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# STATEMENT OF CORPORATE INTENT

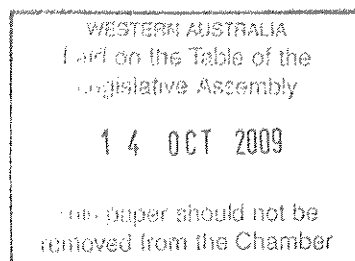
2009 – 2010

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## Broome Port Authority



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## INTRODUCTION

The 2009-10 Statement of Corporate Intent (SCI) is based on the Broome Port Authority's Strategic Development Plan and is submitted in accordance with the *Port Authorities Act 1999* (the Act). The Act establishes a commercial and autonomous charter for the Port Authority and stipulates trade facilitation as the primary Port function, which accordingly becomes the primary focus of this document.

The Port of Broome has a 120 year history and its earliest trade consisted of supporting the pearling and pastoral industries. Broome Port Authority (BRPA) was gazetted on 1 January 2000 and with reference to this paper, was assigned responsibility for strategic management and port development. The BRPA is additionally responsible for the efficient, safe, and effective operation of the Port of Broome, including the maintenance of facilities and primary care of the physical environment of the Port.

During the 12 months encompassed by this Statement of Corporate Intent, the BRPA will address the challenge of meeting its next five year period of perceived rapid growth and development, commensurate with the expansion plans of key customers and the development activities of the oil and gas industries. Further, the BRPA will continue to undertake requisite reviews and enhancements to its systems and processes to support the increasing demands of the Browse Basin, and to meet the administrative and management challenges of a busy and growing commercial port.

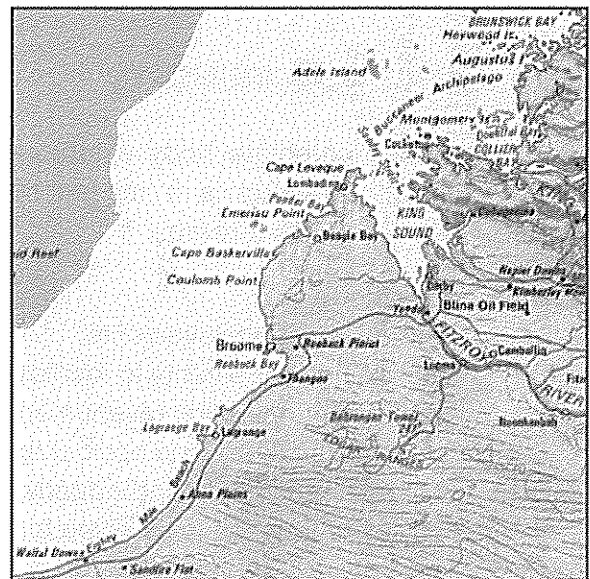
The BRPA has confirmed its stated vision, purpose, and values within a Strategic Development Plan (SDP) that will enable it to meet the challenges of the next five years and fulfill its obligations under Part 5, Division 1, of the *Port Authorities Act 1999*.

### *Port Business*

Unlike other WA Port Authorities, Broome's finances are not underpinned by significant resource industry exports. The BRPA therefore vigorously markets its intermodal capabilities for general and break bulk cargo, product tankers, and as a common user support base for offshore oil and gas. Vessel types received at the port generally range from small to handy size (3 - 40,000 tonnes SDW).

Broome Port experiences exponential growth in support of Western Australia's offshore oil and gas industry while maintaining its traditional support of break-bulk, general shipping and tanker operations for the Kimberley and adjacent Pilbara regions (Figure 1). Broome's strategic development focus is increasingly directed towards the Browse Basin located approximately 240 nautical miles north of the Port, and Port land availability is integral to this focus.

*Figure 1: Broome Port & the Kimberley Region*



### ***Browse Basin***

Broome is rapidly becoming an essential support base for the oil and gas industry, primarily because its infrastructure and services are located 20 hours supply boat steaming time closer to the Browse Basin offshore oil and gas province than Darwin. One round trip to Broome for equipment and supplies can save a drilling campaign manager two days in passage time which equates to sixty days saved over a typical 30 week campaign. Importantly, downtime for a drilling company while waiting on essential equipment and stores might cost a drilling program up to \$1M per day, so having Broome close by and available as a support base serves to increase surety within a Browse Basin drilling campaign.

Increasingly, Broome's commercial shipping consists of offshore oil and gas supply and seismic vessels, underpinned by increasing numbers of product oil tankers and general cargo shipping related to Browse Basin activities.

### ***Land Developments***

BRPA urgently requires replacement land in lieu of the Port's 50 hectares that cannot be developed for cultural, heritage and environmental reasons. Intended capital expenditure in developing this land will provide the Port with new and immediate revenue return from rental income and consequential increased use of wharf facilities by supply base proponents.

The BRPA's present revenue stream is primarily derived through stevedoring, which is a labour intensive industry with relatively low margins under the Port's costs and pricing structure. Alternatively, land development can potentially provide a higher and more assured return than stevedoring services, and significantly benefit the community in terms of jobs and business opportunities.

Land acquisition and development will permit Broome Port to segue from its present services model status to that of a landlord model, whereby increased rental payments will widen the fundamental gap between income and expenditure. This growth and transformation will provide the Port with increased cashflow to service debt and undertake more in terms of maintenance, Port development, and the provision of services and infrastructure for community based commercial craft.

## **LEGISLATIVE REQUIREMENTS**

The BRPA is a corporate body established by the *Port Authorities Act 1999*, and this SCI in accordance with the Act is a means of ensuring the Authority's continued accountability to Government. The SCI addresses:

- Port objectives;
- Planned major achievements;
- Proposed arrangements to facilitate trade;
- Estimates of operating revenue and expenditure;
- Capital expenditure and borrowing requirements;
- Proposed provisions for dividends; and
- Type of information to be given to the Minister.

## OBJECTIVES AND TARGETS

The *Port Authorities Act 1999 (WA)* requires the BRPA to:

- Facilitate trade and to plan for growth and development of the port;
- Control business and other activities in the port;
- Be responsible for the safe and efficient operation of the port;
- Maintain and preserve property controlled by the port;
- Protect the environment in which the port operates; and
- Use port assets for profit.

Key management objectives adopted by the Board of Directors on 9 October 2008 at a Strategic Development workshop are:

- To achieve and sustain profitability whilst maintaining positive cash flow;
- To consolidate and increase trade and land-use income;
- To manage the Port to minimise the impact of economic and other external threats; and
- To ensure a safe working environment for Port staff and customers.

