GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Maritime Authority of NSW and Controlled Entity

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Maritime Authority of NSW (the Authority), which comprises the balance sheet as at 30 June 2009, the income statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes for both the Authority and the consolidated entity. The consolidated entity comprises the Authority and the entity it controlled at the year's end.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Authority and the consolidated entity as at 30 June 2009, and of their financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005

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

The Chief Executive's Responsibility for the Financial Report

The Chief Executive is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, 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 report 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 Chief Executive, as well as evaluating the overall presentation of the financial report.

I believe that 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, or
- about the effectiveness of their internal controls.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- 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.

James Sugumar
Director, Finance Audit services

27 October 2009
SYDNEY

MARITIME AUTHORITY OF NSW Financial Statements

For the year ended 30 June 2009

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 2009 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 2005*, 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.

20/10/09

Steve Dunn
Chief Executive

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated 2009 $000	Consolidated 2008 $000	Parent 2009 $000	Parent 2008 $000
REVENUE					
Rendering of services:					
Port management	5	**1,209**	1,393	**1,209**	1,393
Channel fees	6	**7,872**	7,666	**7,872**	7,666
Drivers licences	7	**17,301**	15,941	**17,301**	15,941
Boat registrations	8	**19,174**	18,254	**19,174**	18,254
Moorings	9	**7,312**	7,049	**7,312**	7,049
Commercial vessel charges	10	**2,789**	2,714	**2,789**	2,714
Lease revenue:					
Rentals	11	**40,045**	38,707	**40,045**	38,707
Investment income	12	**3,384**	4,020	**3,384**	4,020
Other income:					
Other	13	**6,419**	12,480	**5,925**	11,784
Contract revenue	14	**212**	816	**212**	816
Total revenue		**105,717**	109,040	**105,223**	108,344
EXPENSES					
Employee related expenses	15	**36,759**	32,433	**58,260**	35,226
Contract service expenses	16	**22,011**	22,438	**22,011**	22,438
Fuel, protective clothing and other materials		**1,102**	1,235	**1,102**	1,235
Utilities and communications		**3,078**	2,738	**3,078**	2,738
Administration	17	**9,009**	9,040	**8,605**	8,576
Depreciation and amortisation		**9,773**	8,264	**9,773**	8,264
Revaluation decrement on investment properties		**3,942**	—	**3,942**	—
Grants and subsidies	18	**2,283**	2,011	**2,283**	2,011
Maritime Infrastructure and Better Boating Program		**2,758**	1,986	**2,758**	1,986
Financial expenses	19	**7,855**	7,955	**7,855**	7,955
Audit fees — audit of the financial report		**170**	164	**170**	164
Loss on disposal of assets and assets written off	20	**966**	423	**966**	423
Total expenses		**99,706**	88,687	**120,803**	91,016
Surplus (deficit) for the year		**6,011**	20,353	**(15,580)**	17,328

The accompanying notes form part of these financial statements

BALANCE SHEET
AS AT 30 JUNE 2009

		Consolidated		Parent	
	Note	**2009 $000**	2008 $000	**2009 $000**	2008 $000
ASSETS					
Current assets					
Cash and cash equivalents	21	**59,634**	83,081	**58,713**	82,739
Trade and other receivables	22	**7,433**	10,489	**7,393**	10,231
Inventories	23	**173**	185	**173**	185
Financial assets at fair value through profit or loss	24	**35,679**	36,544	**35,679**	36,544
Non current assets classified as held for sale	25	**—**	7,695	**—**	7,695
Total current assets		**102,919**	137,994	**101,958**	137,394
Non-current assets					
Trade and other receivables	22	**65,598**	56,587	**65,457**	51,183
Property, plant and equipment	25	**955,210**	931,603	**955,210**	931,603
Investment properties	26	**129,458**	133,400	**129,458**	133,400
Intangible assets	27	**855**	358	**855**	358
Total non-current assets		**1,151,121**	1,121,948	**1,150,980**	1,116,544
TOTAL ASSETS		**1,254,040**	1,259,942	**1,252,938**	1,253,938
LIABILITIES					
Current liabilities					
Trade and other payables	28	**49,480**	71,630	**78,265**	80,479
Interest bearing borrowings	29	**1,206**	1,086	**1,206**	1,086
Provisions	30	**34,564**	37,659	**22,709**	25,669
Total current liabilities		**85,250**	110,375	**102,180**	107,234
Non-current liabilities					
Trade and other payables	28	**314,306**	270,954	**299,471**	270,954
Interest bearing borrowings	29	**67,968**	69,175	**67,968**	69,175
Provisions	30	**3,197**	2,863	**—**	—
Total non-current liabilities		**385,471**	342,992	**367,439**	340,129
TOTAL LIABILITIES		**470,721**	453,367	**469,619**	447,363
NET ASSETS		**783,319**	806,575	**783,319**	806,575
EQUITY					
Asset revaluation reserve	32	**509,789**	513,208	**509,789**	513,208
Accumulated funds	32	**273,530**	293,367	**273,530**	293,367
TOTAL EQUITY		**783,319**	806,575	**783,319**	806,575

The above balance sheet should be read in conjunction with the accompanying notes

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated 2009 $000	Consolidated 2008 $000	Parent 2009 $000	Parent 2008 $000
Cash flows from operating activities					
Receipts from customers		**87,771**	98,191	**90,025**	98,957
Payments to suppliers and employees		**(78,512)**	(75,877)	**(79,872)**	(76,591)
Interest received		**3,384**	3,086	**3,384**	3,086
Contract receipts from development projects		**212**	8,066	**212**	8,066
Net GST received (paid)		**474**	(393)	**474**	(393)
Payments for Maritime Infrastructure Program		**(2,758)**	(1,986)	**(2,758)**	(1,986)
Net cash flows from operating activities	21	**10,571**	31,087	**11,465**	31,139
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**2,051**	3,638	**2,051**	3,638
Purchase of property, plant and equipment		**(10,333)**	(14,132)	**(10,333)**	(14,132)
Receipt of lease revenue – Maritime Trade Tower lease		**21,673**	19,256	**21,673**	19,256
Prepayment of capital works – Port Kembla		**(1,833)**	—	**(1,833)**	—
Net cash flows used in investing activities		**11,558**	8,762	**11,558**	8,762
Cash flows from financing activities					
Contribution paid to Government		**(24,777)**	(16,908)	**(24,777)**	(16,908)
Payment of lease expense – Maritime Trade Tower lease		**(21,664)**	(20,246)	**(23,137)**	(20,246)
Net cash flows used in financing activities		**(46,441)**	(37,154)	**(47,914)**	(37,154)
Net (decrease) / increase in cash and cash equivalents		**(24,312)**	2,695	**(24,891)**	2,747
Cash and cash equivalents at the beginning of the year		**119,625**	116,930	**119,283**	116,536
Cash and cash equivalents at the end of the year	21	**95,313**	119,625	**94,392**	119,283

The above cash flow statement should be read in conjunction with the accompanying notes

STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2009

		Consolidated		Parent	
	Note	**2009 $000**	2008 $000	**2009 $000**	2008 $000
Superannuation actuarial losses	31	**(21,591)**	(3,025)	**—**	—
Fair value increment of infrastructure assets	25	**8,831**	399,824	**8,831**	399,824
Income and expense recognised directly in equity		**(12,760)**	396,799	**8,831**	399,824
Surplus (deficit) for the year		**6,011**	20,353	**(15,580)**	17,328
Total recognised income and expense for the year	32	**(6,749)**	417,152	**(6,749)**	417,152
Effect of change in accounting policy and correction of errors in previous year					
Surplus for the period as reported in 2008		**—**	26,242	**—**	26,242
Effect of accounting policy change for actuarial loss on defined benefit plans	31	**—**	(3,025)	**—**	—
Effect of correction of errors		**—**	(2,864)	**—**	(8,914)
Restated surplus for the year		**—**	20,353	**—**	17,328
Impact of correction of prior period errors on accumulated funds					
Accumulated funds as reported in the previous financial report		**—**	456,054	**—**	456,054
Effect of correction of prior period errors on accumulated funds	37	**—**	(162,687)	**—**	(162,687)
Restated accumulated funds		**—**	293,367	**—**	293,367

The above statement of recognised income and expense should be read in conjunction with the accompanying notes

1 Information about Maritime Authority of NSW

The Maritime Authority of NSW was established as the Waterways Authority on 1 July 1995 under the *Ports Corporatisation and Waterways Management 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 report for the year ended 30 June 2009 was authorised for issue by the Chief Executive on 20 October 2009.

2 Summary of significant accounting policies

Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2005* and the Treasurer's Directions. The financial report has been prepared on the basis of full accrual accounting using historical cost conventions, except for non-current physical assets and investment properties which are shown at fair value, and superannuation which is shown at actuarially assessed present value. The Maritime Authority and its controlled entity are not-for-profit entities as profit is not their principal objective.

The financial report is 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 by the consolidated entity for the annual reporting period ending 30 June 2009. These are outlined in the table below.

Reference	Title	Summary	Financial year of application
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New standard replacing AASB 114 Segment Reporting, which adopts a management reporting approach to segment reporting.	30 June 2010
AASB 101 (Revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	30 June 2010
AASB 2008-5 and AASB 2008-6	Amendments (2008-5) and Further Amendments (2008-6) to Australian Accounting Standards arising from the Annual Improvements Process	Affects various AASB's resulting in minor changes for presentation, disclosure, recognition and measurement purposes.	30 June 2010
Interpretation 17	Distribution of Non-Cash Assets to Owners	Provides guidance in respect of measuring the value of distributions of non-cash assets to owners.	30 June 2010

(b) Basis of consolidation

The consolidated entity comprises the Maritime Authority of NSW and its controlled entity Maritime Authority of NSW Division. Maritime Authority of NSW 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 Maritime Authority of NSW Division, all inter-entity transactions and balances have been eliminated.

2 Summary of significant accounting policies (continued)

(c) Cash and cash equivalents — refer note 21

Cash and cash equivalents in the balance sheet comprise cash at bank, cash in hand and TCorp Hour-Glass cash facilities.

For the purposes of the cash flow statement, cash and cash equivalents include cash at bank, cash in hand and all TCorp Hour-Glass investment facilities. Maritime Authority of NSW had bank overdrafts of $nil at 30 June 2009 (2008: $nil).

(d) Trade and other receivables — refer note 22

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 fair value, 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 operating statement 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. Collectibility of receivables is reviewed on an ongoing basis and, where necessary, an impairment provision is recorded in accordance with accounting policy note 2 (h).

(e) Inventories — refer note 23

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 actual cost or net realisable value.

(f) Financial assets at fair value - refer note 24

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 income statement.

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 revenue’.

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

(g) 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 income statement.

Any reversals of impairment losses are reversed through the income statement, 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.

2 Summary of significant accounting policies (continued)

(h) 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.

(i) Property, plant and equipment — refer note 25

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 balance sheet.

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 as at 30 June 2009 and are stated at fair value in the balance sheet.

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 %		Rates %
Buildings	2 – 5	Computer – software	20 – 50
Plant and equipment:		Motor vehicles	10 – 15
Plant – communications	20 – 40	Furniture and fittings	7.5 – 20
Plant – mobile	5 – 20	Infrastructure:	
Plant – outboard engines	50	Moorings	0 – 5
Plant – vessels	5 – 20	Navigational aids	5 – 20
Plant – other	5 – 20	Roadways	5
Computer – hardware	20 – 50	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 financial year end.

