti-social behaviour involving the use of vessels generally.

In one case, NSW Maritime conducted its first prosecution under the newly inserted section 63A of the Marine Safety Act 1998, and was successful in securing convictions against a serial offender for several offences of Driving a Vessel While Disqualified.

NSW Maritime was also successful in defending appeals in the District Court, and continued to manage its general litigation function, including responding to claims for personal injury damages, negligence and other civil matters. NSW Maritime dealt with 118 written representations appealing Penalty Notices issued by Boating Safety Officers and Police as a result of breaches of the marine legislation.



APPENDICES

4. PUBLICATIONS

Section 1 – Policy Documents

NSW Maritime's Policy Documents are listed below:

- Governance Framework
- Enterprise Wide Risk Management Framework
- Compliance Framework
- Corruption Prevention
- Procurement etc
 - i) Corporate Plan and Business Plans.
 - ii) Policy Files held in the Records Section
 - iii) Policy and Procedure Documents – containing policy and procedures relevant to recreational boating, commercial vessels, environmental assessments, boating plans, mooring plans of management, property, personnel, and administrative matters
 - iv) Project Management Guidelines
 - v) Privacy Management Plan (under review)

Section 2 – Information Documents

- i) Annual Report
- ii) NSW Boating Handbook
- iii) Maritimes Newsletter – The newsletter of NSW Maritime.
- iv) NSW tides 2010/2011
- v) Maritime Infrastructure Program Information Kit and Application Form
- vi) Sydney's Aquatic Events Boating Guide
- vii) School activity booklet
- viii) Brochures and fliers entitled:
 - Aquatic Licences
 - Australian Builders Plate
 - Bars 'n' Boats – A Safety Guide
 - Be Bright, Be Safe at Night
 - Be Responsible Near Whales and Dolphins
 - Big Ships, Small Boats
 - Boatcode Agents
 - Boatcode Built-in Security For Your Boat
 - Boating Handbook
 - Boat Ramp Etiquette
 - Boating on Iron Cove
 - Boatsmart – Boats and Alcohol Caution

- Buying or Registering a Vessel
- Carbon Monoxide
- Determining the Length of Your Vessel
- Don't Make Waves
- Go Easy on the Drink
- Hypothermia
- I've Gone Boating (Magnet)
- Info Kit
- Leave Only Water In Your Wake
- Maritime Infrastructure Program
- Maritime Skills
- Mooring Licence Conditions (Private and Commercial)
- Noise Annoys
- Pittwater No Wash Zone
- Proof of Identity and the Use of Personal Information under the *Privacy and Personal Information Protection Act 1998*
- Safety Equipment Checklist
- Sailboarding in the Waters of Sydney Harbour
- Series of Boating Maps – Your guide to safe navigation of NSW coastal and inland waterways
- Serving our Boating Community
- Small Craft Safety
- Some People Go Overboard – Overloading Boats
- Take Care, Be Prop Aware
- Take Charge of Your Discharge
- Take Charge of Your Discharge on Lake Macquarie
- Take Note When Hiring A Boat
- Traffic Co-ordination On Parramatta River
- Traffic Separation on Middle Harbour
- Transit Zone Under Sydney Harbour Bridge
- Wash Your Boat
- What To Know Before You Tow
- Your Boating Fees At Work
- You're the Skipper – You're Responsible

Section 3 – Posters

- i) Always check the weather before and during boating
- ii) Boat Smart From the Start – Know when to wear your lifejacket
- iii) Boat stability – know the wind and wave limits
- iv) Capsize is a major contributor to boating fatalities
- v) Excessive wash can cause nuisance, annoyance or danger
- vi) Go Easy on the Drink
- vii) Keep carbon monoxide levels at a minimum and prevent poisoning
- viii) Lifejackets – compulsory when crossing bars
- ix) Make sure when towing that it is safe
- x) Stow it – Don't Throw it
- xi) Wear it – lifejackets
- xii) Blue Water Safety – offshore
- xiii) Keep a Proper Lookout
- xiv) Keep Right
- xv) Take Care be Prop Aware

Section 4 – Information Stickers

- i) Bar Crossing
- ii) Bin Your Butts
- iii) Boat Smart From The Start – Know When To Wear Your Lifejacket
- iv) Bow Riding
- v) Drowning Is Uncool
- vi) Go Easy on the Drink
- vii) Hypothermia – Cold Water Kills
- viii) Kids In Boats
- ix) Navigation Rules/Advisory Signs/Warning Signals/Remember
- x) Ride Smart – PWC Behaviour
- xi) Row Smart
- xii) Safe Boating – Buoyage System
- xiii) Safe Boating – Navigation Marks
- xiv) Safe Boating – Navigation Rules
- xv) Safety Check
- xvi) Safety Check – Offshore
- xvii) Safety Label
- xviii) Take Care, Be Prop Aware (small)
- xix) Take Care, Be Prop Aware (large)
- xx) Water Ski Hand Signals
- xxi) Wear it!
- xxii) You're the Skipper – You're Responsible

Boating Maps

North Coast

93. 1A (map number)

Tweed River, Cudgera Creeks
Upper Tweed River, Cudgera
and Mooball Creeks

94. 1B

Brunswick River
Evans River

95. 2A

Richmond River and Wilsons River
including detail insets Lismore and
Casino Richmond River Ballina Area

96. 2B

Clarence River
Yamba, Wooli, Sandon River, Brooms
Head and Minnie Water insets

97. 3A

Bellinger/Kalang Rivers and detail inset
Sawtell area.
Detail Insets Coffs Harbour, Red Rock,
Arrawarra and Woolgoolga areas.