Key business objectives adopted by the Board of Directors on 23 September 2008 at a Strategic Management workshop are to:

- Promote the Port's maritime industries, including offshore oil and gas support, general cargo, livestock exports, fuel imports, cruise shipping, fishing and aquaculture industries, vessel maintenance and repair, charter boating, recreational boating, and other harbour services;
- Increase the volume of general cargo shipping;
- Efficiently manage and improve all Port property;
- Improve customer service to Port tenants, customers and the public;
- Achieve integrated, well-planned and financially viable development consistent with Land Use Planning;
- Develop and maintain a high level of public understanding and confidence in the Port;
- Maintain sound and appropriate environmental management practices for all Port property; and
- Increase revenue necessary to remain self-supporting and fund both improvements and maintenance, and to maintain prudent financial reserves.

### *Vision*

BRPA's vision towards achieving these objectives is:

*To be a major logistics centre within NW Australia, and in so doing, become a centre of maritime excellence that strengthens both the Kimberley region and the nation. In realising this vision, the Port adopts the following goals:*

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- Safety - to maintain a demonstrably high level of Health Safety and Environment (HSE) achievement;
- Sustainability - to create economic, social and environmental sustainability (triple bottom line);
- Logistics Integration - to develop improved lines of communication, and to integrate ship/shore transport and labour systems;
- Port Management - to continuously improve the management of commercial operations and port development projects;
- Training - to train staff and recruits to realise their full potential within port operations and administration; and
- Security - to continuously improve security management and integrity within all port and ship activities.

### ***Mission***

Broome Port Authority's mission statement is as follows:

*The Port of Broome will proactively grow its levels of trade while strongly supporting the growth of existing and new regional maritime business. In so doing the Port will strive to be always financially viable, and to be competitive in all facets of operation when benchmarked against other ports.*

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### ***Critical and Important Strategies***

The following critical strategies will be pursued by Broome Port Authority:

- Maximise revenue and profit from the existing customer base;
- Attract new customers – particularly offshore oil & gas proponents;
- Build a second jetty;
- Actively market the Port's capabilities and capacity;
- Develop a bore water facility to supply offshore industry drill water;
- Harness the potential Browse Basin revenue stream related to the Port (as a common user support base) over the coming year;
- Implement cost reduction initiatives;
- Increase bulk ship revenues;
- Liaise with Government regarding project revenue flows and expenditure imposts;
- Secure approval to clear development blocks on Port land;
- Formalise agreement between Government and Yawuru to gain release of land adjacent to the Port's northern boundary;
- Negotiate a Government contribution for capital upgrade of slipway;
- Ensure safety standards are maintained at the slipway while implanting formal user requirements, fees and responsibilities; and
- Ensure that future slipway arrangements include provision for a barge facility.

The following *important* strategies will also be pursued:

- Develop a coordinated community relations, marketing and public relations program inclusive of Local and State Government;
- Improve the Port's Internet Web Site to provide current information on Port activities;
- Maintain an annual market rent survey;
- Evaluate methods for improving customer service;
- Provide economic development opportunities that produce jobs and revenues for the community benefit;
- Promote water, energy conservation and recycling programs for Port owned and occupied land;
- Complete quarterly variance analysis and forecasts of the budget and the financial data; and
- Continue approaches to secure the land presently allocated to the Fisheries Department.

## PLANNED ACHIEVEMENTS 2009/10

The BRPA's planned achievements for 2009-10 include items listed in sub-paragraphs below. The most immediate requirements that will define the Port's future relevance to the region are to acquire sufficient land to facilitate construction of Browse Basin supply bases, and to source adequate funding to develop sufficient whole of site infrastructure and equipment in response to rapidly increasing customer demands.

The Port's 2009-10 major planned achievements are outlined against BRPA's objectives and critical strategies:

- The Port will maintain and aim to exceed its present levels of safety compliance;
- The Port will acquire sufficient land to facilitate construction of Browse Basin supply bases;
- Adequate funding will be sourced or identified to develop the whole-of-site needs including infrastructure and equipment sufficient to provide for rapidly increasing customer demands;
- Customer requirements and revenue stream potential will be analysed sufficiently for the Port to improve customer retention, acquire new customers and maximise the revenue-generation capability of the existing customer base;
- Customer relationships will be developed to a level that will enable BRPA to acquire new customers through both word-of-mouth referrals from existing customers, and direct marketing;
- The Port will attract new customers operating off the WA coast and away from their present use of Darwin as a support base;
- A business case will be produced in support of a new heavy lift wharf;
- A business model will be produced to enable the Port to operate innovatively, efficiently, effectively, cheaply, profitably and to remain competitive as measured against other Australian ports;
- The Port will fund and commission an artesian water bore and distribution pipeline to supply Browse Basin supply vessels with adequate quality drill water thus being regional 'water wise' and cost efficient;

- The Port will implement a cost reduction strategy with the aim of minimising waste, increasing productivity and effectiveness, and incorporating current concepts, methods, processes, and systems to improve cost performance;
- The Port will commence marketing BRPA's facilities and capabilities to break bulk cargo shipping lines and Port customers to expand cargo volumes and create increased revenues.
- Approvals will be achieved for clearing Port land sites;
- Slipway capital works and remediation will have begun, and new operating standards, fees and charges will be implemented;
- Maritime security will be enhanced by increased training and implementation of increased drills and exercises;
- Workforce capabilities and effectiveness will be enhanced by training and audit in the areas of risk, security, hazardous goods, safety, and marine operations;
- The Port will begin implementing Strategic Business Plan outcomes; and
- A new storage repository for Port records and drawings will be built.

### ***Land Leases***

The primary focus of BRPA's Land Use Plan is to bring sufficient areas of land towards project ready status to enable Port clients to construct supply bases and lay-down areas in support of the offshore oil and gas industry. Other land is required for the creation of a light industrial area to support organisations closely related to the Port's main activities. Accordingly the BRPA intends to:

- Continue securing cultural, heritage and environmental agreement to develop land within the Port area;
- Apply for the long-term use of unallocated Crown land adjacent to the Port's Northern boundary;
- Provide headworks inclusive of services, drainage, utilities and roads as required to open new land for use;
- Incorporate a headworks levy component in establishing new rental rates; and
- Encourage present tenants to maximise their use of leasehold lands pursuant to business activities of the Port.

The environmental and cultural clearance processes require the Port to consult closely with traditional owners and environmental regulatory authorities. Favourable resolutions that recognise Broome's responsible management of Port lands and the environment will underpin Broome's developing position as the offshore oil and gas support centre of choice, ensure that the port remains competitive, and provide training, employment and economic benefits to the regional community.