2 Summary of significant accounting policies (continued)

Revaluations of property plant and equipment (continued)

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 of NSW Maritime were revalued during the 2005-2006 financial year. A valuation materiality threshold of $250,000 was adopted, which meant that only asset classes with a written down value in excess of $250,000 were subject to revaluation. 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.

NSW Maritime's dredged assets (principally channels) were independently valued at 30 June 2008, using written down replacement cost methodology.

A review was performed during the 2008-2009 financial year to identify any material movements in the values of other property plant and equipment assets. No material movements in fair value were identified.

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 income statement, in which case the increment is recognised in the income statement. Any revaluation decrement is recognised in the income statement 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.

Any accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. Gains and losses on disposals are included in the income statement. 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their 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 income statement.

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 income statement.

Port Authority Dredging

Costs incurred by Port Authorities 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)

(j) Investment properties — refer note 26

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 balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement 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 income statement 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 *Property plant and equipment* up to the date of change in use.

(k) Intangible assets — refer note 27

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 the 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 income statement.

(l) Trade and other payables — refer note 28

Payables represent liabilities for goods and services provided to NSW Maritime and other amounts. 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.

(m) Operating Leases

Where NSW Maritime is the lessor, leases in which the Authority 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 income statement 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 income statement on a straight-line basis over the lease term.

Where property is subject to long term operating leases (up to 99 years) which have up-front lease payments, those lease payments are amortised over the term of the lease. Property that is subject to such long term operating leases is retained in the accounting records of NSW Maritime at a nominal value of $1. The fair value will increase towards the end of the lease term as the effect of encumbrance diminishes.

(n) Interest bearing borrowings — refer note 29

The Maritime Trade Tower finance lease liability is initially recognised at the fair value of the asset acquired less directly attributable transaction costs. After initial recognition, the lease liability is subsequently measured at amortised cost using the effective interest method.

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2 Summary of significant accounting policies (continued)

(o) Provisions — refer note 30

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 income statement 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 balance sheet 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 income statement.

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

Long service leave is measured on a nominal basis. The nominal method is based on the remuneration rate at year end for all employees with five or more years service. It is considered this measurement technique produces results not materially different from the estimated amount using the net present value basis of measurement.

(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 income statement. Actuarial assesments are performed at each reporting date for the defined benefit schemes. Actuarial gains and losses are recognised as a movement in accumulated funds. This is a change from the previous accounting policy under which such gains and losses were recognised as income or expense in the income statement. Under-funded defined benefit schemes are recognised as a non-current liability while over-funded schemes are recognised as a non-current asset.

2 Summary of significant accounting policies (continued)

(p) Revenue recognition — refer notes 5-14

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) Appropriation - Parliamentary appropriations are recognised as revenues when the entity obtains control over the assets comprising the appropriation. Control is normally obtained on receipt of cash, with the exception that unspent appropriations at year-end are accounted for as liabilities.

(v) Grants and subsidies - Government grants are recognised as revenue when the grant is received.

(vi) Fines and penalties - Fines and penalties are recognised on a cash basis when received from NSW Police Service Infringement Processing Bureau.

(q) Financial expenses — refer note 19

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 2008-2009: 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 or are proceeds from the disposal of surplus property.

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.

Distributions from the proceeds of disposal of surplus property are made to the Consolidated Fund after settlement. The practice has been to remit proceeds to the Consolidated Fund that are in excess of $1M, settlements for less than this amount are incorporated into operating distributions.

(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 balance sheet. Cash flows are included in the cash flow statement 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.

2 Summary of significant accounting policies (continued)

(u) Changes in accounting policy

In accordance with NSW Treasury policy, NSW Maritime has changed its accounting policy on the recognition of superannuation actuarial gains and losses. Such actuarial gains and losses are now recognised outside of surplus or deficit in the 'statement of recognised income and expense'. Previously, actuarial gains and losses were recognised in the income statement. Both options are permissible under AASB 119 *Employee Benefits*.

The change in policy has been adopted on the basis that recognition outside surplus or deficit provides reliable and more relevant information as it better reflects the nature of actuarial gains and losses. This is because actuarial gains/losses are re-measurements, based on assumptions that do not necessarily reflect the ultimate cost of providing superannuation.

Recognition outside surplus or deficit also harmonises better with the Government Finance Statistics / GAAP comprehensive income presentation for the whole of government and general government sector, required under AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. A comprehensive income presentation will also be available at the entity level from 2009-2010 under AASB 101 *Presentation of Financial Statements*.

The impact of changes in accounting policies and correction of prior year errors on each line item in the financial statements and the comparative figures is shown in note 37. It is not practicable to show the financial effect on each line item of earlier financial statements.

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

			Consolidated		Parent	
	Note	Category	**2009 $000**	2008 $000	**2009 $000**	2008 $000
Financial Assets						
Cash and cash equivalents	21	N/A	**59,634**	83,081	**58,713**	82,739
Receivables	22	Loans and receivables at amortised cost excluding prepayments and statutory receivables	**4,482**	7,436	**4,442**	7,436
Financial assets at fair value	24	At fair value through profit or loss – designated as such upon initial recognition	**35,679**	36,544	**35,679**	36,544
Financial Liabilities						
Payables	28	Financial liabilities measured at amortised cost, excluding unearned income	**96,389**	98,998	**110,339**	107,359
Borrowings	29	Finance lease liabilities measured at amortised cost	**69,174**	70,260	**69,174**	70,260

3 Financial instruments (continued)

(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 balance 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

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 balance date. Collectibility 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.

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	2009	2008
Boating industries	**8%**	11%
Government authorities	**32%**	38%
Other business	**60%**	51%
	100%	100%

Based on past experience, debtors that are less than 3 months past due (2009: $4.073M; 2008: $6.292M) are not considered impaired. Total unimpaired debtors represent 59% (2008: 75%) 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 balance sheet.

3 Financial instruments (continued)

2009 — Consolidated	Total $000	Not past due $000	Past due but not impaired $000	Considered impaired $000
< 3 months overdue	4,073	4,073	—	—
3 months - 6 months overdue	475	—	409	66
> 6 months overdue	3,045	—	—	3,045
	7,593	4,073	409	3,111
Allowance for impairment	(3,111)	—	—	(3,111)
Receivables	4,482	4,073	409	—
2008 — Consolidated				
< 3 months overdue	6,292	6,292	—	—
3 months - 6 months overdue	690	—	690	—
> 6 months overdue	2,959	—	454	2,505
	9,941	6,292	1,144	2,505
Allowance for impairment	(2,505)	—	—	(2,505)
Receivables	7,436	6,292	1,144	—

2009 — Parent entity	Total $000	Not past due $000	Past due but not impaired $000	Considered impaired $000
< 3 months overdue	4,033	4,033	—	—
3 months – 6 months overdue	475	—	409	66
> 6 months overdue	3,045	—	—	3,045
	7,553	4,033	409	3,111
Allowance for impairment	(3,111)	—	—	(3,111)
Receivables	4,442	4,033	409	—
2008 — Parent entity				
< 3 months overdue	6,292	6,292	—	—
3 months – 6 months overdue	690	—	690	—
> 6 months overdue	2,959	—	454	2,505
	9,941	6,292	1,144	2,505
Allowance for impairment	(2,505)	—	—	(2,505)
Receivables	7,436	6,292	1,144	—

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 Poor’s. 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 2.4% (2008: 3.7%), while over the year the weighted average interest rate was 2.7% (2008: 3.2%) on a weighted average balance during the year of $103.7M (2008: $114.6M). 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 NSW Maritime's financial liabilities, together with the interest rate exposure. All obligations are shown at undiscounted cash flow amounts.

			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
2009 — Consolidated								
Payables								
Accrued salaries	—	288	—	—	288	288	—	—
Creditors	—	96,389	—	—	96,389	(44,837)	51,552	—
Borrowings								
Finance leases	13.50	67,968	67,968	—		1,206	8,354	59,614
	—	164,645		—	96,677	(46,331)	59,906	59,614
2008 — Consolidated								
Payables								
Accrued salaries	—	1,091	—	—	1,091	1,091	—	—
Creditors	—	98,998	—	—	98,998	(67,443)	31,565	—
Borrowings								
Finance leases	13.50	69,174	69,174		—	1,086	7,521	61,653
		169,263	—	—	100,089	(69,610)	39,086	61,653

3 Financial instruments (continued)

			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
2009 — Parent								
Payables								
Accrued salaries	—	—	—	—	—	—	—	—
Creditors	—	110,339	—	—	110,339	(93,622)	36,717	—
Borrowings								
Finance leases	13.50	67,968	67,968	—	—	8,354	59,614	—
	—	178,307	—	—	110,339	(81,976)	96,331	—
2008 — Parent								
Payables								
Accrued salaries	—	—	—	—	—	—	—	—
Creditors	—	107,359	—	—	107,359	(75,807)	31,552	—
Borrowings								
Finance leases	13.50	69,174	69,174		—	1,086	7,521	61,653
	—	176,533	—	—	107,359	(76,893)	39,073	61,653

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities, therefore the amounts disclosed above will not reconcile to the balance sheet.

(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 balance sheet date. The analysis is performed on the same basis for 2008. 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. NSW Maritime's exposure to interest rate risk is set out on the following.

3 Financial instruments (continued)

	$000 Carrying Amount	$000 -2% Profit	$000 -2% Equity	$000 +2% Profit	$000 +2% Equity
2009 — Consolidated					
Financial assets					
Cash and cash equivalents	59,634	(1,193)	(1,193)	1,193	1,193
2008 — Consolidated					
Financial assets					
Cash and cash equivalents	83,081	(1,662)	(1,662)	1,662	1,662
2009 — Parent					
Financial assets					
Cash and cash equivalents	58,713	(1,174)	(1,174)	1,174	1,174
2008 — Parent					
Financial assets					
Cash and cash equivalents	82,739	(1,655)	(1,655)	1,655	1,655

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	**2009 $000**	2008 $000
Cash facility	Cash, money market instruments	Up to 1.5 years	55,205	80,059
Medium term growth facility	Cash, money market instruments	3 years to 7 years	26,494	26,301
	Australian and international bonds			
	listed property			
	Australian and international shares			
Long term growth facility	Cash, money market instruments	7 years and over	9,185	10,243
	Australian and international bonds			
	listed property			
	Australian and international shares			
			90,884	116,603

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.

NSW 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.

NSW 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 profit (rather than equity)

3 Financial instruments (continued)

	Change in unit price	Impact on profit / loss 2009 $000	2008 $000
Cash facility	+/- 1%	552	801
Medium term growth facility	+/- 7%	1,855	1,841
Long term growth facility	+/- 15%	1,378	1,536

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).

(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 2009 NSW Maritime recognised $nil (2008: $nil) amortised cost of financial instruments in the balance sheet.

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

Operating lease commitments — NSW Maritime as lessor

NSW Maritime has entered into commercial property leases of its property portfolio and has determined that it retains all the significant risks and rewards of ownership of these properties and has thus classified the leases as operating leases.

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 2009, management did not identify significant triggers for impairment testing and as such these assets have not been tested for impairment.

Classification of assets and liabilities as held for sale

NSW Maritime classifies assets and liabilities as held for sale when its carrying amount will be recovered through a sale transaction. The assets and liabilities must be available for immediate sale and NSW Maritime must be committed to selling the asset either through entering into a contractual sale agreement or through the activation of, and commitment to, a program to locate a buyer and dispose of the assets and liabilities.

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.

4 Significant accounting judgements, estimates and assumptions (continued)

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 balance sheet by adjusting both the expense and/or asset (if applicable) and provision. The related carrying amounts are disclosed in note 31.