98. 4A

Nambucca River, Warrell and
Deep Creeks
Nambucca Heads and Scotts
Head insets

99. 4B

Macleay River Area
South West Rocks, Crescent and
Hat Heads inset

100. 5A

Hastings, Wilson and Maria Rivers and
Port Macquarie Area
Camden Haven River, Queens and
Watson Taylors Lakes, Laurieton and
Lake Cathie areas

101. 6A

Manning River area and Crowdy Head
boating harbour
Harrington, Old Bar and Khappinghat
Creek insets

102. 6B

Wallis Lake, Coolongolook, Wallingat and
Wallamba Rivers area
Smiths Lake and Upper Wallis Lake,
Forster/Tuncurry area insets

Hunter

103. 7A

Port Stephens and Tea Gardens inset
Karuah River, Broughton Island and
Nelson Bay detail insets

104. 7B

Myall River and Tea Gardens detail inset
Myall Lakes and Upper Myall River area
and detail inset Seal Rocks

105. 7C

Newcastle Harbour, Hunter River
and Williams Rivers
Newcastle Harbour detail inset

106. 8A

Lake Macquarie
Detail insets for Swansea Channel/
Belmont, Toronto, Cockle Bay and
Wangi Wangi areas.

107. 8B

Tuggerah, Budgewoi and
Munmorah Lakes
Brisbane Water and Broken Bay

Hawkesbury

108. 9A

Pittwater
Cowan Creek and Narrabeen Lakes

109. 9B

Lower Hawkesbury River, Berowra,
Mooney Mooney Creeks
Mid Hawkesbury River
and Mangrove Creek

110. 9C

Upper Hawkesbury and Colo Rivers
Nepean River at Penrith

Sydney

111. 9D

Port Jackson east of the Harbour Bridge
Middle Harbour

112. 9E

Botany Bay, Lower Georges and Cooks
Rivers
Georges and Woronora Rivers and
Chipping Norton Lakes

113. 9F

Port Hacking
Botany Bay, Lower Georges and
Cooks Rivers

114. 9G

Port Jackson west of the Harbour
Bridge including Lane Cove and Lower
Parramatta Rivers.
Upper Parramatta River

South Coast

115. 10A

Wollongong and Port Kembla area
Bellambi, Wollongong Harbour,
Austinmer, Shellharbour and Port Kembla
boat harbour detail insets

116. 10B

Lake Illawarra area
Windang and Minnamurra detail insets

117. 11A

Shoalhaven and Crookhaven Rivers,
Culburra detail inset
Kiama, Gerringong, Gerroa, Nowra and
Crookhaven Heads detail insets

118. 11B

Jervis Bay, Currumbene and
Currarong Creeks
Sussex Inlet, Swan Lake and
St. Georges Basin

119. 12A

Lake Conjola and Narrawallee Inlet
Ulladulla, Burrill and Tabourie Lakes,
Bawley Point and Kioloa areas

120. 12B

Batemans Bay, Clyde and
Tomaga Rivers Batemans Bay detail
and Durras Lake insets

121. 13A

Moruya River area and Congo Creek
Tuross, Coila and Mummuga Lakes

122. 13B

Wagonga Inlet and Montague Island
Bermagui River, Wallaga and Coruma
Lakes, Brogo Dam

123. 14A

Merimbula and Pambula Lakes,
Mogareka Inlet and Tathra detail Insets
Twofold Bay and Wonboyn River

Inland Dams

124. 15

Lake Keepit
Split Rock and Chaffey Dams

125. 16

Glenbawn Dam
Lake St. Clair and Lostock Dam

126. 17

Copeton Dam
Pindari Dam

127. 18

Lake Jindabyne
Lake Eucumbene and Tantangara
Reservoir

128. 19

Murray River – Moama/ Echuca, Barmah,
Picnic Point, Tocumwal and Cobram/
Barooga areas
Lake Mulwala

A

APPENDICES

129. 20

Murray River – Wentworth to Wickets, including insets for Mildura/Buronga, Wentworth and Wickets to Colignan Murray River – Wentworth to the South Australian border
Including insets for Locks 7, 8 and 9

Coastal Boating Maps

130. 1-2

Tweed Heads to Ballina
Ballina to Brooms Head

131. 3-4

Brooms Head to Coffs Harbour
Bonville Creek to Crescent Head

132. 5-6

Crescent Head to Crowdy Head
Crowdy Head to Seal Rocks

133. 7-8

Seal Rocks to Newcastle
Newcastle to Broken Bay

134. 9-10

Broken Bay to Garie Beach
Garie Beach to Crookhaven Heads

135. 11-12

Crookhaven Heads to Ulladulla Harbour
Ulladulla Harbour to Tuross Heads

136. 13-14

Tuross Heads to Tathra
Tathra to Wonboyn River

Digital Media

137. Website – www.maritime.nsw.gov.au

138. Boating Safety Course – <https://online.maritime.nsw.gov.au/OnlineBSC/>

139. Boating Quiz – www.maritime.nsw.gov.au/boattest.html

140. Maritimes Newsletter – www.maritimes.com.au

141. Maritimes Staff Newsletter (url available internally only)

142. Maps\DVDs order form – <https://online.maritime.nsw.gov.au/store/>

143. Live bar crossing web cams – www.maritime.nsw.gov.au/webcams/web-cam.html

144. Safety Campaigns – www.maritime.nsw.gov.au/campaign.html

145. Port of Yamba – www.yamba.nsw.gov.au

146. Port of Eden – www.eden.nsw.gov.au

147. Flickr – www.flickr.com/photos/nswmaritime

148. Facebook – <http://www.facebook.com/nswmaritime>

149. Twitter – twitter.com/nswmaritime

150. YouTube – www.youtube.com/NSWMaritime

151. Boat for Life – www.boatforlife.com.au

5. CONSULTANTS

NSW Maritime engaged eight consultancies during the year at a total cost of \$210,455, excluding GST. Of these, only one was valued over \$50,000. The Independent Pricing and Regulatory Tribunal's review into NSW Maritime's method of rent determination was valued at \$70,000.