### ***Port Activities and Services – Facilitating Trade***

In 2007-08 capacity constraints were experienced for the first time in the Port's history despite the recent doubling of the wharf length. BRPA strategies in alleviating these capacity constraints centered on improving productivity – the most notable achievement was to reduce the average turnaround time for a supply vessel from 30 hours to 15. Also, the BRPA began 24/7 operations on



a regular basis and to achieve requisite scheduling, a program of stevedoring training and certification enabled Port Operations to supply five teams of stevedores on irregular shifts, overlapped if necessary.

Supporting long-standing trade (consisting of livestock vessels, cruise ships, and product oil tankers) remains ongoing as does the support of local aquaculture and charter vessels. The 2008 reorientation towards oil and gas support activities is driven by the development of the regional Browse Basin gas and oil fields, and Broome's strategic advantages in relation to this offshore province. Without the new wharf extension that was commissioned in October 2006, Broome would be unable to cope with this shipping expansion.

Woodside, Shell, Santos, Conoco Phillips, Murphy Oil, Inpex and Apache Energy are committed to Browse Basin operations. The Port expects associated vessel servicing to continue and for Broome to meet growing demands for services and supplies during future exploration, offshore development and production phases the port requires substantially more (up to 60 Ha) land unconstrained by environmental and heritage issues.

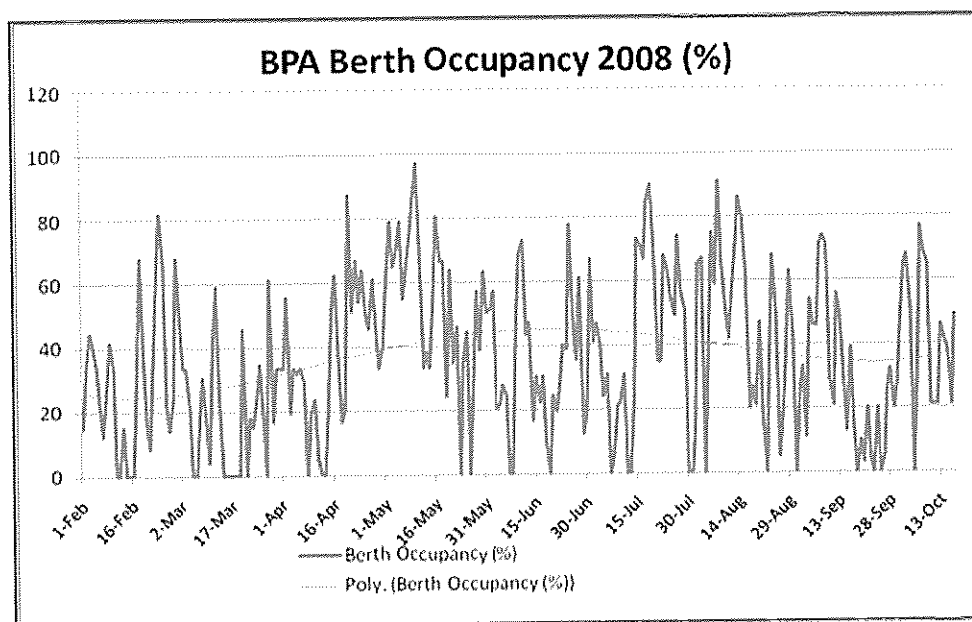
In 2009-10 the Port intends facilitating trade through the additional specific means:

- Conducting ongoing reviews and analysis of customer requirements and developing trade opportunities;
- Marketing Broome Township and the Port as synergistic infrastructure and services that will together provide a sound foundation of support for business within the region;
- Supporting the creation of an AQIS-approved inspection, cleaning and certification facility at or adjacent to the Port;
- Undertaking a customer satisfaction survey; and
- Exploring opportunities with landside resource companies to export bulk commodities through the Port e.g. crude oil, mineral concentrates in bagged or container form, and agricultural commodities.

### ***New Wharf Proposal***

In October 2006, to meet predicted shipping growth the Port's wharf was extended by 148 metres to provide an extra 244 metres of inner and outer berthing space. From 2007 into 2008 the wharf became fully utilised 80% of the time due to expanding services commitments to offshore oil and gas vessels and an increase in general shipping. In accordance with the government's Strategic Asset Management Framework (SAMF) the BRPA examined efficiencies to maximise wharf use prior to taking the next step towards investing in a second, new wharf.

Productivity gains and efficiencies included halving supply vessel turnaround times, increasing number of crane lifts per hour, reducing truck turnaround times gate-to-gate, increased number of wharf fuelling points, and modifying berths to take larger vessels. The end result is a reduction in total wharf usage from 80% to 50% (Table 1) which provides increased planning time for the BRPA to develop a project focused on attaining a new wharf, prior to again experiencing serious capacity constraints and vessel queuing.

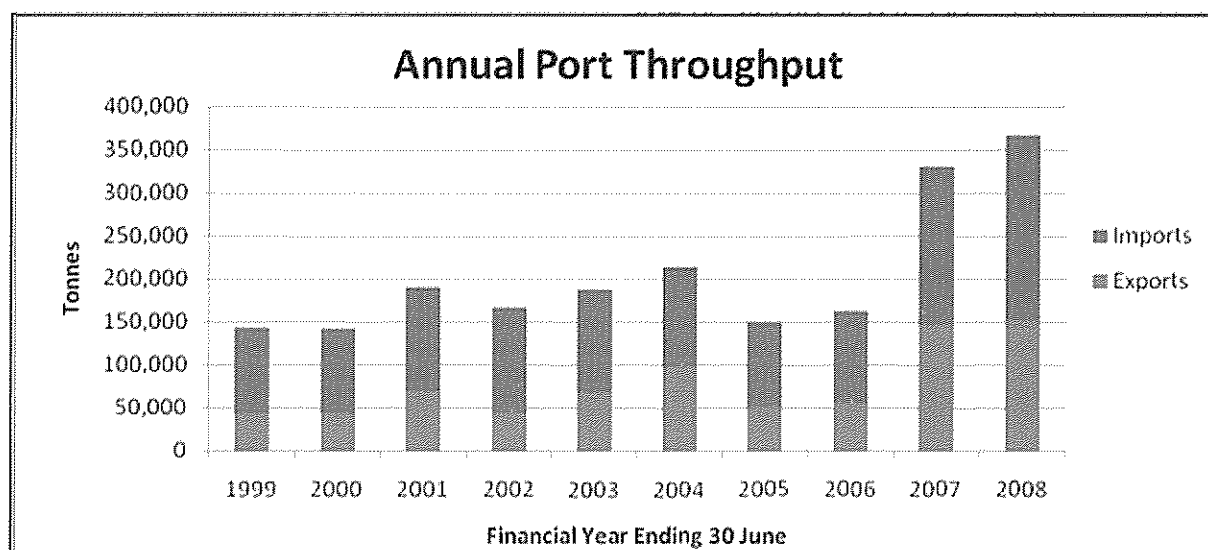


*Table 1 Improved Capacity Constraints*

The drivers behind a requirement for a new wharf include increasing numbers of oil tankers and large cruise ships, together with incompatibilities between livestock export ships, cruise ships, vessels transferring dangerous and hazardous goods, and the unloading of fresh fish cargoes. Coupled with steadily increasing oil and gas vessel numbers, management estimates that within two years the present wharf structure will not be able to cope with capacity demands and this situation will result in wharf congestion and shipping delays.