Long service leave provision

Long service leave is measured on a nominal basis. NSW Maritime periodically compares the difference between using the nominal method and the full present value method. The calculation using the full present value method requires assumptions such as application of employment legislation, and expected future salary levels and expected future salary on-cost expenses. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The related carrying amounts are disclosed in note 31.

Net defined benefit superannuation asset or liability

The net defined benefit superannuation asset or liability arising from underfunding or overfunding of 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. The related carrying amounts are disclosed in note 32.

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. Depreciation charges are included in note 26.

		Consolidated		Parent	
		2009 $000	2008 $000	**2009 $000**	2008 $000
5	**Port management**				
	Wharfage	**279**	295	**279**	295
	Site occupation charges	**82**	74	**82**	74
	Ship utility charges	**5**	5	**5**	5
	Navigation services	**576**	708	**576**	708
	Pilotage	**197**	224	**197**	224
	Storage facilities	**70**	87	**70**	87
		1,209	1,393	**1,209**	1,393
6	**Channel fees**				
	Newcastle Port Corporation	**3,012**	2,898	**3,012**	2,898
	Port Kembla Port Corporation	**1,382**	1,204	**1,382**	1,204
	Sydney Ports Corporation	**3,207**	3,564	**3,207**	3,564
	Channel dredging	**271**	—	**271**	—
		7,872	7,666	**7,872**	7,666
7	**Drivers licences**				
	One year licence	**1,863**	1,926	**1,863**	1,926
	Three year licence	**14,414**	13,333	**14,414**	13,333
	Licence tests	**1,024**	682	**1,024**	682
		17,301	15,941	**17,301**	15,941
8	**Boat registrations**				
	Initial	**810**	867	**810**	867
	Renewal	**15,476**	14,676	**15,476**	14,676
	Other	**2,888**	2,711	**2,888**	2,711
		19,174	18,254	**19,174**	18,254

	Consolidated		Parent	
	2009 $000	2008 $000	**2009 $000**	2008 $000
9 Moorings				
Private	**5,610**	5,373	**5,610**	5,373
Commercial	**1,574**	1,532	**1,574**	1,532
Inspection fees	**128**	144	**128**	144
	7,312	7,049	**7,312**	7,049
10 Commercial vessels charges				
Survey fees	**1,652**	1,616	**1,652**	1,616
Registration fees	**805**	765	**805**	765
Examinations	**150**	154	**150**	154
Other	**182**	179	**182**	179
	2,789	2,714	**2,789**	2,714
11 Rentals				
Land	**282**	247	**282**	247
Maritime Trade Tower – building	**10,596**	11,224	**10,596**	11,224
Maritime Trade Tower – land	**3,385**	3,385	**3,385**	3,385
Long term lease rental income	**1,258**	710	**1,258**	710
Commercial	**15,256**	14,097	**15,256**	14,097
Private	**7,884**	7,524	**7,884**	7,524
NSW Maritime property	**64**	63	**64**	63
Superyacht charges	**1,320**	1,457	**1,320**	1,457
	40,045	38,707	40,045	38,707
12 Investment income				
Bank and other interest	**217**	370	**217**	370
TCorp investment facilities designated at fair value through profit or loss – gain on fair valuation	3,167	3,650	3,167	3,650
	3,384	4,020	3,384	4,020

		Consolidated		Parent	
		2009	2008	**2009**	2008
		$000	$000	**$000**	$000
13	**Other income**				
	Other boating fees	**1,807**	2,181	**1,807**	2,181
	Miscellaneous services	**2,270**	4,785	**2,270**	4,785
	Defined benefit superannuation schemes net income	**494**	696	**—**	—
	Revaluation increment on investment assets	**—**	3,400	**—**	3,400
	Wharf assets received from Local Councils	**343**	-	**343**	—
	Emerging asset — marina berth leases	**1,505**	1,418	**1,505**	1,418
		6,419	12,480	**5,925**	11,784
14	**Contract revenue**				
	Sydney Harbour estuarine vegetation mapping	**—**	10	**—**	10
	Sydney Harbour foreshore vegetation mapping	**—**	15	**—**	15
	Botany Bay sanddrift beach stabilisation	**—**	120	**—**	120
	Government licencing system implementation	**—**	191	**—**	191
	King Street Wharf project	**—**	480	**—**	480
	Repair of Circular Quay Wharf for high speed ferry	**101**	—	**101**	—
	Repair of Watsons Bay Pilot Station	111	—	111	—
		212	816	**212**	816

		Consolidated		Parent	
		2009 $000	2008 $000	**2009 $000**	2008 $000
15	**Employee related expenses**				
	Payroll services	**—**	—	**58,260**	35,226
	Ordinary time	**25,634**	23,493	**—**	—
	Long service leave	**1,110**	1,129	**—**	—
	Recreation leave	**2,494**	2,223	**—**	—
	Payroll tax and fringe benefits tax	**2,291**	2,151	**—**	—
	Overtime	**582**	499	**—**	—
	Sick leave	**448**	470	**—**	—
	Voluntary separation payments	**125**	129	**—**	—
	Other employee benefits and workers' compensation	**1,402**	429	**—**	—
	Superannuation Expenses				
	Accumulation schemes expense including contributions	**1,740**	1,513	**—**	—
	Defined benefit superannuation schemes net expense	**148**	105	**—**	—
	Accrual for salaries, enterprise agreement, annual leave and long service leave	**785**	292	**—**	—
		36,759	32,433	**58,260**	35,226
16	**Contract service expenses**				
	Contractors	**7,210**	11,789	**7,210**	11,789
	External labour	**3,255**	3,277	**3,255**	3,277
	Maintenance agreements	**1,979**	1,000	**1,979**	1,000
	Wharf maintenance	**6,797**	4,161	**6,797**	4,161
	Navigational aids maintenance	**1,539**	1,384	**1,539**	1,384
	Motor vehicle and vessel expenses	**1,158**	753	**1,158**	753
	Other	**73**	74	**73**	74
		22,011	22,438	**22,011**	22,438

		Consolidated		Parent	
		2009	2008	**2009**	2008
		$000	$000	**$000**	$000
17	**Administration**				
	Advertising	**615**	606	**615**	606
	Collection fees	**674**	638	**674**	638
	Printing	**834**	580	**834**	580
	Rent	**993**	972	**993**	972
	Training	**651**	573	**651**	573
	Stationery and office supplies	**348**	266	**348**	266
	Insurance	**557**	611	**557**	611
	Travel	**838**	871	**433**	405
	Legal fees	**1,562**	1,668	**1,562**	1,668
	Management fees — port corporations	**106**	269	**106**	269
	Internal audit fees	**259**	124	**259**	124
	Subscriptions, donations and professional fees	**112**	149	**112**	149
	Other	**1,460**	1,713	**1,461**	1,715
		9,009	9,040	**8,605**	8,576
18	**Grants and subsidies**				
	Volunteer Marine Rescue Council	**1,350**	1,307	**1,350**	1,307
	National Marine Safety Committee	**557**	543	**557**	543
	Australia Day NSW Maritime staff support	**166**	161	**166**	161
	Repair of legacy Rushcutters Bay Marina	**100**	—	**100**	—
	Repair of Newcastle Fisherman's Co-op	**105**	—	**105**	—
	Australian Research Council Project	5	—	5	—
		2,283	2,011	**2,283**	2,011

		Consolidated		Parent	
		2009	2008	**2009**	2008
		$000	$000	**$000**	$000
19	**Financial expenses**				
	Interest — Maritime Trade Tower	**7,776**	7,884	**7,776**	7,884
	Transactions and account keeping fees	**79**	71	**79**	71
		7,855	7,955	**7,855**	7,955
20	**Loss on disposal of assets**				
	Property plant and equipment				
	Disposed assets at cost	**13,627**	5,052	**13,627**	5,052
	Less: accumulated depreciation	**(1,040)**	(991)	**(1,040)**	(991)
	Written down value of disposed assets	**12,587**	4,061	**12,587**	4,061
	Less: Proceeds from sale of property, plant and equipment	**11,621**	3,638	**11,621**	3,638
	Loss on disposal of property, plant and equipment	**966**	423	**966**	423
21	**Cash and cash equivalents**				
	Cash on hand	**50**	49	**50**	49
	Cash at bank	**4,379**	2,973	**3,458**	2,631
	TCorp Investments: Hour-Glass cash facility	**55,205**	80,059	**55,205**	80,059
	Cash and cash equivalents in the balance sheet	**59,634**	83,081	**58,713**	82,739

Reconciliation of cash

The amount shown is fair value. For the purposes of the cash flow statement, 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 balance sheet are reconciled at the end of the financial year to the cash flow statement as follows:

Cash and cash equivalents (per balance sheet)	**59,634**	83,081	**58,713**	82,739
Long term growth facility	**9,185**	10,243	**9,185**	10,243
Medium term growth facility	**26,494**	26,301	**26,494**	26,301
Closing cash and cash equivalents (per cash flow statement)	**95,313**	119,625	**94,392**	119,283

21 Cash and cash equivalents (continued)

	Consolidated		Parent	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
Reconciliation of net cash flows from operating activities to net surplus				
Net cash provided by operating activities	**10,570**	31,087	**9,991**	31,139
Revaluation (decrement) increment	**(3,942)**	3,400	**(3,942)**	3,400
Depreciation and amortisation	**(9,773)**	(8,264)	**(9,773)**	(8,264)
Interest paid shown as financing cash flow	**(7,776)**	(7,884)	**(7,776)**	(7,884)
Operating lease rental shown as investing cash flow	**3,385**	3,385	**3,385**	3,385
Net loss on assets disposal	**(966)**	(423)	**(966)**	(423)
Non-cash assets received and recognised	**1,848**	2,009	**1,848**	2,009
Change in assets and liabilities				
(Decrease) increase in current receivables	**(3,416)**	(13,174)	**(3,198)**	(14,676)
Decrease in inventory	**(12)**	(11)	**(12)**	(11)
Increase (decrease) in non-current receivables	**1,517**	313	**—**	(1,473)
Decrease (increase) in current payables	**21,743**	(4,672)	**1,332**	(3,932)
(Increase) decrease in non-current payables	**(10,142)**	13,695	**(10,131)**	13,695
Decrease in provisions	**2,975**	892	**3,662**	363
Net surplus (deficit)	**6,011**	20,353	**(15,580)**	17,328

		Consolidated		Parent	
		2009 $000	2008 $000	**2009 $000**	2008 $000
22	**Trade and other receivables (current)**				
	Trade debtors	**4,576**	6,027	**4,576**	6,027
	Rental debtors	**2,546**	3,280	**2,546**	3,280
	Payments in advance	**1,955**	262	**1,955**	4
	Land sales receivables	**—**	1,473	**—**	1,473
	Accrued income	**57**	1,112	**57**	1,112
	Net GST receivable	**939**	206	**939**	206
	Other	**471**	634	**431**	634
	Less: allowance for impairment	**(3,111)**	(2,505)	**(3,111)**	(2,505)
		7,433	10,489	7,393	10,231
	Movement in the allowance for impairment				
	Balance at 1 July	**2,505**	1,937	**2,505**	1,937
	Amounts written off during the year	**(46)**	(45)	**(46)**	(45)
	Amounts recovered during the year	**—**	(124)	**—**	(124)
	Increase in allowance recognised in profit or loss	**652**	737	**652**	737
	Balance at 30 June	**3,111**	2,505	**3,111**	2,505
	Trade and other receivables (non-current)				
	Superannuation surplus	**141**	5,404	**—**	—
	Maritime Trade Tower Finance Lease Payments in Advance	**65,457**	51,183	**65,457**	51,183
		65,598	56,587	**65,457**	51,183