6. OVERSEAS VISITS

NSW Maritime Officer Travelling

| Date of Trip | Trip Purpose | Country of Trip | City of Trip |
|------------------------|---|--------------------------|-------------------|
| 4 to 13 March 2011 | Attend International Boating and Water Safety Summit | United States of America | Savannah, Georgia |
| 7 to 11 March 2011 | Survey Inspections | Lord Howe Island | Lord Howe Island |
| 17 to 21 April 2011 | Survey Inspection | New Zealand | Whanganui |
| 13 to 25 May 2011 | Training | USA | Boston |
| 21 to 30 May 2011 | Attend conference of the International Institute of Marine Surveying to accept an award and deliver a paper | United Kingdom | London |

7. SIGNIFICANT COMMITTEES

External:

- Australian Maritime Group – *Steve Dunn, Tony Middleton*
- Australia and New Zealand Safe Boating Education Group – *Ed Kwanten, Neil Patchett*
- Australian Recreational Boating Safety Committee – *Steve Dunn*
- CEO Counter Terrorism Coordination Group – *Steve Dunn*
- Commercial Vessels Advisory Group – *Howard Glenn (Chair), Shankar Ramanathan, Chris Bolton*
- Government Licensing System Steering Committee – *Steve Dunn*
- Maritime Consultative Committee – *Brian Stanwell (Chair), Sue Ohanian, Ian Grey, Natasha Ianni, Victoria Cook, Leslie Brix-Nielsen, Peter Woolfenden, Richard Barnes (Australian Maritime Officer's Union), Christopher Friend (Australian Services Union), Paul McAleer (Maritime Union of Australia), Joe Fallone (Australian Institute of Marine and Power Engineers)*
- Maritime Advisory Council – *Steve Dunn*
- National Marine Safety Committee – *Steve Dunn*
- National Plan of Management Committee – *Tony Middleton*
- NSW National Plan Executive Committee – *Steve Dunn, Tony Middleton, Shayne Wilde*
- NSW Water Safety Advisory Council – *Ed Kwanten*
- Port Chief Executive Officers Meeting – *Steve Dunn, Tony Middleton*
- Recreational Vessels Advisory Group – *Howard Glenn (Chair), Ed Kwanten, Fran Rein (Secretary)*
- Sharing Sydney Harbour Access Program Grants Committee – *Howard Glenn, Terry Young*
- State Emergency Management Committee – *Shayne Wilde*

Internal:

- Audit & Risk Committee – *Dr Elizabeth Coombs (Chair), Howard Glenn (Non-independent), Melinda McCabe (Non-independent), Alex Smith (Independent), Ken Barker (Independent)*
- Better Boating Program Assessment Committee (including Regional and Sydney Harbour Boat Ramps) – *Howard Glenn (Chair), Terry Young, Lachlan Whetham, Lisa Anderson (Secretary)*
- Commercial Vessels Incident Review Committee – *Howard Glenn, Sean O'Dwyer, Shankar Ramanathan, Trevor Williams, Craig Purdon*
- Equity and Diversity Committee – *Brian Stanwell (Chair), Sue Ohanian, Nelly Felczynski, Judith Webster, Neil Patchett*
- Executive Management Committee – *Steve Dunn (Chair), Tony Middleton, Brian Stanwell, Michael Wright, Melinda McCabe, Howard Glenn, Bruce Green, Neil Patchett, Jill Saffron*
- IT Steering Committee – *Brian Stanwell (Chair), Steve Potter (Secretary), Kelly McFadyen, Rob Lea, Kumar Sundaram, Ann Waddington, Neil Patchett, Lindsay Phair*
- Project Management Group – *Michael Wright (Chair), Ben Gooley, Kelly McFadyen, Bruce Green, Peter Maunder, Anthony Dever, Neil Mudge, Bob Rimac*

Committees established

The Australian Recreational Boating Safety Committee was established during the year to ensure the valuable work in the area of recreational boating safety is continued at a national level, after the National Marine Safety Committee is wound up, particularly in relation to: national recreational boating incident data collection; analysis of data to identify risks to recreational boating safety; assessment of the causes and impact of marine safety incidents; development of effective national responses to identified risks and impacts; development of uniform approaches to standards, policies and procedures; development and implementation of targeted national safety campaigns.

Committees discontinued

- Port Botany Logistics Taskforce
- Transport Regulators Executive Committee
- Maritime Ministerial Advisory Council.



APPENDICES

8. MARITIME ADVISORY COUNCIL

The Maritime Advisory Council met for the first time on 15 June 2011. Membership of the Council includes:

- Darren Vaux, Chair
- Kay Cottee, Deputy Chair
- John Barbouttis
- Marcus Blackmore
- Michael Chapman
- Warwick Fairweather
- Douglas Olding
- Malcolm Poole
- Jan Thurgar
- Steve Dunn (ex officio), Chief Executive NSW Maritime

9. GRANTS TO NON-GOVERNMENT COMMUNITY ORGANISATIONS

Marine Rescue NSW

In recognition of the vital contribution of volunteers, the State Government provides funding support through an agreement between NSW Maritime and Marine Rescue NSW. The amount is adjusted by CPI each year and for 2010-2011 the total amount of funding allocated was \$1.4 million. Additionally, in 2010-2011 a loan of \$3 million was provided.

| | Grant |
|-------------------------------|-----------|
| Total funding made available: | 1,442,000 |
| Marine Rescue NSW | |
| Administration | \$358,902 |
| Staff cost | \$865,020 |
| Uniforms and stores costs | \$218,078 |