Additionally, with heavy drilling and mining equipment in mind, the present wharf (built 1966) has a load bearing limitation of only 100 tonnes and a restrictively narrow approach bridge. The region may eventually host the construction of an LNG Hub, and potential component weights required to come ashore at Broome could reach 400-500 tonnes weight with wide loads the rule rather than the exception.

Industry projections are that the Browse Basin gas reserves are likely to rival those of the North West Shelf to the south, and, with increasing worldwide demand for liquefied natural gas, the Browse project life is expected to be sustained into the long term. Proposed new wharf infrastructure will provide all of the above shippers with berth surety, reduce port congestion, minimise incompatible cargo operations and enable ship/shore heavy equipment transfers.



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Exports	43	43	52	44	68	85	51	56	92	150
Imports	100	99	138	123	119	117	97	106	183	203

Table 2 Annual Port Throughput

### Port Services

BRPA services include ship scheduling and berthing allocations, port communications, stevedoring, safety and security, emergency response, cargo storage and waste disposal. A second staff Pilot is being employed to provide redundancy in pilotage services and the present Pilot/Deputy Harbourmaster is studying and gaining experience towards being promoted to Harbourmaster. While at present environmental management, HR and engineering services are obtained through consultants, once finances permit the Board intends recruiting specialists in these disciplines.

A program of continuous improvement is resulting in significant productivity gains that both underpin the BRPA's ongoing competitiveness and provide increased value for customers and stakeholders who access the BRPA's services.

### Environmental Management

A whole-of-site environmental audit and a review of the BRPA's Environmental Management Plan are scheduled for 2009-10. The last audit was undertaken in 2007 (post-Esperance). Additionally, the Port intends continuing its financial support of the Roebuck Bay blue-green algae study, and a program of seagrass monitoring in conjunction with the Shire and DEC.

The Port is an active member of the environmentally focused Roebuck Bay Working Group, and maintains a regional emergency management role - including oil spill response and establishing an oil and chemical spill equipment stockpile.

### ***Wharf Maintenance Program***

A major maintenance program to protect the wharf (the Port's major asset) has been defined, scheduled and costed. Wharf maintenance in 2009-10 is expected to cost \$700,000 which equates to 3.2% of the structure's written down value, or approximately 0.7% of replacement value.

## **PLANNING, POLICY AND PROCEDURES**

### ***Broome Port Authority Documentation, Administrative Policies and Procedures***

BRPA's policies on documentation, administration and recording procedures are contained in the document *Correspondence and Filing Policy & Procedures*, last revised in October 2008. The Port's intention is to implement these policies and conduct an audit on compliance during 2009-10, with a revision of the document planned for 2010.

### ***Broome Port Authority Website***

The BRPA's website will be managed by a new service provider who will progressively update and maintain electronic infrastructure in 2009-10. Guidance provided by the Office of e-Government was utilised in planning the reformatting of BRPA's website.

### ***Governance***

The BRPA is strongly committed to developing and maintaining its capabilities as a skilled, diverse and ethical business agency and providing effective governance that complies with standards promulgated, inter alia, by:

- Office of the Public Sector Standards Commissioner;
- Office of the Auditor General; and
- Corruption and Crime Commission of Western Australia.

BRPA aims for continuous improvement in developing, implementing and monitoring clear policies and practices in relation to the following key governance objectives:

- Providing clear guidance by establishing strategic aims and direction;
- Setting and maintaining standards and values;
- Sound management and oversight;
- Ethical and responsible decision-making;
- Safeguarding financial management and reporting;
- Managing risk;
- Providing value for money;
- Respecting the rights and requirements of stakeholders; and
- Compliance with all relevant laws.

The Port's internal audit processes, utilising a respected consultant, will review whole-of-site compliance with these objectives during 2009-10. Strategies and processes in place to prevent corruption and misconduct include:

- An annual Internal Audit Plan, produced in November 2008, that addresses accounting and management information systems;
- Auditing for fraud and corruption issues i.a.w. the Auditing Standards; and
- Addressing the potential for corruption and misconduct in annual and ongoing risk assessments at both management and Board levels.

## FINANCIAL

BRPA's financial viability improved during 2008/09 and this improvement is expected to be maintained during 2009/10. Significant improvements have been made to financial policies and procedures as well as internal and external reporting. In November 2008 Broome Port was listed by the office of Attorney General as one of 51 'better practice agencies' for managing financial reporting. An Internal Audit function has been introduced and this will test that the effectiveness of risk controls and the efficiency of the BRPA's service delivery.

The Port's target business statistics are depicted at Table 3.

	2007/08 actual	2008/09 target	2009/10 target
Cargo throughput (tonnes)	365,965	388,000	388,000
Shipping revenue per trading vessel	\$21,773	\$24,685	\$27,087
Expenses per tonne of cargo	\$22.72	\$26.68	\$28.21
Expenditure: Full-time equivalent (FTE)	\$151,164	\$207,020	\$218,899
Vessel visits per FTE	29	30	29
Rate of Return on assets	(2.2)%	5.3%	4.4%

*Table 3 Business Statistics*

BRPA revenue is derived primarily from marketing its stevedoring services at the town's wharf, which is operated as an intermodal logistics hub and as a support base for port and aquaculture related services. The Port's total infrastructure is being enhanced towards meeting increased demand on services.

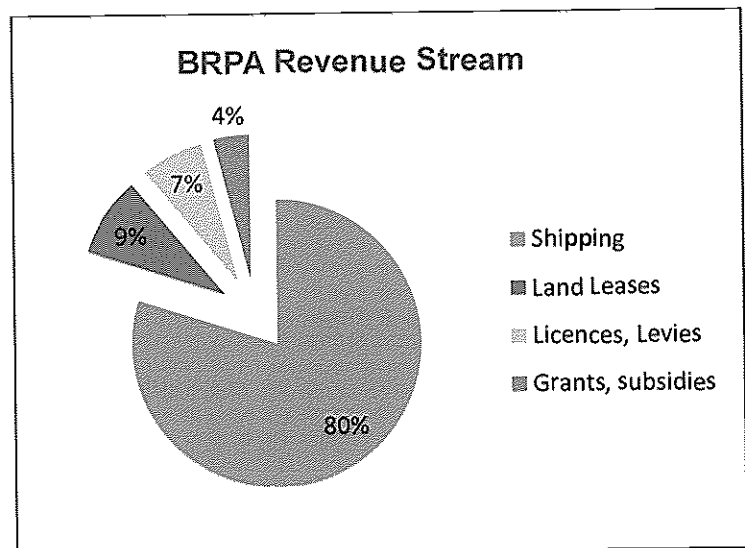
The BRPA is strategically advantaged by a nearby large regional airport plus a well-planned arterial road system, and is the one major deep water port between the Pilbara and Darwin. Notwithstanding these geographical benefits and opportunities, Broome must continue to ensure customer satisfaction and competitiveness or risk losing clients to Darwin.