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)	**173**	185	**173**	185
24	**Financial assets at fair value**				
	TCorp Hour-Glass investment facilities				
	Long term growth facility	**9,185**	10,243	**9,185**	10,243
	Medium term growth facility	**26,494**	26,301	**26,494**	26,301
		35,679	36,544	**35,679**	36,544

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)

YEAR ENDED 30 JUNE 2009

	Construction in Progress $000	Land and Buildings $000	Infrastructure $000	Plant and Equipment $000	Total $000
At 1 July 2008,					
Net of accumulated depreciation	14,201	123,674	778,312	15,416	931,603
Additions	(8,473)	10,984	9,387	4,523	16,421
Transfers of assets from state and local agencies	—	2,695	21,985	—	24,680
Assets received from developer	—	2,597	2,669	—	5,266
Emerging assets - marinas	—	—	1,505	—	1,505
Disposal of assets held for sale	—	(10,670)	(275)	(1,642)	(12,587)
Transfer to prepaid capital works — Port Kembla	—	(1,833)	—	—	(1,833)
Revaluations	—	-	—	(204)	(204)
Depreciation charge for the year	—	(1,032)	(5,663)	(2,946)	(9,641)
At 30 June 2008					
Carrying amount	5,728	126,415	807,920	15,147	955,210
At 1 July 2008					
Cost or fair value	14,201	126,415	790,763	20,784	952,163
Accumulated depreciation and impairment	—	(2,741)	(12,451)	(5,368)	(20,560)
Net carrying amount	14,201	123,674	778,312	15,416	931,603
At 30 June 2009					
Cost or fair value	5,728	130,188	825,939	22,459	984,314
Accumulated depreciation and impairment	—	(3,773)	(18,019)	(7,312)	(29,104)
Net carrying amount	5,728	126,415	807,920	15,147	955,210

Asset stocktake

An asset stocktake of all items on the fixed asset register was undertaken during 2008-2009. Records were adjusted for stocktake results.

Valuation

The fair values of freehold land and buildings have been determined by reference to independent valuations. 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.

All physical non-current assets were revalued as at 1 July 2005 and incorporated into the financial statements at 30 June 2005. Independent valuers of land and buildings were:
Rozelle Bay maritime precinct: Urbis JHD Valuations Pty Ltd
Homebush Bay land: Urbis JHD Valuations Pty Ltd
Rozelle Bay office: LandMark White (NSW) Pty Ltd
South Head Signal Station: Widnell Quantity Surveyors
Newcastle land: State Valuation Office
Port Kembla land: State Valuation Office

Other physical non-current assets were valued by NSW Maritime management with appropriate expertise. See also note 2(j).

NSW Maritime's dredged assets (channels) were independently valued at 30 June 2008 by Ferriers Practice Pty Ltd. The depreciated replacement cost methodology was used for this valuation, in accordance with NSW Treasury Policy and Guidelines Paper TPP 07-1.

25 Property, plant and equipment (Consolidated and Parent entity) (continued)

YEAR ENDED 30 JUNE 2008

		Construction in Progress $000	Land and Buildings $000	Infrastructure $000	Plant and Equipment $000	Total $000
At 1 July 2007,						
Net of accumulated depreciation		43,371	134,079	342,711	13,996	534,157
Additions		14,305	4,484	57,560	5,286	81,635
Disposals / transfers to assets held for resale	(a)	(43,475)	(30,190)	(950)	(1,359)	(75,974)
Revaluations		—	16,215	383,609	—	399,824
Depreciation charge for the year		—	(914)	(4,618)	(2,507)	(8,039)
At 30 June 2008						
Carrying amount		14,201	123,674	778,312	15,416	931,603
At 1 July 2007						
Net carrying amount		43,371	134,079	342,711	13,996	534,157
At 30 June 2008						
Cost or fair value		14,201	126,415	790,763	20,784	952,163
Accumulated depreciation and impairment		—	(2,741)	(12,451)	(5,368)	(20,560)
Net carrying amount		14,201	123,674	778,312	15,416	931,603

(a) Includes land at a book value of $7.695M which was scheduled for disposal before 30 June 2009.

	Consolidated		Parent	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
26 Investment properties				
Opening balance at 1 July	**133,400**	130,000	**133,400**	130,000
Net gain (loss) from fair value adjustment	**(3,942)**	3,400	**(3,942)**	3,400
Closing balance at 30 June	**129,458**	133,400	**129,458**	133,400

The fair value of investment properties has been determined by reference to independent valuations prepared by Preston Rowe Paterson NSW Pty Ltd as at 30 June 2009. 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 2009 $000	Consolidated 2008 $000	Parent 2009 $000	Parent 2008 $000
27 Intangible assets				
Opening balance at 1 July	**358**	451	**358**	451
Additions (subsequent expenditure)	**629**	132	**629**	132
Depreciation charge for the year	**(132)**	(225)	**(132)**	(225)
Closing balance at 30 June	**855**	358	**855**	358
At 1 July				
Cost or fair value	**4,991**	4,876	**4,991**	4,876
Accumulated depreciation and impairment	**(4,633)**	4,425)	**(4,633)**	(4,425)
	358	451	**358**	451
At 30 June				
Cost or fair value	**5,306**	4,991	**5,306**	4,991
Accumulated depreciation and impairment	**(4,451)**	(4,633)	**(4,451)**	(4,633)
	855	358	**855**	358

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.

	Consolidated		Parent	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
28 Trade and other payables				
Current				
Accrued salaries, wages and on-costs	**2,176**	1,445	**31,852**	11,323
Creditors	**7,837**	4,874	**6,967**	4,096
Customer advances and deposits	**141**	71	**141**	71
Priority list on moorings	**511**	468	**511**	468
Wetland lease security deposits (a)	**1,109**	30,565	**1,109**	30,565
Rent in advance	**3,060**	2,719	**3,060**	2,719
Long term lease unearned income (c)	**4,643**	710	**4,643**	710
Long term channel fees unearned income	**271**	228	**271**	228
Other creditors and accruals	**3,417**	6,099	**3,396**	5,848
Boating fees in advance (b)	**26,315**	24,451	**26,315**	24,451
	49,480	71,630	**78,265**	80,479
Non-current				
Boating fees in advance (b)	**10,494**	9,213	**10,494**	9,213
Long term lease unearned income (c)	**262,754**	239,402	**262,754**	239,402
Long term channel fees unearned income	**26,223**	22,339	**26,223**	22,339
Superannuation deficit	**14,811**	—	—	—
Payroll tax provision on long service leave	**24**	—	—	—
	314,306	270,954	**299,471**	270,954

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. Stage 3 was completed during the year and $10.170M was paid to NSW Treasury as a distribution from property disposal. A further $13.290M was paid to the Roads and Traffic Authority under the terms of the arrangement.

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.

c. Long term lease unearned income comprises prepaid lease rental in which the income is recognised on a straight-line basis over lease terms exceeding 50 years.

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

		Consolidated		Parent	
		2009	2008	**2009**	2008
		$000	$000	**$000**	$000
29	**Interest bearing borrowings**				
	Current				
	Less than one year				
	Future minimum lease payments	**8,862**	8,862	**8,862**	8,862
	Future finance charges	**(7,656)**	(7,776)	**(7,656)**	(7,776)
		1,206	1,086	**1,206**	1,086
	Non-Current				
	Between one and five years				
	Future minimum lease payments	**44,309**	44,309	**44,309**	44,309
	Future finance charges	**(35,955)**	(36,788)	**(35,955)**	(36,788)
		8,354	7,521	**8,354**	7,521
	More than five years				
	Future minimum lease payments	**115,202**	124,065	**115,202**	124,065
	Future finance charges	**(55,588)**	(62,411)	**(55,588)**	(62,411)
		59,614	61,654	**59,614**	61,654
		67,968	69,175	**67,968**	69,175

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

		Consolidated		Parent	
		2009	2008	**2009**	2008
		$000	$000	**$000**	$000
30	**Provisions**				
	Current employee benefits and related on-cost				
	Annual leave (a)	**2,987**	2,792	—	—
	Long service leave - short term benefit (b)	**775**	748	—	—
	Long service leave - long term benefit (b)	**7,683**	7,345	—	—
	Payroll tax provision on long service leave	—	475	—	—
	Provision for workers' compensation (c)	**410**	630	—	—
		11,855	11,990	—	—
	Current other provisions				
	Provision for distribution	**15,309**	14,607	**15,309**	14,607
	Provision for environmental restoration	**7,400**	11,062	**7,400**	11,062
		34,564	37,184	**22,709**	25,669
	Non-current employee benefits and related on-cost				
	Long service leave (b)	**157**	220	—	—
	Payroll tax provision on long service leave	—	13	—	—
	Provision for workers' compensation (c)	**3,040**	2,630	—	—
		3,197	2,863	—	—

30 Provisions (continued)

	Balance 1 Jul 08 $000	Charges to revenue $000	Less payments $000	Balance 30 Jun 09 $000
Movement in annual and long service leave provisions				
Annual leave	2,792	2,517	(2,322)	2,987
Long service leave — current	8,093	1,329	(964)	8,458
Long service leave — non-current	220	(63)	—	157

(a) The liability for annual leave is calculated as at 1 July 2009 wage rates and has been fully provided.

(b) The liability for long service leave has been calculated as at 1 July 2009 wage rates and has been fully provided. This figure excludes allowances for personnel who were still subject to the completion of service conditions.

(c) Workers' compensation provision includes $1.890M for dust diseases (2008: $1.940M) of which $189K (2008: $230K) 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.

The Treasury Managed Fund (TMF) normally calculates hindsight premiums each year. In 2008 – 2009 NSW Maritime made payments for the 2002 – 2003 and 2004 – 2005 workers compensation hindsight adjustments and for the 2006 – 2007 motor vehicle adjustment.

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 of the schemes are closed to new members.

Member numbers

	SASS 2009	SANCS 2009	SSS 2009
Contributors	**56**	**90**	**34**
Deferred benefits	**—**	**—**	**2**
Pensioners	**2**	**—**	**30**
Pensions fully commuted	**—**	**—**	**5**

	SASS 2008	SANCS 2008	SSS 2008
Contributors	58	94	36
Deferred benefits	—	—	1
Pensioners	2	—	27
Pensions fully commuted	—	—	5

31 Superannuation (continued)

Superannuation position recognised in the balance sheet under AASB 119

	SASS 2009 $000	SANCS 2009 $000	SSS 2009 $000	Total 2009 $000
Accrued liability	**16,212**	**3,614**	**51,420**	**71,246**
Estimated reserve account balance	**(15,924)**	**(3,755)**	**(36,897)**	**(56,576)**
Net (asset) liability recognised in balance sheet	**288**	**(141)**	**14,523**	**14,670**
Future service liability	**3,544**	**1,416**	**2,416**	**7,376**

	SASS 2008 $000	SANCS 2008 $000	SSS 2008 $000	Total 2008 $000
Accrued liability	14,972	3,118	39,660	57,750
Reserve account balance	(17,591)	(4,140)	(41,423)	(63,154)
Net (asset) liability recognised in balance sheet	(2,619)	(1,022)	(1,763)	(5,404)
Future service liability	3,105	1,176	1,712	5,993

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 is imposed.