Better Boating Program Grants to non-government community organisations

Under the Better Boating Program, grants totaling approximately \$5.5 million were approved for 70 projects to government and non-government organisations (NGO). Grants to NGO included the following:

| Recipient | Project | Estimated Cost | BBP Grant (incl SSHAP) |
|-----------------------------------|--|----------------|------------------------|
| Bailey's Marine Fuels Australia | Recreational Vessel Sewage Pumpout Facility at White Bay 6, Balmain | \$337,440 | \$84,250* |
| Corowa Rowing Club | Rowers Park Public Launching Ramp and Foreshore Improvements, Corowa (Murray River) | \$36,925 | \$14,800 |
| Dobroyd Aquatic Club | Dobroyd Aquatic Club Replacement Pontoon, Rodd Point | \$78,600 | \$39,300 |
| Four Post Youth Camp Inc. | Four Post Boat Ramp Facility Upgrade, Four Post Youth Camp Reserve, Deniliquin | \$81,482 | \$48,032 |
| Hunters Hill Sailing Club | Hunters Hill Sailing Club Floating Pontoon, Woolwich | \$153,400 | \$76,700 |
| Royal Motor Yacht Club Broken Bay | RMYC Broken Bay Sewage Pump Out Facility, Newport | \$48,000 | \$24,000 |
| Sydney Women's Mlc Rowing Club | Sydney Women's MLC Rowing Club Pontoon, Abbotsford | \$139,500 | \$10,000 |
| Wentworth Angling Club | Fort Courage Pontoons & Boat Ramp Upgrade – Murray River, Wentworth (Additional Funding) | \$30,181 | \$15,090 |

* The remaining cost of \$253,190 was funded by a special grant from NSW Maritime in lieu of a government commitment for a pumpout in Pyrmont which did not proceed.

10. GUARANTEE OF SERVICE

NSW Maritime sets internal customer service standards in relation to customer transactions, responses to client submission, and the quality of information and educational material provided. Through education, appropriate staffing and the review and re-engineering of business processes, NSW Maritime is continually reviewing areas of service for improvement.

11. ELECTRONIC SERVICE DELIVERY

Continual improvements were made to the Maritime website to keep it up-to-date and relevant. This often required updates to be made multiple times each day. The Maritime website attracted 3.8 million page views, with the average length of time on site of 8 minutes, 7 seconds. The top five pages viewed were: Home, Boating Quiz, How to Get a Boat Licence, Boat Registration and Boating Maps. The Maritime website's popularity peaked in January with 108,422 visits making it the 30th ranked State Government website out of 472 agency sites, placed between Sydney Ferries and NSW Legislation.

Maritime established the following during the year:

- The Ride Smart personal watercraft safety component of the Boat for Life website featuring multi world surfing champion Tom Carroll and multi world personal watercraft champion Kylie Ellmers
- An online media resource centre where a range of safety campaign materials are available for download
- A webcam at Lake Eucumbene to promote boating safety on this alpine waterway.

Maritime also continued to offer a range of other online services such as:

- Renewals for business transactions for boat driver licences, boat registration and mooring fees
- Boating Safety Course which is a requirement for obtaining a licence to drive a powerboat
- A Maritime Alert on adverse boating conditions
- Interactive navigation guide
- A facilities locator service to help trip planning
- The Boat for Life website with Safety Ambassadors that include Andrew 'ET' Ettingshausen, Pete Goss, and Justin Jones and James Castrission
- A network of webcams showing live video images online of locations of heightened risk for boating such as bar crossings and an alpine lake.

12. PRIVACY AND PERSONAL INFORMATION PROTECTION ACT 1998

In accordance with the requirements of the *Privacy and Personal Information Protection Act 1998* (the Privacy Act), NSW Maritime has prepared and implemented a Privacy Management Plan. This plan is currently undergoing review.

NSW Maritime takes its responsibilities under the Privacy Act seriously and makes every effort:

- to ensure that its customers and any other stakeholders from whom personal information is collected are made aware of the uses that will be made of the personal information collected, e.g. details on application forms, proof of identity documents or other documents
- to ensure that such personal information is only used or disclosed in accordance with the Privacy Act.

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APPENDICES

13. NUMBER OF EMPLOYEES BY CATEGORY AND COMPARISON TO THE PREVIOUS THREE YEARS

| | June 2008 | June 2009 | June 2010 | June 2011 |
|---|---------------|---------------|---------------|--------------|
| SES | 6 | 7 | 7 | 7 |
| Senior Officer | 3 | 3 | 4 | 6 |
| Recreational Boating & Regional Services [@] | 171.20 | 176.64 | 159.64 | N/A |
| Maritime Operations ^{##} | N/A | N/A | N/A | 211.4 |
| Corporate Services | 44.22 | 45 | 64.11 | 48.4 |
| Commercial Vessels [#] | 29.20 | 37.45 | N/A | N/A |
| Policy Industry & Infrastructure ^{#@} | N/A | N/A | 47.6 | N/A |
| Policy, Risk and Governance [@] | N/A | N/A | N/A | 41.80 |
| Maritime Property | 36.65 | 28.6 | N/A | N/A |
| Property Planning & Governance ^{**@} | N/A | N/A | 54.18 | N/A |
| Maritime Property, Planning and Infrastructure [@] | N/A | N/A | N/A | 49.00 |
| Ports, Shipping & Strategic Development ^{##} | 18.25 | 21.03 | 24.92 | 26.30 |
| Policy & Strategy [*] | 26 | 36.2 | N/A | N/A |
| | 334.53 | 354.92 | 361.45 | 389.9 |

* As a result of an organisational restructure late 2007, the Ministerial Unit/Office of the Chief Executive, the Legal Branch and the Corporate Planner became part of the Policy & Strategy Division. In early 2009, the Property Planning Branch also became part of the Policy and Strategy Division.