Broome's services pricing strategy is therefore vital to its future and to ensuring that its costs and overheads are provided for during shipping downturns. Concurrently, the Port remains cognisant of the need to avoid imposing disproportionate costs on the maritime logistics industry.

Broome Port must also drive towards becoming financially self-reliant in order to maintain existing infrastructure, improve efficiencies, and to provide for its future. As the Port grows, so too will productivity and prosperity within the region. Strategies to be employed by the Port are to:

- Develop a cost/revenue system to provide accurate financial analysis and accurate service charge out rates;
- Develop pricing objectives in accordance with prudent commercial principles and endeavour to make a profit that reflects a target ROI;
- Control wages and general expenses; and
- Consolidate, monitor and improve the Port purchasing system.

In consequence of the 2008 economic downturn leading to market downturns and adverse financial impacts, economic forecasts for the period 2009-10 are beyond the present capacity of the Port to predict. The BRPA intends adopting a cautious stance in relation to costs and overheads, and aims to diversify its revenue stream by entering into an increased number of land leases that will provide a steady income flow in the event of a shipping downturn. In 2008 the revenue stream was heavily biased towards shipping income while land leases constitute only 9% of total earnings, as shown at Table 4.



*Table 4: 2008 Income Stream*

## CAPITAL EXPENDITURE

It is essential that the Port maintains an appropriate capital investment program in order to preserve existing capital facilities and implement projected trade facilitation. The BRPA's proposed capital expenditure and borrowing requirement for 2009-10 is listed at page 25. The BRPA is compiling a business case to substantiate vital infrastructure improvements and for land developments to make the Port more efficient and better able to meet Browse Basin customer requirements. BRPA's eventual capital expenditure will therefore reflect the outcome of this business case submission to Government.

The business case will address, amongst other works:

- Strategic Development Master Plan, looking 3-5 years ahead;
- Master Drainage Plan and works;
- Land Use Plan;
- Provision of essential services including roads, electricity, water, sewerage, communications, and storm water management;
- Obtaining environmental, cultural and heritage approvals;

- Making land project ready;
- Fixed and electronic infrastructure works; and
- Meeting equipment and services deficiencies, including craneage, navigations and communications, wharf improvements and an alternative water supply.

The benefits of this capital expenditure will be to:

- Access and develop additional land to lock in Browse Basin supply bases, and thereby increase the Port's lease revenue;
- Significantly increase community income, employment and business opportunities;
- Optimise services provision to all Port users and attract new proponents;
- Optimise the Port's operations to maximize commercial returns;
- Optimise stakeholder and community engagement to maximize benefits to Port and community;
- Provide infrastructure sufficient to enable safe, timely and efficient Port operations;
- Manage and operate the Port efficiently and effectively; and
- Attract and retain the skilled staff necessary to support the Strategic Plan.

## PROPOSED PRICING ARRANGEMENTS

The BRPA schedule of fees and charges is intended to be increased sufficiently to provide both a dividend return to the Port's owner (the state government) and to provide the BRPA with an acceptable return on assets. The Port is cognisant of the global turbulent economic conditions whereby any increase in charges is likely to not sit well with Port users, however Broome has limited sources of income to provide for operating costs, maintenance and to meet increasing user demands for Port infrastructure and services growth.

An ACCC report<sup>1</sup> advises that average rate of return on assets achieved by Australia's major stevedoring organisations for container and other stevedore income (EBIT) reached 22.37 per cent in late 2007. Broome Port relies primarily on stevedoring revenue as its source of income, and its average rate of return is less than one quarter of that achieved by commercial competitors. This differential primarily arises because the Port has wider responsibilities and provides services and facilities beyond those required of commercial stevedoring organisations, and also because Broome attempts to minimise the impact of its charges on facilitating trade.

Price rises for the coming year are intended to remain within a 5-10% increase band, and the higher 10% increases are primarily related to HR where the impact of the presently negotiated 2008 EBA is forecast to increase salaries, allowances and conditions by a factor of 10% above present levels - effectively, the Port is endeavouring to keep pace with HR costs without making excessive charge imposts. Personnel costs constitute the largest segment of the Port's overheads – table 5 refers.

Pilotage fees until 2008 incorporated the cost of providing a contractor pilot launch and for a number of reasons the BRPA is separating these previously bundled charges to Port users. This provides

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<sup>1</sup> ACCC, October 2007, *Container Stevedoring Monitoring report no. 9*

greater transparency and enables Port users to more accurately benchmark BRPA's pilotage fees against other ports.

BRPA aims to provide redundancy in pilotage services by engaging a second pilot and intends increasing pilotage fees by 10% in 2009 to offset the TFR cost of the new employee. The second pilot enables the Port to provide a 24/7 pilotage service, conduct two pilotage tasks simultaneously to expedite shipping movements, reduces the fatigue factor, and enables one pilot at a time to attend professional and continuation training.