Accounting policy

In 2008-2009 NSW Treasury mandated a change in policy for all NSW public sector agencies to recognise actuarial gains and losses immediately outside the surplus or deficit in the year in which they occur. Previously, actuarial gains and losses were recognised in the surplus or deficit. This change in policy must be applied retrospectively, as advised in NSW Treasury Circular NSWTC 09/01. The change in accounting policy increases the 2009 surplus for the year by $21.591M (2008: by $3.025M), by excluding from the surplus the superannuation actuarial gain or loss line item. This item is now recognised in the statement of recognised income and expense rather than the income statement.

31 Superannuation (continued)

Reconciliation of the present value of the defined benefit obligation	SASS 2009 $000	SANCS 2009 $000	SSS 2009 $000	Total 2009 $000
Present value of partly funded defined benefit obligations at beginning of year	**14,972**	**3,118**	**39,660**	**57,750**
Current service cost	**588**	**164**	**275**	**1,027**
Interest cost	**951**	**195**	**2,550**	**3,696**
Contributions by fund participants	**325**	**—**	**317**	**642**
Actuarial (gains) losses	**501**	**344**	**10,129**	**10,974**
Benefits paid	**(1,125)**	**(207)**	**(1,511)**	**(2,843)**
Present value of partly funded defined benefit obligations at end of year	**16,212**	**3,614**	**51,420**	**71,246**

	SASS 2008 $000	SANCS 2008 $000	SSS 2008 $000	Total 2008 $000
Present value of partly funded defined benefit obligations at beginning of year	15,187	3,292	39,374	57,853
Current service cost	605	178	320	1,103
Interest cost	937	199	2,476	3,612
Contributions by fund participants	323	—	406	729
Actuarial (gains) losses	(594)	(103)	(1,641)	(2,338)
Benefits paid	(1,486)	(448)	(1,275)	(3,209)
Present value of partly funded defined benefit obligations at end of year	14,972	3,118	39,660	57,750

31 Superannuation (continued)

Reconciliation of the fair value of fund assets	SASS 2009 $000	SANCS 2009 $000	SSS 2009 $000	Total 2009 $000
Fair value of fund assets at beginning of year	**17,591**	**4,140**	**41,423**	**63,154**
Expected return on fund assets	**1,418**	**332**	**3,319**	**5,069**
Actuarial gains (losses)	**(2,921)**	**(705)**	**(6,991)**	**(10,617)**
Employer contributions	**636**	**195**	**340**	**1,171**
Contributions by fund participants	**325**	**—**	**317**	**642**
Benefits paid	**(1,125)**	**(207)**	**(1,511)**	**(2,843)**
Fair value of fund assets at end of year	**15,924**	**3,755**	**36,897**	**56,576**

	SASS 2008 $000	SANCS 2008 $000	SSS 2008 $000	Total 2008 $000
Fair value of fund assets at beginning of year	18,994	4,663	45,144	68,801
Expected return on fund assets	1,449	365	3,492	5,306
Actuarial gains (losses)	(2,337)	(639)	6,691)	(9,667)
Employer contributions	648	200	347	1,195
Contributions by fund participants	323	—	406	729
Benefits paid	(1,486)	(449)	(1,275)	(3,210)
Fair value of fund assets at end of year	17,591	4,140	41,423	63,154

31 Superannuation (continued)

Reconciliation of the assets and liabilities recognised in the balance sheet

	SASS 2009 $000	SANCS 2009 $000	SSS 2009 $000	Total 2009 $000
Present value of partly funded defined benefit obligation				
at end of year	**16,212**	**3,614**	**51,420**	**71,246**
Fair value of fund assets at end of year	**(15,924)**	**(3,755)**	**(36,897)**	**(56,576)**
Net liability/(asset) recognised in the balance sheet				
at end of year	**288**	**(141)**	**14,523**	**14,670**

	SASS 2008 $000	SANCS 2008 $000	SSS 2008 $000	Total 2008 $000
Present value of partly funded defined benefit obligation				
at end of year	14,972	3,118	39,660	57,750
Fair value of fund assets at end of year	(17,591)	(4,140)	(41,423)	(63,154)
Net liability/(asset) recognised in the balance sheet				
at end of year	(2,619)	(1,022)	(1,763)	(5,404)

31 Superannuation (continued)

Total expense (income) recognised in the income statement

	SASS 2009 $000	SANCS 2009 $000	SSS 2009 $000	Total 2009 $000
Current service cost	**588**	**164**	**275**	**1,027**
Interest cost	**951**	**195**	**2,550**	**3,696**
Expected return on fund assets (net of expenses)	**(1,418)**	**(332)**	**(3,319)**	**(5,069)**
Expense (income) recognised	**121**	**27**	**(494)**	**(346)**

	SASS 2008 $000	SANCS 2008 $000	SSS 2008 $000	Total 2008 $000
Current service cost	605	178	320	1,103
Interest cost	937	199	2,476	3,612
Expected return on fund assets (net of expenses)	(1,449)	(365)	(3,492)	(5,306)
Expense (income) recognised	93	12	(696)	(591)

Amounts recognised in the statement of recognised income and expense

	SASS 2009 $000	SANCS 2009 $000	SSS 2009 $000	Total 2009 $000
Actuarial (gains)/losses	**3,421**	**1,049**	**17,121**	**21,591**

	SASS 2008 $000	SANCS 2008 $000	SSS 2008 $000	Total 2008 $000
Actuarial (gains)/losses	1,743	536	5,051	7,330
Adjustment for limitation on net assets	(1,497)	(539)	(2,269)	(4,305)
Total amount recognised	246	(3)	2,782	3,025

31 Superannuation (continued)

Cumulative amount recognised in the statement of recognised income and expense

	SASS 2009 $000	SANCS 2009 $000	SSS 2009 $000	Total 2009 $000
Actuarial (gains)/losses	**(1,961)**	**852**	**16,298**	**15,189**

	SASS 2008 $000	SANCS 2008 $000	SSS 2008 $000	Total 2008 $000
Actuarial (gains)/losses	(5,382)	(197)	(823)	(6,402)

Fund assets

	2009	2008
The percentage invested in each asset class at the balance sheet date		
Australian equities	**32.10%**	31.60%
Overseas equities	**26.00%**	25.40%
Australian fixed interest securities	**6.20%**	7.40%
Overseas fixed interest securities	**4.70%**	7.50%
Property	**10.00%**	11.00%
Cash	**8.00%**	6.10%
Other	**13.00%**	11.00%
Total	**100.00%**	100.00%

Fair value of fund assets

All fund assets are invested by the SAS Trustee Corporation 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 2009 $000	**SANCS 2009 $000**	**SSS 2009 $000**	**Total 2009 $000**
Actual return on fund assets — gains (losses)	**(1,771)**	**(372)**	**(4,451)**	**(6,594)**

	SASS 2008 $000	SANCS 2008 $000	SSS 2008 $000	Total 2008 $000
Actual return on fund assets - gains (losses)	(1,177)	(275)	(3,032)	(4,484)

Valuation method and principal actuarial assumptions at balance sheet 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.

	2009	2008
(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	**8.13%**	8.30%
Discount rate	**5.59%**	6.55%

(c) Demographic assumptions

The demographic assumptions at 30 June 2009 are those that will be used in the 2009 triennial actuarial valuation. The triennial review report will be available from the NSW Treasury website, after it is tabled in Parliament in December 2009.

31 Superannuation (continued)

Expected contributions

	SASS 2009 $000	SANCS 2009 $000	SSS 2009 $000	Total 2009 $000
Expected employer contributions to be paid in the next reporting period	**617**	**189**	**294**	**1,100**

Funding arrangements for employer contributions

(a) Surplus/deficit

The following is a summary of the 30 June 2009 financial position of the Fund calculated in accordance with AAS25 "Financial Reporting by Superannuation Plans":

	SASS 2009 $000	SANCS 2009 $000	SSS 2009 $000	Total 2009 $000
Accrued benefits	**15,050**	**3,312**	**37,429**	**55,791**
Net market value of fund assets	**(15,924)**	**(3,755)**	**(36,897)**	**(56,576)**
Net (surplus)/deficit	**(874)**	**(443)**	**532**	**(785)**

	SASS 2008 $000	SANCS 2008 $000	SSS 2008 $000	Total 2008 $000
Accrued benefits	14,884	3,134	36,442	54,460
Net market value of fund assets	(17,591)	(4,140)	(41,423)	(63,154)
Net (surplus)/deficit	(2,707)	(1,006)	(4,981)	(8,694)

(b) Contribution recommendations

Recommended contribution rates for the entity are:	SASS 2009	SANCS 2009	SSS 2009
multiple of member contributions	**1.90**	**—**	**0.93**
% member salary	**—**	**2.5**	**—**

31 Superannuation (continued)

	SASS 2008	SANCS 2008	SSS 2008
multiple of member contributions	1.90	—	0.93
% member salary	—	2.5	—

(c) Funding method

The method used to determine the employer contribution recommendations in the 2006 triennial actuarial review was the *Aggregate Funding* method. The method adopted affects the timing of the cost to NSW Maritime.

Under the aggregate funding method the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

(d) Economic assumptions

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

	2009	2008
Weighted average assumptions		
Expected rate of return on fund assets backing current pension liabilities	**8.30%**	7.70%
Expected rate of return on fund assets backing other liabilities	**7.30%**	7.00%
Expected salary increase rate	**4.00%**	4.00%
Expected rate of CPI increase	**2.50%**	2.50%

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. Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligation.

(e) Five year comparatives	**2009 $000**	2008 $000	2007 $000	2006 $000	2005 $000
Fair Value of the plan assets	**56,576**	63,154	68,801	61,359	51,797
Present value of the defined benefit obligation	**(71,246)**	(57,750)	(57,853)	57,310)	(59,271)
Plan surplus (deficit)	**(14,670)**	5,404	10,948	4,049	(7,474)

	Consolidated		Parent	
	2009 $000	2008 $000	**2009 $000**	2008 $000
32 Detailed statement of changes in equity				
Accumulated funds				
Balance at 1 July	**293,367**	296,882	**293,367**	296,882
Surplus for the year	**6,011**	20,353	**(15,580)**	17,328
Superannuation actuarial gains (losses)	**(21,591)**	(3,025)	**—**	—
Distributions to Government	**(25,479)**	(17,765)	**(25,479)**	(17,765)
Transfer from asset revaluation reserve on disposal	**12,250**	17,665	**12,250**	17,665
Assets transferred to Port Kembla Port Corporation	**(15,630)**	**(20,743)**	(15,630)	**(20,743)**
Assets transferred from Sydney Ferries	**23,935**	—	**23,935**	—
Assets transferred from Sydney Ports Corporation	**667**	—	667	—
Balance at 30 June	**273,530**	293,367	**273,530**	293,367
Asset revaluation reserve				
Balance at 1 July	**513,208**	131,049	**513,208**	131,049
Revaluation increment (decrement)	**8,831**	399,824	**8,831**	399,824
Revaluation transferred to equity on disposal	**(12,250)**	(17,665)	**(12,250)**	(17,665)
Balance at 30 June	**509,789**	513,208	**509,789**	513,208
Total Equity				
Balance at 1 July	**806,575**	427,931	**806,575**	427,931
Balance at 30 June	**783,319**	806,575	**783,319**	806,575

	Consolidated		Parent	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
33 Commitments				
(a) Capital expenditure commitments				
Aggregate capital expenditures contracted for at balance date and not provided:				
Not later than one year (Total Including GST)	**3,735**	666	**3,735**	666
(b) Operating expenditure commitments (excluding lease commitments)				
Not later than one year	**2,955**	2,139	**2,955**	2,139
Later than one year and not later than 5 years	**3,530**	—	**3,530**	—
Total Including GST	**6,485**	2,139	**6,485**	2,139
(c) Operating lease commitments payable				
Not later than one year	**467**	463	**467**	463
Later than one year and not later than 5 years	**616**	564	**616**	564
Later than 5 years	**28**	22	**28**	22
Total Including GST	**1,111**	1,049	**1,111**	1,049
(d) National Marine Safety Committee Incorporated (NMSC)				
Commitments in relation to operating expenditure of the NMSC are as follows				
Not later than one year (Total Including GST)	**634**	613	**634**	613
(e) Maritime Infrastructure and Better Boating Program				
Not later than one year	**2,574**	2,028	**2,574**	2,028
Later than one year and not later than 5 years	**5,285**	4,457	**5,285**	4,457
Total Including GST	**7,859**	6,485	**7,859**	6,485
(f) Volunteer Marine Rescue Council of New South Wales				
Not later than one year	**4,391**	1,307	**4,391**	1,307
Total (No GST)	**4,391**	1,307	**4,391**	1,307

34 Contingent liabilities and assets

Contingent liabilities for unsettled claims subject to litigation as at 30 June 2009 are estimated to be $3.165M (2008: $3.218M). If successful, these claims will be met by NSW Maritime's insurers. The contingent asset in relation to these claims is $3.165M (2008: $3.218M).