As a result of an organisational restructure in February 2010:

** The Legal Branch, the Policy and Strategy Division and the Corporate Planner became part of the Property, Planning & Governance Division;

The Infrastructure Branch became part of the Commercial Vessels Division and was retitled Policy, Industry & Infrastructure Division

The Maritime Property Strategic Development Unit was added to the Ports and Shipping Division, which was retitled Ports, Shipping and Strategic Development

@ As a result of an organisational restructure during 2010-2011:

- The Recreational Boating and Regional Services Division and the Commercial Vessels Branch, which had been a part of the Policy, Industry and Infrastructure Division, were amalgamated to form the Maritime Operations Division
- The Policy, Industry and Infrastructure Division and the Policy, Planning and Governance Division were abolished and two new divisions were created: Maritime Property, Planning and Infrastructure Division and Policy, Risk and Governance Division.

14. SENIOR EXECUTIVE SERVICE

| Chief and Senior Executive Service Positions at each level | June 2009 | June 2010 | June 2011 |
|--|-----------|-----------|-----------|
| 6 | 1 | 1 | 1 |
| 5 | 0 | 0 | 0 |
| 4 | 1 | 1 | 1 |
| 3 | 3 | 3 | 3 |
| 2 | 2 | 2 | 2 |

15. CHIEF EXECUTIVE'S PERFORMANCE STATEMENTS

Name: Steve Dunn

Position: Chief Executive

Position Level: SES Level 6

Remuneration Package (including allowances): \$392,308.25 pa (increased from \$377,219.47 pa on 1 October 2010).

During the year, Mr Dunn has made a personal contribution to changes to the state's lifejacket wearing rules, finalisation of a funding model for the new amalgamated marine rescue organisation, finalisation of the Government's response to the Coroner's recommendations related to the *Pam Burridge/Merinda* incident, progression of the new single national jurisdiction for commercial vessels, finalisations of the Government Licensing Service, a review of Port Safety Operating Licenses, and progress to market for a number of significant maritime precinct development projects. A methodical low level review of various elements of organisational governance has been a focus over the last 12 months including the appointment of a majority-independent Audit and Risk Committee, and the implementation of a new procurement framework.

16. CREDIT CARD CERTIFICATION

As required by Treasurer's Direction 205.01, the Chief Executive of NSW Maritime certifies that credit card usage has been in accordance with the appropriate government policy, Premier's Memoranda and Treasurer's Directions.

17. COMMUNITY AFFAIRS – MULTICULTURAL POLICIES AND SERVICES PROGRAM

| Action | Responsible Officer | Implementation Date | Performance Indicator |
|--|--------------------------|---------------------|---|
| Use community language media to call for nominations for the Maritime Medal | Manager, Communications | December 2011 | Calls for nominations advertised through community language media |
| Fund and administer a partnerships program to community groups in order to extend the reach of key safety messages | Manager, Communications | June 2012 | Partnership arrangements in place with community group/s |
| Analyse the usage of interpreter and translation services and identify any changing customer needs | Manager, Human Resources | June 2012 | Analysis completed and appropriate recommendations made regarding the service |
| Continue to use community language media, particularly for education and safety campaigns | Manager, Communications | June 2012 | Community language media used to disseminate education and safety messages |

18. EQUAL EMPLOYMENT OPPORTUNITY (EEO) STATISTICS

| EEO Group | Benchmark or Target | 2009 | 2010 | 2011 |
|--|---------------------|-------|-------|-------|
| Women | 50% | 44.2% | 42.6% | 43.2% |
| Aboriginal people and Torres Strait Islanders | 2.6% | 0.3% | 0.3% | 0.6% |
| People whose first language was not English | 19% | 14.4% | 15.1% | 14.2% |
| People with a disability | NA | 6.3% | 6.0% | 4.8% |
| People with a disability requiring work-related adjustment | 1.5% | 2.6% | 2.6% | 2.3% |

B. Trends in the Distribution of EEO Groups

| EEO Group | Benchmark or Target | 2009 | 2010 | 2011 |
|--|---------------------|------|------|------|
| Women | 100 | 79 | 82 | 80 |
| Aboriginal people and Torres Strait Islanders | 100 | n/a | n/a | n/a |
| People whose first language was not English | 100 | 101 | 103 | 102 |
| People with a disability | 100 | 98 | 93 | n/a |
| People with a disability requiring work-related adjustment | 100 | n/a | n/a | n/a |

Notes:

1. Staff numbers are as at 30 June.
2. Excludes casual staff

19. LAND REGISTER

NSW Maritime continues to reconcile its Property Register based on the information contained in the Government Property Register administered by the Land and Property Management Authority. The Property Assets Register was last valued at 1 July 2010 and forms part of the organisation's Asset Register as reported to NSW Treasury.



APPENDICES

20. DIVESTMENTS, DISPOSALS AND ACQUISITIONS

In addition to the recent transfer of the King Street (west) footpath, NSW Maritime is in the final stage of dedicating remaining roads in the King Street Wharf precinct to the City of Sydney Council for their ongoing responsibility, plus the transfer of various public access ways in this locality to Sydney Harbour Foreshore Authority.

The Department of Primary Industries (Lands) is acquiring NSW Maritime land at Horseshoe Beach, Newcastle for incorporation in the proposed Nobbys Headland Reserve as part of the Newcastle Coastline Revitalisation Strategy.

The completion of the expansion of the Port Botany Container Terminal, a state significant project, has triggered NSW Maritime's transfer to Sydney Ports Corporation of the footprint of the expanded terminal wharf area and access road bridge (about 66 hectares) and long term lease of adjoining Penrhyn Estuary and environs, including the new public boat ramp facilities.

A number of long term leases have been entered into including Pier 2/3 Walsh Bay to Communities NSW.