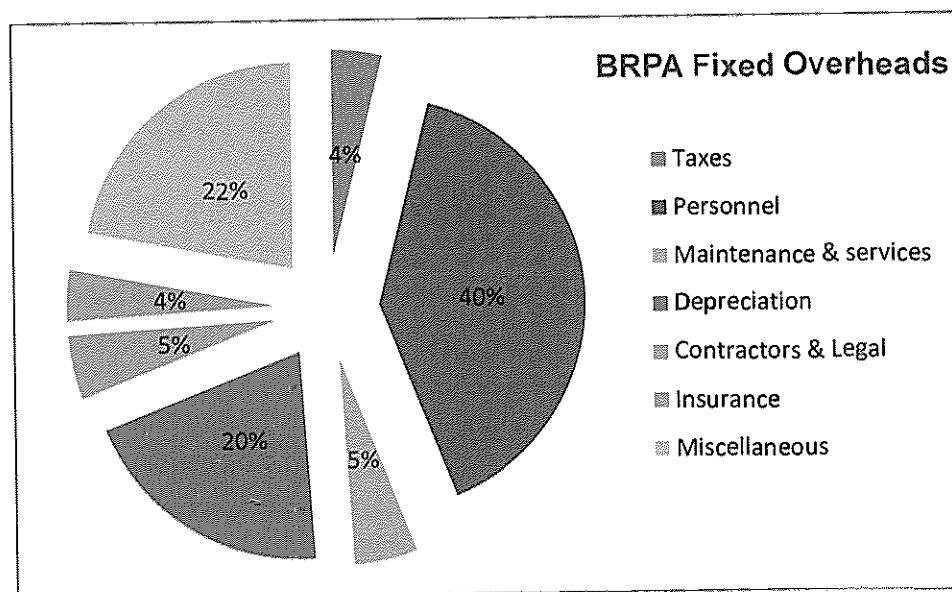
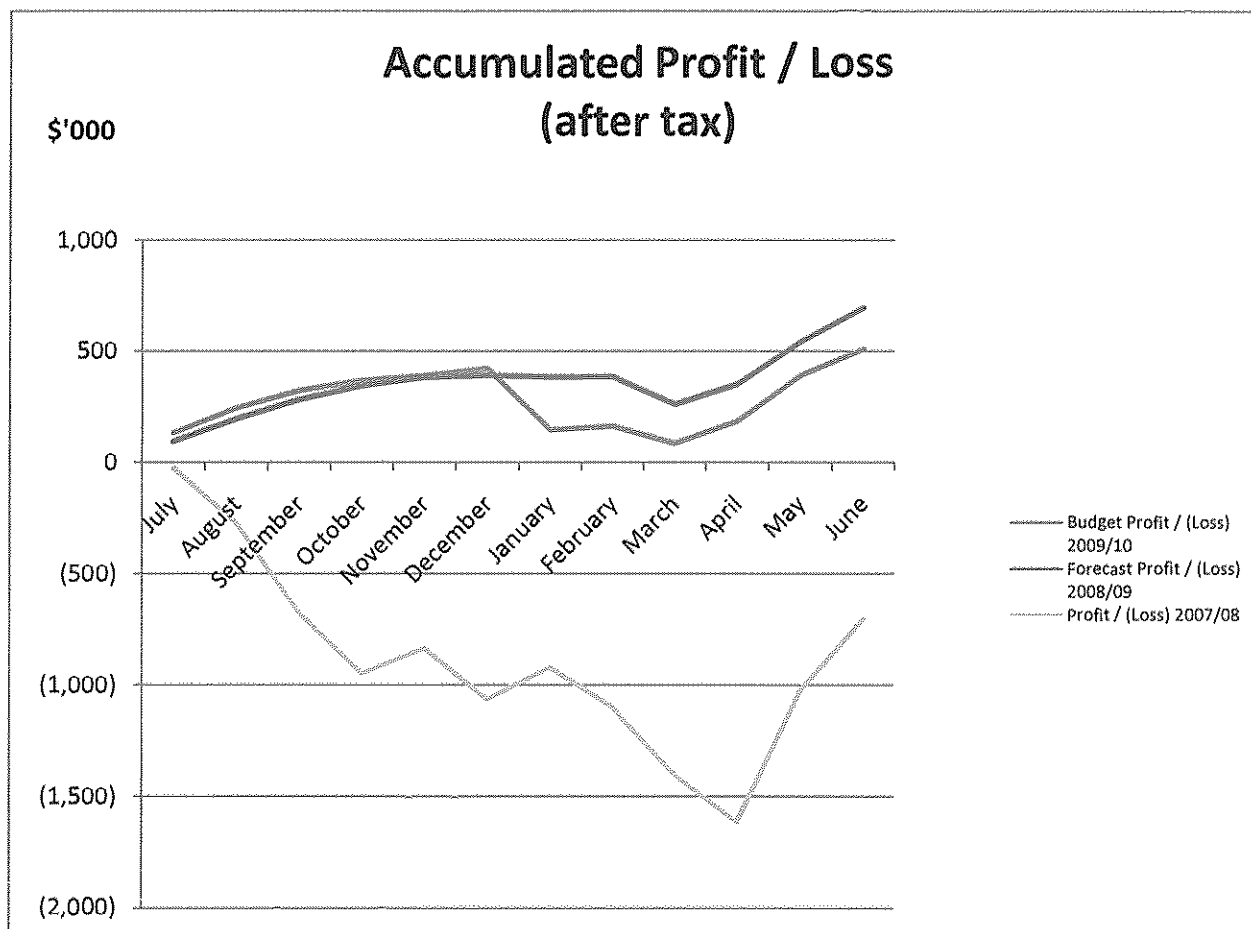


Table 5 BRPA Fixed Overheads

## PROVISION FOR DIVIDENDS

The BRPA aims to pay a dividend to the Western Australian Government in accordance with Section 84 of the *Port Authorities Act 1999* following the end of each financial year. The dividend anticipated for the budget year 2009-10 is \$255,000 as indicated at Table 6.





*Table 6 Accumulated Profit/Loss 2007-10*

## PERFORMANCE TARGETS

The BRPA plans to review its current key performance targets during 2009-10. The significant performance target is to maintain a positive operational cash flow. Key performance indicators are detailed in Appendix 1.

## ACCOUNTING POLICIES

The accounting policies that apply in the preparation of accounts are as follow:

- The Port's Financial Statements will be prepared on the basis of accrual accounting;
- The Financial Statements will be produced in accordance with the *Port Authorities Act 1999* and Australian Accounting Standards;
- Policies relating to financial statements and accounting procedures are detailed in the Port's Accounting Manual; and
- The Port will ensure that its 2008/09 Financial Statements are lodged with the Office of Auditor General by 30 September 2009.

## INFORMATION TO BE PROVIDED TO THE MINISTER

BRPA will provide the Minister for Transport with information as necessary to assess the Port's performance during the year, inclusive of an Annual Report, half-yearly budget forecasts and a half-yearly report including financial information and comments on performance as considered relevant. The Annual Report for 2008/09 will comply with the requirements of the *Port Authorities Act 1999*.

Documents or copies of documents will be supplied as follow:

- Strategic Development Plan covering a period of five years or of a lesser period as stipulated by the Minister;
- Statement of Corporate Intent;
- The Port's audited Financial Statements and related reports for the 2008/09 financial year in accordance with the *Act*;
- A Half Yearly report in accordance with the *Act*;
- Other reports and information requested by the Minister; and
- Briefing notes on items regarded by the Port as significant or controversial.

## COMMUNITY SERVICE OBLIGATIONS

To assist in the repayment of \$11.32M borrowed to fund the jetty extension, the Port is receiving a monthly amount from the Government to fund the interest component on a reducing balance basis for the first seven years of the loan. This payment is recorded as a Community Service Obligation (CSO) interest subsidy.