35 Auditors' remuneration

	Consolidated 2009 $000	Consolidated 2008 $000	Parent 2009 $000	Parent 2008 $000
Amounts received or due and receivable by the NSW Auditor-General for:				
audit or review of the financial report *	**170**	164	**170**	164

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

36 Comparatives

Comparatives for cash flows from interest received was reclassified as a cash flow from operating activities.

Comparatives for superannuation expenses and movements in accumulated funds were amended to reflect the recognition of defined benefit actuarial superannuation gains and losses outside the surplus or deficit for the period.

Comparatives for grants and contributions income, long term lease liabilities and movements in accumulated funds were amended to reflect the change in method of accounting for assets and cash received from the King Street Wharf project, which now allocates receipts over 99 years as opposed to reporting on a cash received basis.

Comparatives for current payables, property plant and equipment, asset revaluation reserve, accumulated funds and interest revenue were amended to reflect the change in method of accounting for the advance receipt of cash for the sale of land associated with the King Street Wharf project.

37 Correction of prior period errors

(a) In accordance with NSW Treasury policy, NSW Maritime has corrected the recognition of income from the long-term lease of the King Street Wharf precinct. Previously, the income from this lease was reported as the assets were received. The receipt of those assets is now recorded as revenue received in advance and is allocated on a straight line basis over the 99 year term of the lease. This change in accounting policy decreases 2009 surplus for the year by $5.778 m (2008: $4.073 m).

(b) In accordance with NSW Treasury policy, NSW Maritime has corrected the recognition of emerging assets in relation to the future entitlement of NSW Maritime to leasehold interests in marina berth leases with remaining terms of less than 20 years. Such emerging assets were not previously recognised by NSW Maritime. This correction has increased 2009 surplus for the year by $1.505 m (2008: $1.418 m).

(c) NSW Maritime has corrected the recognition of the value of land sold as part of the King Street Wharf project to the amount of the net proceeds receivable for that land, and has recorded interest received on the proceeds as revenue. Previously, the land was recorded at a nominal sum.

(d) NSW Maritime has corrected its treatment of a lease premium received as a consequence of greater than expected sales at the Walsh Bay development by amortising that premium over the 99 year lease term. Previously, this premium had been reported as contributions.

(e) NSW Maritime has corrected its treatment of pre-acquisition expenditure on wharves transferred from Sydney Ferries to treat that expenditure as an expense in the income statement. Previously, this expenditure had been treated as a construction in progress.

(f) NSW Maritime corrected the recognition of lease income on the land and building at Maritime Trade Towers site as required by the Lease Accounting Standard. Previously it was recognised on a cash basis and now amortised over 99 years in terms of the lease.

Change to Accounting Policies

(a) In accordance with Treasury policy, NSW Maritime has amended its accounting policy to recognise actuarial gains and losses immediately outside the surplus or deficit in the year in which they occur. Previously, actuarial gains and losses were recognised in the surplus or deficit.

	Consolidated		Parent	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
Effect of correction of errors on prior period accumulated funds balance				
(a) King Street Wharf — amortise assets received over 99 years		**(41,069)**		**(41,069)**
(a) Recognise asset — King Street Wharf land		**10,670**		**10,670**
(b) Emerging assets — marina berth leases		**25,271**		**25,271**
(a) King Street Wharf — record interest on proceeds held		**3,962**		**3,962**
(d) Walsh Bay — Lease premium received		**(3,177)**		**(3,177)**
(e) Sydney Ferries Wharves — Pre acquisition repairs		**(5,277)**		**(5,277)**
(f) Maritime Trade Tower Finance Lease of Building		**(9,151)**		**(9,151)**
(f) Maritime Trade Tower Operating Lease of Land		**(143,916)**		**(143,916)**
		(162,687)		**(162,687)**

	Previously Reported figure at 30 June 2008	Correction of balance at 1 July 2007	Correction of balance at 30 June 2008	Comparative restated at 30 June 2008
Consolidated revenues				
Lease rental income	53,099		(14,392)	38,707
Investment income	3,086		934	4,020
Other income	10,366		2,114	12,480
Contract revenue	8,066		(7,250)	816
Total revenue	127,634		(18,594)	109,040
Consolidated expenses				
Employee related and superannuation expenses	34,762		(2,329)	32,433
Financial expenses	18,331		(10,376)	7,955
Total expenses	101,392		(12,705)	88,687
Consolidated surplus (deficit)	26,242		(5,889)	20,353
Consolidated assets				
Non-current trade and other receivables	10,352	33,373	12,862	56,587
Property plant and equipment	900,939	29,246	1,418	931,603
Total non-current assets	1,045,049	62,619	14,280	1,121,948
Total assets	1,183,043	62,619	14,280	1,259,942
Consolidated liabilities				
Current interest bearing borrowings	1,880		(794)	1,086
Total current liabilities	111,169		(794)	110,375
Non-current trade and other payables	93,176	155,592	22,186	270,954
Non-current interest bearing borrowings	6,573	60,800	1,802	69,175
Total non-current liabilities	102,612	216,392	23,988	342,992
Total liabilities	213,781	216,392	23,194	453,367
Net assets	969,262	(153,773)	(8,914)	806,575
Consolidated equity				
Accumulated funds and total equity	456,054	(153,773)	(8,914)	293,367
Total equity	969,262	(153,773)	(8,914)	806,575

	Previously Reported figure at 30 June 2008	Correction of balance at 1 July 2007	Correction of balance at 30 June 2008	Comparative restated at 30 June 2008
Consolidated cash flows				
Receipts from customers	117,341		(19,150)	98,191
Payments to suppliers and employees	(71,015)		(4,862)	(75,877)
Interest paid	(18,260)		21,346	3,086
Net cash flow from operating activities	33,753		(2,666)	31,087
Interest received	3,086		(3,086)	—
Receipt of lease revenue Maritime Trade Tower lease	—		19,256	19,256
Purchase of property plant and equipment	(18,994)		4,862	(14,132)
Net cash flow from investing activities	(12,270)		21,032	8,762
Payment of lease expense – Maritime Trade Tower lease	(1,880)		(18,366)	(20,246)
Net cash flows used in financing activities	(18,788)		(18,366)	(37,154)
Parent entity revenues				
Lease rental income	53,099		(14,392)	38,707
Investment income	3,086		934	4,020
Other income	10,366		1,418	11,784
Contract revenue	8,066		(7,250)	816
Total revenue	127,634		(19,290)	108,344
Parent entity expenses				
Financial expenses	18,331		(10,376)	7,955
Total expenses	101,392		(10,376)	91,016
Parent entity surplus (deficit)	26,242		(8,914)	17,328
Parent entity assets				
Non-current trade and other receivables	4,948	33,373	12,862	51,183
Property plant and equipment	900,939	29,246	1,418	931,603
Total non-current assets	1,039,645	62,619	14,280	1,116,544
Total assets	1,177,039	62,619	14,280	1,253,938
Parent entity liabilities			—	
Current interest bearing borrowings	1,880		(794)	1,086
Total current liabilities	108,028		(794)	107,234
Non-current trade and other payables	93,176	155,592	22,186	270,954
Non-current interest bearing borrowings	6,573	60,800	1,802	69,175
Total non-current liabilities	99,749	216,392	23,988	340,129
Total liabilities	207,777	216,392	23,194	447,363
Net assets	969,262	(153,773)	(8,914)	806,575
Parent entity equity				
Accumulated funds and total equity	456,054	(153,773)	(8,914)	293,367
Total equity	969,262	(153,773)	(8,914)	806,575

	Previously Reported figure at 30 June 2008	Correction of balance at 1 July 2007	Correction of balance at 30 June 2008	Comparative restated at 30 June 2008
Parent entity cash flows				
Receipts from customers	**118,107**		**(19,150)**	**98,957**
Payments to suppliers and employees	**(71,729)**		**(4,862)**	**(76,591)**
Interest paid	**(18,260)**		**21,346**	**3,086**
Net cash flow from operating activities	**33,805**		**(2,666)**	**31,139**
Interest received	**3,086**		**(3,086)**	**—**
Receipt of lease revenue — Maritime Trade Tower lease	**—**		**19,256**	**19,256**
Purchase of property plant and equipment	**(18,994)**		**4,862**	**(14,132)**
Net cash flow from investing activities	**(12,270)**		**21,032**	**8,762**
Payment of lease expense — Maritime Trade Tower lease	**(1,880)**		**(18,366)**	**(20,246)**
Net cash flows used in financing activities	**(18,788)**		**(18,366)**	**(37,154)**

38 Post balance date events

NSW Maritime has not identified any material events or transactions that require adjustments or disclosures in the financial report.

End of Audited Financial Statements

GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Maritime Authority of NSW Division

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Maritime Authority of NSW Division (the Division), which comprises the balance sheet as at 30 June 2009, the income statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Division as at 30 June 2009, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

The Chief Executive's Responsibility for the Financial Report

The Chief Executive *is* responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Division's preparation and fair presentation of the financial report 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 Division's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial report.

I believe that 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, or
- about the effectiveness of its internal controls.

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- 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.

James Sugumar

James Sugumar
Director, Financial Audit Services

27 October 2009
SYDNEY

MARITIME AUTHORITY OF NSW DIVISION Financial Statements

For the year ended 30 June 2009

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 2009 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 2005*, 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.