21. CAPITAL WORKS

Major works

Total capital works expenditure (excluding minor works) for the year totalled \$18.9 million, compared to a budget of \$18.8 million. Significant projects completed during the year include Milson's Point wharf upgrade (\$8.0 million), Rozelle Head Office Building upgrade (\$1.7 million) and Environmental and Harbour Cleaning Services Vessel replacement (\$0.9 million).

| | | Allocation 2010-11 \$M | Estimated Total cost \$M | Actuals 2010-11 \$M | Completion Date |
|--|--|------------------------------|--------------------------------|---------------------------|--------------------|
| WORK-IN-PROGRESS | | | | | |
| Commuter Wharves Upgrade Program | Upgrade of Sydney Harbour Commuter Wharves | 11.100 | 70.006 | 13.499 | 2014 |
| Charter Vessel Wharves Upgrade Program | Upgrade of Sydney Harbour Charter Vessel Wharves | 1.860 | 11.255 | 0.042 | 2015 |
| Circular Quay Southern Promenade | Circular Quay Southern Promenade works | 1.900 | 2.024 | 0.625 | 2011 |
| Maritime Community Precinct Development | Community and Boating facilities | 0.500 | 1.281 | 0.494 | 2014 |
| Redevelopment of Balls Head Coal Loader | | 0.210 | 1.570 | 0.000 | 2012 |
| Replace Environmental and Harbour Cleaning Services Vessel | | 0.860 | 1.738 | 0.863 | 2011 |
| Rozelle Bay Office Building Works | | 0.400 | 1.006 | 1.729 | 2012 |
| Rozelle Bay Precinct Works Relocation of Utilities | | 0.491 | 0.695 | 0.000 | 2011 |
| Rozelle Bay Maritime Precinct Development | Includes commercial boat ramp | 1.200 | 2.009 | 0.000 | 2012 |
| Stockton Boat Harbour | | 0.250 | 1.370 | 0.000 | 2012 |
| Other Projects | | 0.000 | 0.000 | 1.704 | |
| Total | | 18.771 | 92.954 | 18.956 | |

Minor works

Expenditure on minor works totalled \$6.552 million. The main items of expenditure were:

- New signage that conforms to international standards as part of ongoing replacement program
- Upgrade/new installation of 60 piles, 142 lights and 292 buoys
- Replacement of three patrol vessels, three personal watercraft and four patrol vessels under construction for delivery in 2011-2012 financial year
- Refurbishment of five patrol vessels
- Purchase of 45 outboard engines
- Upgrade of network hardware and desktop computers
- Improvement of mooring facilities at Little Beach Head, Port Stephens, South West Rocks, Brisbane Waters and Sydney Harbour
- New wildlife response cleaning station
- Refurbishment of regional operational centres at Batemans Bay, Moama, South West Rocks, Ballina and Rozelle office
- Motor vehicle replacements.

22. ENERGY MANAGEMENT

NSW Maritime is committed to achieve savings in energy usage and sustained Energy Management principles. NSW Maritime has one large site, Rozelle Bay, that purchases electricity on the contestable market. This site purchases 6 per cent of its electricity from renewable sources. The purchase of electricity on the contestable market has lowered costs and achieved a reduction of greenhouse gas emissions by purchasing a percentage of green power.

NSW Maritime continued to maintain solar powered navigational aids with over 1000 solar powered lights and beacons throughout New South Wales.

A program to replace the air conditioning control units has been continued from 2007 to increase the efficiency of the air conditioning system. New, more efficient air conditioning has also been installed in the newly renovated office space on the ground floor.

Energy consumption at the Rozelle Bay offices and workshops increased by 5.9 per cent compared to the 2009-2010 financial year. This is due to the construction of increased office space in the building in 2010.

Maritime Trade Towers has a National Australian Built Environment Rating System (NABERS) rating of four stars, achieved without the need to purchase green power. A NABERS Water rating will be considered in 2012.

24. WASTE REDUCTION AND PURCHASING PLAN/RECYCLING

Further revisions were carried out to the NSW Maritime Waste Reduction and Purchasing Plan. NSW Maritime offices recycle waste paper, cardboard, toner cartridges and commingles wherever a recycling system is available.

The Rozelle Bay Head Office continued to provide a high percentage of NSW Maritime's office paper and cardboard waste sent for recycling. During the year, 7.2 tonnes of paper and 9.2 tonnes of cardboard were collected from Rozelle Bay along with 2.4 tonnes of commingles.

A total of 161.45kg of toner cartridges and associated products were recycled at Rozelle Bay.

Recycling initiatives include the continued operation of a worm farm to recycle food waste from the canteen at the Rozelle Bay office.

25. PESTICIDE USE NOTIFICATION PLAN

NSW Maritime has a Pesticide Use Notification Plan. Pesticides used are primarily to control vegetation on road verges, boundary fences, lawns, garden beds, paved areas, rodents such as rats and mice along waterfront areas and termite infestation in timber wharves and jetties.

Appropriate signage is displayed warning the public of pesticide use and to date no complaints have been received.

26. CONTRACTING AND MARKET TESTING POLICY

NSW Maritime's procurement framework is in place to ensure all contracts for the engagement of external contractors and/or consultants are undertaken in accordance with the NSW Government Procurement Guidelines titled "Tendering Guidelines". In accordance with Section 2.3 of the "Tendering Guidelines", the framework specifies the minimum number of quotes and tenders required.

In accordance with government guidelines the framework requires:

- One written proposal for assignments costing less than \$30,000
- Three written proposals for assignments greater than \$30,000 and less than \$250,000
- An open tender process for assignments costing greater than \$250,000.

In addition, for purposes of supplementary labour hire, NSW Maritime observes the new State Government Contingent Workforce C100 Contract. This contract has nine categories of temporary staff to which 18 primary recruitment agencies have been awarded. Recruitment agencies can only provide temporary staff for the categories to which they have been awarded.

Temporary Fixed Term Contracts are also used where specific situations arise, not covered by C100, or where the placement is long enough for there to be a cost saving over C100.