In recognition of the Port's ongoing attraction to the community and ever increasing tourist numbers, the Port will continue to allow public access to the port area. Subject to security, safety and other operational requirements and constraints, public access will be afforded to the:

- Jetty boardwalk;
- Port beaches;
- Port gardens, and,
- Entrance Point boat ramps

The Port provides a range of support measures at nil return for the cruise ship industry in order to maximise the economic benefits to the business community. Broome is most attractive to the cruise ship industry as a regional cruise ship destination.

BRPA actively promotes the training and employment of indigenous persons by port users, and has employed two young trainees. The first employee has completed training and is now on permanent staff, while the second employee is scheduled to begin a stevedoring operations certification scheme in early 2009. Indigenous employees comprise 10 percent of the BRPA's workforce.

The BRPA has assigned an area of land to the Broome Volunteer Sea Search and Rescue in the port area at a peppercorn rent to enable the group to establish a base for their search and rescue vessels, and supports the youth training efforts of the Leeuwin sailing vessel by assigning significantly reduced port and service charges.

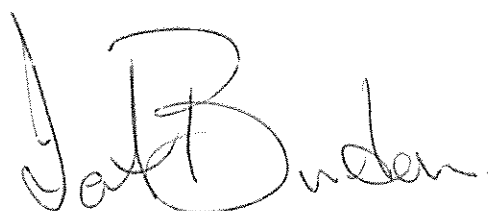
The AFS Intercultural Programs Australia overseas student exchange program is supported by the BRPA. Through this programme, a Broome Senior High School student is annually selected to study overseas. One former AFS student who went on exchange two years ago is now studying law at University of WA and is currently obtaining commercial law work experience with the Port during her semester break.

## COMMUNITY CONSULTATION

BRPA will continue to liaise with the community and stakeholders and has compiled a policy document 'Social Responsibilities – Engaging the Community' which was developed in recognition of the importance of proactive consultation and reflects BRPA's commitment to the principles of sustainability. It aims to ensure there is good understanding of and support for Broome Port's current and future needs, and that community and stakeholder expectations are well understood and considered in decision making. The BRPA has three liaison groups: the Port Users Group, the Port Security Liaison Group and the newly established Logistics Consultative Working Group to advise on improvements in Port logistics.

## INFORMATION TO BE PROVIDED TO DEPARTMENT OF TREASURY AND FINANCE

The Board intends to provide relevant information in a timely manner to the Department of Treasury and Finance to enable the Department to meet whole of government and budgetary responsibilities. This information will include forecasts of intended dividends and tax equivalent payments plus financial information for the budget year and the subsequent four year period.



Dr Ian Burston  
Chairman  
Board of Directors  
January 2009

## APPENDIX 1: BROOME PORT AUTHORITY – KEY PERFORMANCE INDICATORS 2009-10

*(PLEASE NOTE ALL FIGURES USED IN THE APPENDICES ARE GST EXCLUSIVE)*

	2007/08	2008/09	2009/10
	actual	target	target
<b>Cargo throughput (tonnes)</b>	365,965	388,000	388,000
<b>Shipping revenue per trading vessel</b>	\$21,773	\$24,685	\$27,087
<b>Expense per tonne of cargo</b>	\$22.72	\$26.68	\$28.21
<b>Expenditure per Full-time equivalent (FTE)</b>	\$151,164	\$207,020	\$218,899
<b>Vessel visits per FTE</b>	29	30	29
<b>Lost Time Incidents</b>	1	0	0
<b>Rate of Return on assets</b>	(2.2)	5.3%	4.4%
<b>Number of trading vessels</b>	401	390	365
<b>Shipping Revenue</b>	\$8,731,000	\$9,627,000	\$9,886,870
<b>Total expenditure</b>	\$8,314,000	\$10,351,000	\$10,944,946
<b>FTE'S</b>	55	50	50
<b>Total Number of Vessels</b>	1,592	1,500	1,435

Tonnages have fluctuated over recent years as the volume and type of trade through the Port is largely reflective of regional support activities, and while tonnages are presently experiencing an upward trend (mid 2008-09) there is difficulty in forecasting the impact of the global economic crisis.

Number of Vessel Visits	Total	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Cargo per vessel	Cargo p.a. (tonnes)
Industry:															
Coastal Trading*	22	1	2	2	2	2	2	1	2	2	2	2	2	120	2640
Livestock*	30	5	6	5	2	0	0	0	0	0	2	5	5	1100	33000
Petroleum*	12	1	1	1	1	1	1	1	1	1	1	1	1	15600	187200
Oil & Gas*	295	22	28	18	23	25	26	25	26	25	26	25	26	514	151660
Pearling	434	45	39	42	42	34	28	24	24	34	38	42	42		
Fishing	203	16	17	17	17	17	17	17	17	17	17	17	17		
Charter	296	31	31	30	30	30	10	10	10	24	30	30	30		
Bitumen*	3	0	1	0	0	0	0	1	0	0	0	0	1	1000	3000
Cement*	3	0	0	1	1	0	0	0	0	0	0	1	0	3500	10500
Other	120	10	10	10	10	10	10	10	10	10	10	10	10		
Cruise Shipping	17	3	2	1	1	1	0	1	1	1	2	2	2		
Total Visit	1,435	134	137	127	128	120	94	91	91	114	128	135	136		388000
Total Trading vessels	365														

\* Included in Trading vessels.

## APPENDIX 2 – BUDGETED PROFIT AND LOSS

### Broome Port Authority Budgeted Profit and Loss

	2007/8 Actual \$'000	2008/09 Budget \$'000	2009/10 Budget \$'000
<b>Revenue</b>			
Shipping Revenue	8,145	9,148	9,887
Leases and Licences	1,175	4,771	1,246
Interest	32	48	92
Grants and Subsidies	420	389	372
Sundry Income	399	124	77
<b>Total Revenue</b>	<b>10,171</b>	<b>14,480</b>	<b>11,674</b>
<b>Expenditure</b>			
Salaries and Wages	3,271	5,708	3,761
Depreciation	1,352	1,571	1,391
Other Costs	5,632	1,952	5,136
<b>Total Expenditure</b>	<b>10,255</b>	<b>9,231</b>	<b>10,288</b>
<b>Net Profit/(Loss) before Interest and Income Tax</b>	<b>(84)</b>	<b>5,249</b>	<b>1,386</b>
Interest Expense	754	1,070	657
<b>Net Profit/(Loss) after Interest</b>	<b>(838)</b>	<b>4,179</b>	<b>729</b>
Income Tax	137	1,254	219
<b>Net Profit/(Loss) after Interest and Income Tax</b>	<b>(701)</b>	<b>2,925</b>	<b>510</b>
Dividend	0	1,463	255
<b>Net Profit/(Loss) after Dividend</b>	<b>(701)</b>	<b>1,462</b>	<b>255</b>
<b>Rate of return on Assets</b>	<b>(2.2)%</b>	<b>1.2%</b>	<b>4.4%</b>