20/10/09

Steve Dunn
Chief Executive

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 $000	2008 $000
REVENUE			
Payroll services		**58,260**	35,226
Superannuation funding surplus		**494**	696
Total revenue		**58,754**	35,922
EXPENSES			
Employee related expenses	5	**36,759**	32,433
Administration	6	**404**	464
Total expenses		**37,163**	32,897
Surplus for the year		**21,591**	3,025

The accompanying notes form part of these financial statements

BALANCE SHEET
AS AT 30 JUNE 2009

	Note	2009 $000	2008 $000
ASSETS			
Current assets			
Cash and cash equivalents	7	**921**	342
Trade and other receivables	8	**31,892**	11,581
Total current assets		**32,813**	11,923
Non-current assets			
Trade and other receivables	8	**141**	5,404
Total non-current assets		**141**	5,404
TOTAL ASSETS		**32,954**	17,327
LIABILITIES			
Current liabilities			
Trade and other payables	9	**3,067**	2,949
Provisions	10	**11,855**	11,515
Total current liabilities		**14,922**	14,464
Non-current liabilities			
Trade and other payables	9	**14,835**	13
Provisions	10	**3,197**	2,850
Total non-current liabilities		**18,032**	2,863
TOTAL LIABILITIES		**32,954**	17,327
NET ASSETS		**—**	—
EQUITY			
Accumulated funds		**—**	—
TOTAL EQUITY		**—**	—

The accompanying notes form part of these financial statements

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 $000	2008 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**36,926**	34,385
Payments to suppliers and employees		**(36,347)**	(34,437)
Net cash flows from operating activities	7	**579**	(52)
Net increase in cash and cash equivalents		**579**	(52)
Cash and cash equivalents at the beginning of the year		**342**	394
Cash and cash equivalents at the end of the year	7	**921**	342

The accompanying notes form part of these financial statements

STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2009

	Note	**2009 $000**	2008 $000
Actuarial gain/(loss) on defined benefit plans	11	**(21,591)**	(3,025)
Income and expense recognised directly in equity		**(21,591)**	(3,025)
Surplus for the year		**21,591**	3,025
Total recognised income and expense for the year		**—**	—
Effect of change in accounting policy			
Surplus for the period as reported in 2008		**—**	—
Effect of accounting policy change for actuarial loss on defined benefit plans		**—**	(3,025)
Restated surplus for the year		**—**	**(3,025)**

The accompanying notes form part of these financial statements

1. Information about NSW Maritime Authority Division

Maritime Authority of NSW Division was established on 16 March 2006, as a special purpose entity to take over all payroll and employment related responsibilities from NSW Maritime in order to enhance and protect the working conditions of NSW Maritime employees. The financial report of the Maritime Authority of NSW Division for the year ended 30 June 2009 was authorised for issue by the Chief Executive on 20 October 2009.

2. Summary of significant accounting policies

Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2005* and the Treasurer's Directions. The financial report has been prepared on the basis of full accrual accounting using historical cost conventions, except for superannuation which is shown at actuarially assessed present value.

Maritime Authority of NSW 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 report is 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 2009. These are outlined in the table below.

Reference	Title	Summary	Financial year of application
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New standard replacing AASB 114 Segment Reporting, which adopts a management reporting approach to segment reporting.	30 June 2010
AASB 101 (Revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	30 June 2010
AASB 2008-5 and AASB 2008-6	Amendments (2008-5) and Further Amendments (2008-6) to Australian Accounting Standards arising from the Annual Improvements Process	Affects various AASB's resulting in minor changes for presentation, disclosure, recognition and measurement purposes.	30 June 2010
Interpretation 17	Distribution of Non-Cash Assets to Owners	Provides guidance in respect of measuring the value of distributions of non-cash assets to owners.	30 June 2010

(b) Cash and cash equivalents — refer note 7

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

2. Summary of significant accounting policies (continued)

(c) Trade and other receivables — refer note 8

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 Maritime Authority of NSW Division will be 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 collectibility of this receivable, so no impairment evaluation is deemed necessary.

(d) Trade and other payables — refer note 9

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

(e) Provisions — refer note 10

Provisions are recognised when Maritime Authority of NSW Division 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 Maritime Authority of NSW 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 income statement 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 balance sheet 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 income statement.

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

Long service leave is measured on a nominal basis. The nominal method is based on the remuneration rate at year end for all employees with five or more years in service. It is considered this measurement technique produces results not materially different from the estimated amount using the net present value basis of measurement.

(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

Maritime Authority of NSW Division contributes to employee superannuation funds in addition to contributions made by employees. Such contributions are paid to nominated funds. Maritime Authority of NSW 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 income statement. Actuarial assesments are performed at each reporting date for the defined benefit schemes. Actuarial gains and losses are recognised as a movement in accumulated funds. This is a change from the previous accounting policy under which such gains and losses were recognised as income or expense in the income statement. Unfunded defined benefit schemes are recognised as a non-current liability while over-funded schemes are recognised as a non-current asset.

2. Summary of significant accounting policies (continued)

(f) Revenues

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 Maritime Authority of NSW 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 acturarial gains and losses.

(g) Insurance

Maritime Authority of NSW Division's insurance requirement is managed by the NSW Treasury Managed Fund. During 2008–2009 the Division had workers' compensation insurance in place.

(h) Change in accounting policy

In accordance with NSW Treasury policy, Maritime Authority of NSW Division has changed its accounting policy on the recognition of superannuation actuarial gains and losses. Such actuarial gains and losses are now recognised outside of the surplus or deficit in the 'statement of recognised income and expense'. Previously, actuarial gains and losses were recognised in the income statement. Both options are permissible under AASB 119 *Employee Benefits*.

The change in policy has been adopted on the basis that recognition outside of the surplus or deficit provides reliable and more relevant information as it better reflects the nature of actuarial gains and losses. This is because actuarial gains/losses are re-measurements, based on assumptions that do not necessarily reflect the ultimate cost of providing superannuation.

Recognition outside of the surplus or deficit also harmonises better with the Government Finance Statistics / GAAP comprehensive income presentation for the whole of government and general government sector, required under AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. A comprehensive income presentation will also be available at the entity level from 2009-2010 under AASB 101 *Presentation of Financial Statements*.

The change in accounting policy increases the 2009 surplus for the year from $nil to $21.591M (2008: from $nil to $3.025M), by excluding from the surplus the superannuation actuarial gain or loss line item (2009: $21.591M loss, 2008: $3.025M loss). This item is now recognised in the statement of recognised income and expense rather than the income statement.

3. Financial instruments

Maritime Authority of NSW Division's principal financial instruments comprise receivables, payables, cash and short-term deposits.

Maritime Authority of NSW 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 Maritime Authority of NSW Division's 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.

(a) Financial instrument categories

	Note	Category	**2009 $000**	2008 $000
Financial Assets				
Cash and cash equivalents	**7**	N/A	**921**	342
Receivables	**8**	Loans and receivables at amortised cost	**31,852**	11,323
Financial Liabilities				
Payables	**9**	Financial liabilities measured at amortised cost	**3,067**	2,949

(b) Credit risk

Credit risk arises from the financial assets of Maritime Authority of NSW Division, which comprise cash and cash equivalents and receivables. Maritime Authority of NSW Division'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. Exposure at balance date is addressed in each applicable note. Maritime Authority of NSW Division trades only with NSW Maritime and as such collateral is not requested. Maritime Authority of NSW 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 on hand and bank balances held with Maritime Authority of NSW 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, Maritime Authority of NSW Division has no significant liquidity risk. The table below reflects all contractually fixed payables resulting from recognised financial liabilities as at 30 June, based on management expectations. Maritime Authority of NSW Division has no interest-bearing payables and, therefore, no exposure to interest rate risk. All obligations are shown at undiscounted cash amounts.

3. **Financial instruments (continued)**

	Maturity Dates		
	< 1 year $000	1-5 years $000	> 5 years $000
2009			
Payables			
Accrued salaries	288	—	—
Creditors	2,779	—	—
	3,067	—	—

	Maturity Dates		
	< 1 year	1-5 years	> 5 years
2008			
Payables			
Accrued salaries	1,091	—	—
Creditors	1,858	—	—
	2,949	—	—

(d) Market risk

Interest rate risk

Maritime Authority of NSW 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 generally recognised at cost. Maritime Authority of NSW 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

Long service leave is measured on a nominal basis. The Division periodically compares the difference between using the nominal method and the full present value method. The calculation using the full present value method requires assumptions such as application of employment legislation, and expected future salary levels and expected future salary on-cost expenses. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The related carrying amounts are disclosed in note 11.

Net defined benefit superannuation asset or liability

The net defined benefit superannuation asset or liability arising from underfunding or overfunding of 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. The related carrying amounts are disclosed in note 12.

	2009 $000	2008 $000
5. Employee related expenses		
Ordinary time	**25,634**	23,493
Long service leave	**1,041**	1,027
Recreation leave	**2,563**	2,325
Payroll tax and fringe benefits tax	**2,012**	1,898
Overtime	**582**	499
Sick leave	**448**	470
Voluntary separation payments	**279**	253
Other employee benefits and workers' compensation	**1,527**	558
Superannuation		
Accumulation schemes expense including contributions	**1,740**	1,513
Defined benefit superannuation schemes net expense	**148**	105
Accrual for salaries, enterprise agreement, annual leave and long service leave	**785**	292
	36,759	32,433
6. Administration		
Travel allowances	**404**	464
7. Cash and cash equivalents		
Cash at bank	**921**	342

Reconciliation of cash

The amount shown is fair value. For the purposes of the cash flow statement, cash and cash equivalents comprise the amount shown above.

Reconciliation of net cash flows from operating activities to net surplus

	2009 $000	2008 $000
Net cash provided by (used in) operating activities	**579**	(52)
Changes in assets and liabilities		
Increase (decrease) in current receivables	**20,311**	5,105
Increase (decrease) in non-current receivables	**1,517**	(1,239)
Decrease (increase) in current payables	**(118)**	(1,318)
Decrease (increase) in non-current payables	**(11)**	—
Decrease (increase) in provisions	**(687)**	529
Net surplus	**21,591**	3,025

8. Trade and other receivables

	2009 $000	2008 $000
Current receivables		
Amount owing from NSW Maritime	**31,852**	11,323
Recoverable expenses	**40**	—
Prepayments	**—**	258
Total current receivables	**31,892**	11,581
Non Current receivables		
Superannuation surplus	**141**	5,404
	141	5,404

(i) Net fair value

NSW Maritime Authority 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.

9. Trade and other payables

	2009 $000	2008 $000
Current payables		
Trade creditors	**870**	778
Accrued superannuation	**1,078**	263
Accrued payroll tax	**733**	708
Accrued wages	**288**	1,091
Accrued fringe benefits tax	**98**	109
	3,067	2,949
Non Current payables		
Superannuation deficit	**14,811**	—
Payroll tax provision on long service leave	**24**	13
	14,835	**13**

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

	2009 $000	2008 $000
Annual leave (a)	**2,987**	2,792
Long service leave — short term benefit (b)	**775**	748
Long service leave — long term benefit (b)	**7,683**	7,345
Provision for workers' compensation (c)	**410**	630
	11,855	11,515
Non-current employee benefits and related on-cost		
Long service leave (b)	**157**	220
Provision for workers' compensation (c)	**3,040**	2,630
	3,197	2,850

(a) The liability for annual leave is calculated as at 1 July 2009 wage rates and has been fully provided.

(b) The liability for long service leave has been calculated as at 1 July 2009 wage rates and has been fully provided. This figure excludes allowances for personnel who were still subject to the completion of service conditions.

(c) Workers' compensation provision includes $1.890M for dust diseases (2008: $1.940M) of which $189K (2008: $230K) is current. This provision is for claims from former Maritime Services Board 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.

The Treasury Managed Fund (TMF) normally calculates hindsight premiums each year. In 2008 – 2009 NSW Maritime Authority Division made payments for the 2002 – 2003 and 2004 – 2005 workers' compensation hindsight adjustments and for the 2006 – 2007 motor vehicle adjustment.

Movement in annual and long service leave provision

	Balance 1 Jul 08 $000	Charges to revenue $000	Less payments $000	Balance 30 Jun 09 $000
Annual leave	2,792	2,517	(2,322)	2,987
Long service leave — current	8,093	1,329	(964)	8,458
Long service leave — non-current	220	(63)	—	157

11. Superannuation (continued)

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 of the schemes are closed to new members.