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27. ACCOUNT PAYMENT PERFORMANCE

| Schedule of Accounts Payable | Sept 2010 | % | Dec 2010 | % | Mar 2011 | % | June 2011 | % | Total | % |
|-------------------------------------|--------------|----|--------------|----|--------------|----|--------------|----|---------------|----|
| within 30 days from invoice date | 4,240 | 88 | 4,380 | 85 | 4,022 | 83 | 4,438 | 84 | 17,080 | 85 |
| 31 – 60 days | 451 | 9 | 565 | 11 | 527 | 11 | 473 | 9 | 2,016 | 10 |
| 61 – 90 days | 72 | 2 | 121 | 2 | 152 | 3 | 245 | 5 | 590 | 3 |
| > 90 days | 43 | 1 | 97 | 2 | 133 | 3 | 109 | 2 | 382 | 2 |
| Total payable | 4,806 | | 5,163 | | 4,834 | | 5,265 | | 20,068 | |

On 11 July 2011, the NSW Government introduced a strict payment regime on agencies that obliges them to pay small business creditors within 30 days. Payments not made within 30 days will require agencies to pay penalty interest on the outstanding debt. Agencies are required to report their payment performance to the Department of Finance and Services.

28. INVESTMENT PERFORMANCE

NSW Maritime placed funds in four NSW Treasury Corporation Hour-Glass investment facilities – Cash Facility, Strategic Cash Facility, Medium Term Growth Facility and Long Term Growth Facility.

NSW Maritime retains funds for the following purposes:

- Payment of operating distribution to NSW Treasury (1 August and 1 December each year)
- Progress payment on major projects
- Cash backing for employee entitlements (annual leave, long service leave)
- Bonds against completion of certain stages of major projects
- Sundry security deposits from developers, lessees and clients
- Progress payments for the Better Boating Program
- Cash backing for the pre-30 June 1995 workers' compensation and dust and diseases provisions
- Boating fees received in advance (second and third year of three year licences)

Returns from the individual Hour-Glass investment facilities were:

| | 2010 % | 2011 % |
|-----------------------------|-----------|-----------|
| Cash facility | 4.5 | 5.4 |
| Strategic cash facility | n/a | 5.6 |
| Medium term growth facility | 8.7 | 7.1 |
| Long term growth facility | 11.3 | 8.5 |

29. DEBT MANAGEMENT PERFORMANCE

NSW Maritime's major external debt is for the sub-lease of the Maritime Trade Towers, 207 Kent Street, Sydney, which is being repaid over 25 years. The 2010-2011 principal payment of \$1.7 million was repaid in March 2011 and the outstanding balance is \$3.1 million.

30. BUDGETS

| | 2010/11 Budget | 2010/11 Actual | 2011/12 Budget |
|---|-------------------|-------------------|-------------------|
| Income Statement | | | |
| Revenue | | | |
| Rendering of services: | | | |
| Port management | 1,199 | 1,208 | 1,166 |
| Channel fees | 7,650 | 11,354 | 11,189 |
| Drivers licences | 18,354 | 18,932 | 18,872 |
| Boat registrations | 20,006 | 20,522 | 21,482 |
| Moorings | 7,716 | 7,697 | 8,088 |
| Commercial vessel charges | 2,976 | 3,041 | 3,155 |
| Rental income: | | | |
| Rentals | 36,528 | 38,538 | 38,394 |
| Investment income: | | | |
| Interest on investments | 4,153 | 5,089 | 4,212 |
| Other income: | | | |
| Other (*) | 5,234 | 15,484 | 27,684 |
| Grants and contributions | – | 259 | 2,000 |
| Total revenue | 103,815 | 122,124 | 136,242 |
| Expenses | | | |
| Employee related expenses | 39,486 | 40,739 | 43,096 |
| Contract service expenses | 18,390 | 23,600 | 25,019 |
| Fuel, protective clothing and other materials | 1,289 | 1,111 | 1,287 |
| Utilities and communications | 3,219 | 3,272 | 4,486 |
| Administration | 7,904 | 8,589 | 8,450 |
| Depreciation and amortisation | 10,710 | 14,391 | 14,906 |
| Grants and subsidies | 2,372 | 2,373 | 2,958 |
| Better Boating Program | 5,000 | 4,652 | 5,000 |
| Finance expenses (*) | 7,522 | 8,137 | 24,922 |
| Audit fees – audit of financial report | 205 | 188 | 223 |
| Loss on disposal of assets and assets written off | (1,433) | 3,381 | (1,689) |
| Total expenses | 94,664 | 110,433 | 128,658 |
| Surplus for the year | 9,151 | 11,691 | 7,584 |

Line items with (*) indicate a change in accounting treatment.

31. MINISTERIALS

1293 ministerial items were managed between 1 July 2010 and 30 June 2011 in the Office of the Chief Executive.

This number includes 42 parliamentary questions and the 2010-2011 Better Boating Program mail out of 152 letters to NSW local councils.

A total of 574 ministerial responses were provided.

A

APPENDICES

32. MEDIA ACTIONS

The Communications branch handled more than 850 (900 the previous year) media actions which included responses on issues and delivering information through the media to promote a culture of safe, responsible and enjoyable boating in NSW.

33. RESEARCH AND DEVELOPMENT

In 2010-2011, the National Marine Safety Committee provided NSW Maritime with the final report and the raw data from the National Boating Usage Study. The Study, conducted between October 2008 and March 2010, was designed to collect a wide spectrum of information about recreational boating usage and safety behaviours. NSW Maritime will be analysing the data to obtain insights into boating activity and behaviour that can be used to develop boating policy, communication and compliance programs.

34. GLOSSARY AND ACRONYMS

Bar ('bar', 'river bar' and 'coastal bar') – a ridge or lip of sand, gravel or rock that extends across the mouth of a river or bay and forms an obstacle in terms of reduced water depth and/or breaking waves that impede safe navigation.