Member numbers

	SASS 2009	SANCS 2009	SSS 2009
Contributors	**56**	**90**	**34**
Deferred benefits	**—**	**—**	**2**
Pensioners	**2**	**—**	**30**
Pensions fully commuted	**—**	**—**	**5**
	SASS 2008	SANCS 2008	SSS 2008
Contributors	58	94	36
Deferred benefits	—	—	1
Pensioners	2	—	27
Pensions fully commuted	—	—	5

Superannuation position recognised in the balance sheet under AASB 119

	SASS 2009 $000	SANCS 2009 $000	SSS 2009 $000	Total 2009 $000
Accrued liability	**16,212**	**3,614**	**51,420**	**71,246**
Estimated reserve account balance	**(15,924)**	**(3,755)**	**(36,897)**	**(56,576)**
Net (asset) liability recognised in balance sheet	**288**	**(141)**	**14,523**	**14,670**
Future service liability	**3,544**	**1,416**	**2,416**	**7,376**
	SASS 2008 $000	SANCS 2008 $000	SSS 2008 $000	Total 2008 $000
Accrued liability	14,972	3,118	39,660	57,750
Reserve account balance	(17,591)	(4,140)	(41,423)	(63,154)
Net (asset) liability recognised in balance sheet	(2,619)	(1,022)	(1,763)	(5,404)
Future service liability	3,105	1,176	1,712	5,993

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.

Accounting policy

In 2008—2009 NSW Treasury mandated a change in policy for all NSW public sector agencies to recognise actuarial gains and losses immediately outside the surplus or deficit in the year in which they occur. Previously, actuarial gains and losses were recognised in the surplus or deficit. This change in policy must be applied retrospectively, as advised in NSW Treasury Circular NSWTC 09/01.

11. Superannuation (continued)

Reconciliation of the present value of the defined benefit obligation

	SASS 2009 $000	SANCS 2009 $000	SSS 2009 $000	Total 2009 $000
Present value of partly funded defined benefit obligations at beginning of year	**14,972**	**3,118**	**39,660**	**57,750**
Current service cost	**588**	**164**	**275**	**1,027**
Interest cost	**951**	**195**	**2,550**	**3,696**
Contributions by fund participants	**325**	**—**	**317**	**642**
Actuarial (gains) losses	**501**	**344**	**10,129**	**10,974**
Benefits paid	**(1,125)**	**(207)**	**(1,511)**	**(2,843)**
Present value of partly funded defined benefit obligations at end of year	**16,212**	**3,614**	**51,420**	**71,246**

	SASS 2008 $000	SANCS 2008 $000	SSS 2008 $000	Total 2008 $000
Present value of partly funded defined benefit obligations at beginning of year	15,187	3,292	39,374	57,853
Current service cost	605	178	320	1,103
Interest cost	937	199	2,476	3,612
Contributions by fund participants	323	—	406	729
Actuarial (gains) losses	(594)	(103)	(1,641)	(2,338)
Benefits paid	(1,486)	(448)	(1,275)	(3,209)
Present value of partly funded defined benefit obligations at end of year	14,972	3,118	39,660	57,750

11. Superannuation (continued)

Reconciliation of the fair value of fund assets

	SASS 2009 $000	SANCS 2009 $000	SSS 2009 $000	Total 2009 $000
Fair value of fund assets at beginning of year	**17,591**	**4,140**	**41,423**	**63,154**
Expected return on fund assets	**1,418**	**332**	**3,319**	**5,069**
Actuarial gains (losses)	**(2,921)**	**(705)**	**(6,991)**	**(10,617)**
Employer contributions	**636**	**195**	**340**	**1,171**
Contributions by fund participants	**325**	**—**	**317**	**642**
Benefits paid	**(1,125)**	**(207)**	**(1,511)**	**(2,843)**
Fair value of fund assets at end of year	**15,924**	**3,755**	**36,897**	**56,576**

	SASS 2008 $000	SANCS 2008 $000	SSS 2008 $000	Total 2008 $000
Fair value of fund assets at beginning of year	18,994	4,663	45,144	68,801
Expected return on fund assets	1,449	365	3,492	5,306
Actuarial gains (losses)	(2,337)	(639)	(6,691)	(9,667)
Employer contributions	648	200	347	1,195
Contributions by fund participants	323	—	406	729
Benefits paid	(1,486)	(449)	(1,275)	(3,210)
Fair value of fund assets at end of year	17,591	4,140	41,423	63,154

11. Superannuation (continued)

Reconciliation of the assets and liabilities recognised in the balance sheet

	SASS 2009 $000	SANCS 2009 $000	SSS 2009 $000	Total 2009 $000
Present value of partly funded defined benefit obligation at end of year	**16,212**	**3,614**	**51,420**	**71,246**
Fair value of fund assets at end of year	**(15,924)**	**(3,755)**	**(36,897)**	**(56,576)**
Net liability/(asset) recognised in the balance sheet at end of year	**288**	**(141)**	**14,523**	**14,670**

	SASS 2008 $000	SANCS 2008 $000	SSS 2008 $000	Total 2008 $000
Present value of partly funded defined benefit obligation at end of year	14,972	3,118	39,660	57,750
Fair value of fund assets at end of year	(17,591)	(4,140)	(41,423)	(63,154)
Net liability/(asset) recognised in the balance sheet at end of year	(2,619)	(1,022)	(1,763)	(5,404)

Total expense (income) recognised in the income statement

	SASS 2009 $000	SANCS 2009 $000	SSS 2009 $000	Total 2009 $000
Current service cost	**588**	**164**	**275**	**1,027**
Interest cost	**951**	**195**	**2,550**	**3,696**
Expected return on fund assets (net of expenses)	**(1,418)**	**(332)**	**(3,319)**	**(5,069)**
Expense (income) recognised	**121**	**27**	**(494)**	**(346)**

	SASS 2008 $000	SANCS 2008 $000	SSS 2008 $000	Total 2008 $000
Current service cost	605	178	320	1,103
Interest cost	937	199	2,476	3,612
Expected return on fund assets (net of expenses)	(1,449)	(365)	(3,492)	(5,306)
Expense (income) recognised	93	12	(696)	(591)

11. Superannuation (continued)

Amounts recognised in the statement of recognised income and expense

	SASS 2009 $000	SANCS 2009 $000	SSS 2009 $000	Total 2009 $000
Actuarial (gains)/losses	**3,421**	**1,049**	**17,121**	**21,591**

	SASS 2008 $000	SANCS 2008 $000	SSS 2008 $000	Total 2008 $000
Actuarial (gains)/losses	1,743	536	5,051	7,330
Adjustment for limitation on net assets	(1,497)	(539)	(2,269)	(4,305)
Total amount recognised	246	(3)	2,782	3,025

Cumulative amount recognised in the statement of recognised income and expense

	SASS 2009 $000	SANCS 2009 $000	SSS 2009 $000	Total 2009 $000
Actuarial (gains)/losses	**(1,961)**	**852**	**16,298**	**15,189**

	SASS 2008 $000	SANCS 2008 $000	SSS 2008 $000	Total 2008 $000
Actuarial (gains)/losses	(5,382)	(197)	(823)	(6,402)

Fund assets

	2009	2008
The percentage invested in each asset class at the balance sheet date		
Australian equities	**32.10%**	31.60%
Overseas equities	**26.00%**	25.40%
Australian fixed interest securities	**6.20%**	7.40%
Overseas fixed interest securities	**4.70%**	7.50%
Property	**10.00%**	11.00%
Cash	**8.00%**	6.10%
Other	**13.00%**	11.00%
Total	100.00%	100.00%

11. Superannuation (continued)

Fair value of fund assets

All fund assets are invested by the SAS Trustee Corporation 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 2009 $000	SANCS 2009 $000	SSS 2009 $000	Total 2009 $000
Return on fund assets — gains (losses)	**(1,771)**	**(372)**	**(4,451)**	**(6,594)**
	SASS 2008 $000	SANCS 2008 $000	SSS 2008 $000	Total 2008 $000
Return on fund assets — gains (losses)	(1,177)	(275)	(3,032)	(4,484)

Valuation method and principal actuarial assumptions at balance sheet 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.

	2009	2008
(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	8.13%	8.30%
Discount rate	5.59%	6.55%

(c) Demographic assumptions

The demographic assumptions at 30 June 2009 are those that will be used in the 2009 triennial actuarial valuation. The triennial review report will be available from the NSW Treasury website, after it is tabled in Parliament in December 2009.

11. Superannuation (continued)

Expected contributions

	SASS 2009 $000	SANCS 2009 $000	SSS 2009 $000	Total 2009 $000
Expected employer contributions to be paid in the next reporting period	**617**	**189**	**294**	**1,100**

Funding arrangements for employer contributions

(a) Surplus/deficit

The following is a summary of the 30 June 2009 financial position of the Fund calculated in accordance with AAS25 "Financial Reporting by Superannuation Plans”:

	SASS 2009 $000	SANCS 2009 $000	SSS 2009 $000	Total 2009 $000
Accrued benefits	**15,050**	**3,312**	**37,429**	**55,791**
Net market value of fund assets	**(15,924)**	**(3,755)**	**(36,897)**	**(56,576)**
Net (surplus)/deficit	**(874)**	**(443)**	**532**	**(785)**

	SASS 2008 $000	SANCS 2008 $000	SSS 2008 $000	Total 2008 $000
Accrued benefits	14,884	3,134	36,442	54,460
Net market value of fund assets	(17,591)	(4,140)	(41,423)	(63,154)
Net (surplus)/deficit	(2,707)	(1,006)	(4,981)	(8,694)

11. Superannuation (continued)

(b) Contribution recommendations

Recommended contribution rates for the entity are:	SASS 2009	SANCS 2009	SSS 2009
multiple of member contributions	**1.90**	**—**	**0.93**
% member salary	**—**	**2.5**	**—**
	SASS 2008	SANCS 2008	SSS 2008
multiple of member contributions	1.90	—	0.93
% member salary	—	2.5	—

(c) Funding method

The method used to determine the employer contribution recommendations in the 2006 triennial actuarial review was the *Aggregate Funding* method. The method adopted affects the timing of the cost to NSW Maritime.

Under the aggregate funding method the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

(d) Economic assumptions

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

	2009	2008
Weighted average assumptions		
Expected rate of return on fund assets backing current pension liabilities	**8.30%**	7.70%
Expected rate of return on fund assets backing other liabilities	**7.30%**	7.00%
Expected salary increase rate	**4.00%**	4.00%
Expected rate of CPI increase	**2.50%**	2.50%

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. Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligation.

11. Superannuation (continued)

(e) Five year comparatives	2009 $000	2008 $000	2007 $000	2006 $000	2005 $000
Fair Value of the plan assets	**56,576**	63,154	68,801	61,359	51,797
Present value of the defined benefit obligation	**(71,246)**	(57,750)	(57,853)	(57,310)	(59,271)
Plan surplus (deficit)	**(14,670)**	5,404	10,948	4,049	(7,474)

	2009 $000	2008 $000
12. Detailed statement of changes in equity		
Accumulated funds		
Balance at 1 July	**—**	—
Surplus for the year	**21,591**	3,025
Superannuation actuarial gains (losses)	**(21,591)**	(3,025)
Balance at 30 June	**—**	—

13. Commitments

Maritime Authority of NSW Division had no commitments for expenditures at 30 June 2009.

14. Contingent liabilities and assets

Maritime Authority of NSW Division had no contingent assets or liabilities at 30 June 2009.

15. Comparatives

Comparatives for superannuation expenses and movements in accumulated funds were amended to reflect the recognition of defined benefit actuarial superannuation gains and losses outside the surplus or deficit for the period.

16. Post balance date events

Maritime Authority of NSW Division has not identified any material events or transactions that require adjustments or disclosures in the financial report.

End of Audited Financial Statements