Commercial vessel – any vessel used in connection with any business or commercial activity, principally for carrying passengers or cargo for hire or reward, or providing service to vessels for reward.

Hire and Drive – a business involving the temporary hiring out of a vessel through a hiring agreement or transaction which involves the use of a vessel by the public on specific terms.

Irregular riding – driving a PWC in a circle or pattern, weaving or diverting, or purposefully surfing down or jumping over or across any swell wave or wash, but does not include any necessary turns and diversions.

Marine Ministerial Holding Corporation (MMHC) – entity established under the then *Ports Corporatisation and Waterways Management Act 1995* as the legal owner of the assets and liabilities of the former Maritime Services Board of NSW that had not been transferred to either the Newcastle, Port Kembla or Sydney Ports Corporations or the Waterways Authority, for example the harbour beds of those ports. During 1999-2000 all MMHC assets and liabilities were transferred to the Waterways Authority and on 29 June 2000 the MMHC was dissolved.

Navigable waters – all waters that are from time to time capable of navigation and are open or used by the public for navigation, whether upon payment of a fee or otherwise.

Personal watercraft (PWC) – a power-driven vessel that has a fully enclosed hull, does not retain water taken on if it capsizes and is designed to be operated by a person standing, sitting astride or kneeling but not seated within the vessel.

Recreational vessel – a vessel which is not used for, or in connection with, a commercial purpose.

Safety compliance – the level of safe navigation compliance achieved by the recreational and commercial boating public. The compliance rate is calculated as:

- number of vessels not issued with infringements and formal warnings divided by number of vessels checked.
- One vessel check could result in multiple infringements or formal warnings issued.

Wetland – all land and seabed located below a defined level called the Mean High Water Mark which is 1.48 metres above zero on the Fort Denison Tide Gauge.

Acronyms

| | |
|--------|--|
| BBP | Better Boating Program |
| BSO | Boating Safety Officer |
| CPI | Consumer Price Index |
| CSO | Customer Service Officer |
| GIS | Geographic Information System |
| GLS | Government Licensing Service |
| GPS | Global Positioning System |
| IGLS | Integrated Graphical Licensing System |
| MIP | Maritime Infrastructure Program |
| MAC | Maritime Advisory Council |
| MRB | Marine Radio Base |
| MSB | Maritime Services Board of NSW |
| NMSC | National Marine Safety Committee |
| PWC | Personal watercraft |
| RIB | Rigid Inflatable Boat |
| SARcc | Search and Rescue coordination centre |
| SEDA | Sustainable Energy Development Authority |
| SMOC | State Marine Operations Centre |
| SREP | State Regional Environmental Plan |
| TAM | Total Asset Management |
| WALROS | Waterways Authority Licensing and Registration Online System |

35. ANNUAL REPORT AVAILABILITY AND COSTS

The Annual Report is available online at www.maritime.nsw.gov.au. The cost of design and printing of the Annual Report was \$21,930. The online design and delivery was \$9000.

CONTACT INFORMATION

| Office | Address | Phone/Fax | Opening Times |
|---|--|---|---|
| Sydney Region | | | |
| Rozelle Bay | Rozelle Bay James Craig Road Rozelle Bay NSW 2039 Locked Bay 5100 Camperdown NSW 1450 | Ph: (02) 9563 8511 Fx: (02) 9563 8522 | Monday – Friday 8.30am – 4.30pm |
| Sydney | Foyer (Level 6) 207 Kent Street Sydney NSW 2000 Locked Bag 5100 Camperdown NSW 1450 | Ph: (02) 9241 6307 Fx: (02) 9241 3663 | Monday – Friday 8.30am – 4.30pm |
| Hawkesbury/Broken Bay Region | | | |
| Hornsby | 4 Bridge Road Hornsby NSW 2077 PO Box 797 Hornsby NSW 1630 | Ph: (02) 9477 6600 Fx: (02) 9477 3418 | Monday – Friday 8.30am – 4.30pm |
| North Coast Region | | | |
| Coffs Harbour | Lot 2, 16 Isles Drive Coffs Harbour NSW 2450 PO Box 4259 Coffs Harbour Jetty NSW 2450 | Ph: (02) 6691 9555 Fx: (02) 6691 9599 | Monday – Friday 8.30am – 4.30pm 8:30am – 12 pm First Saturday of the month |
| Hunter/Inland Region | | | |
| Newcastle | 8 Cowper Street South Carrington NSW 2294 PO Box 653 Newcastle NSW 2300 | Service centre Ph: (02) 4962 8500 Fx: (02) 4962 8528 Regional office Fx: (02) 4962 8588 | Monday – Friday 8.30am – 4.30pm |
| South Coast Region | | | |
| Port Kembla | 91 Foreshore Road Port Kembla NSW 2505 PO Box 1441 Wollongong NSW 2500 | Fx: (02) 4274 8017 Ph: (02) 4274 7914 | Monday – Friday 8.30am – 4.30pm |
| Murray/Inland Region | | | |
| Albury | 440 Swift Street Albury NSW 2640 | Ph: (02) 6021 7188 Fx: (02) 6041 2668 | Monday – Friday 8.30am – 4.30pm |
| Regional Ports | | | |
| Port staff are available 7 days per week/24 hours per day for shipping movements into and out of the Ports. The office is opened as required. | | | |
| Port of Eden | Main Jetty Snug Cove Eden NSW 2551 PO Box 137 Eden NSW 2551 | Ph: (02) 6496 1719 Fx: (02) 6496 3024 | |
| Port of Yamba | Pilot Street Yamba NSW 2464 PO Box 143 Yamba NSW 2464 | Ph: (02) 6646 2002 Fx: (02) 6646 1596 | |

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NSW Maritime

Right: A Boating Safety Officer provides some local knowledge to a person seeking extra safe navigation advice prior to a day out on the water.





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