## APENIDIX 3 – BUDGETED BALANCE SHEET

### *Broome Port Authority Budgeted Balance Sheet*

	2007/08	2008/09	2009/10
	Actual	Budget	Budget
	\$'000	\$'000	\$'000
<b>Current Assets</b>			
Cash at Bank	2,269	426	4,006
Receivables	1,491	1,195	1,491
Stock on Hand	4	5	5
Other	189	191	189
<b>Total Current Assets</b>	<b>3,953</b>	<b>1,817</b>	<b>5,691</b>
<b>Non Current Assets</b>			
Sinking fund	0	500	0
Property, Plant and Equipment	26,803	123,653	26,048
Intangible Assets	49	56	39
Deferred Tax Asset	419	0	0
<b>Total Non Current Assets</b>	<b>27,271</b>	<b>124,209</b>	<b>26,087</b>
<b>Total Assets</b>	<b>31,224</b>	<b>126,026</b>	<b>31,778</b>
<b>Current Liabilities</b>			
Accounts Payable	1,753	3,038	1,753
Provisions	226	229	829
Borrowings	244	1,574	244
Other Liabilities	281	434	281
<b>Total Current Liabilities</b>	<b>2,504</b>	<b>5,275</b>	<b>3,107</b>
<b>Non Current Liabilities</b>			
Borrowings	11,577	14,658	10,575
Provisions	30	38	30
<b>Total Non Current Liabilities</b>	<b>11,607</b>	<b>14,696</b>	<b>10,605</b>
<b>Total Liabilities</b>	<b>14,111</b>	<b>19,971</b>	<b>13,712</b>
<b>Net Assets</b>	<b>17,113</b>	<b>106,055</b>	<b>18,066</b>
<b>Equity</b>			
Contributed Equity	16,786	104,537	17,136
Retained earning/(Accum Losses)	1,028	55	675
Current year earnings/(losses)	(701)	1,463	255
<b>Total Equity</b>	<b>17,113</b>	<b>106,055</b>	<b>18,066</b>

## APPENDIX 4 – BUDGETED CASH FLOW STATEMENT

### *Broome Port Authority Budgeted Cash Flow Statement*

	2007/08 Actual \$'000	2008/09 Budget \$'000	2009/10 Budget \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers	9,746	14,045	11,210
Receipts from State and Commonwealth			
Government funding	420	389	372
Payments to suppliers and employees	(7,556)	(7,660)	(8,897)
Interest paid	(754)	(1,070)	(657)
Dividends paid	0	0	0
Income taxes paid	0	(972)	(219)
<b>Net cash inflow (outflow) from operating activities</b>	<b>1,856</b>	<b>4,732</b>	<b>1,809</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment	166	0	0
Payments for property, plant and equipment	(1,693)	(94,448)	(500)
Interest Received	0	48	92
Payments to sinking fund	0	(500)	0
<b>Net cash inflow (outflow) from investing activities</b>	<b>(1,527)</b>	<b>(94,900)</b>	<b>(408)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	0	2,050	0
Repayments of borrowings	10	(756)	(443)
Government Equity Contributions	1,249	89,000	0
<b>Net cash inflow (outflow) from financing activities</b>	<b>1,259</b>	<b>90,294</b>	<b>(443)</b>
<b>Net increase (decrease) in cash held</b>	<b>1,588</b>	<b>126</b>	<b>957</b>
<b>Cash at the beginning of the financial year</b>	<b>681</b>	<b>300</b>	<b>3,049</b>
<b>Cash at the end of the financial year</b>	<b>2,269</b>	<b>426</b>	<b>4,006</b>



## APPENDIX 5 – CAPITAL EXPENDITURE

### *Broome Port Authority Capital Expenditure*

	Total	2007/08 Actual	2008/09 Forecast	2009/10 Budget
	\$	\$	\$	\$
Minor Works	2,089,355	853,266	736,089	500,000
Jetty – Fender /Decking replacement/repair	1,678,282	839,527	838,755	0
<b>Total Capital Expenditure</b>	<b>3,767,637</b>	<b>1,692,793</b>	<b>1,574,844</b>	<b>500,000</b>

## APPENDIX 6 – BUDGET OF FEES AND CHARGES

### Broome Port Authority Budget of Fees and Charges

	2007/08	2008/09	2009/10
	\$	\$	\$
<b>Pilotage rates</b>			
500 to 1,500 GRT	3,455	3,455	2,691
1,501 to 3,000	3,455	3,455	2,691
3,001 to 5,000	3,455	3,455	2,691
5,001 to 10,000	3,455	3,455	2,691
10,001 to 20,000	5,727	5,727	5,191
20,001 to 30,000	5,727	5,727	5,191
30,001 and over	5,727	5,727	5,791
Berth Movements in Port	1,395	1,395	982
Detention fee	682	682	750
Pilot Launch (per movement)	0	505	531
Push up	0	500	525
Line Boat charge	0	400	421
Cancellation fee - 50% of scheduled fee			
<b>Nav Aid Levy</b>	0.06	0.07	0.073

### Berthage (per metre per day or part thereof)

<b>Commercial and Private vessels:</b>			
- Annual Fee (per metre)	115.30	125.00	0
- Commercial (per metre, per day)	4.95	6.00	0
<b>Trading and Passenger vessels</b>			
(greater of the following 2 calculations)			
- per day or per GRT of vessel	0.18	0.20	0
- per tonne of cargo handled	0.70	0.80	0
Vessel length 50m or less	0	0	7.86

**Broome Port Authority Budget of Fees and Charges**

	2007/08	2008/09	2009/10
	\$	\$	\$
Vessel length greater than 50m:			
and GRT less than 2,000	0	0	0.50
and GRT 2,000 to 4,999	0	0	0.40
and GRT 5,000 to 10,000	0	0	0.30
and GRT greater than 10,000	0	0	0.21
or if greater: per tonne of cargo handled	0	0	0.84
<b>Labour Rates (per hour)</b>			
Wharf Labour	72.00	0	0
Wharf Labour - Monday to Friday (morning)	0	90.00	100.00
Wharf Labour - Monday to Friday (afternoon)	0	105.00	120.00
Wharf Labour - Saturdays and Sundays	0	140.00	155.00
Wharf Labour - Public Holidays	0	150.00	165.00
<b>Plant and Equipment Hire Rates</b>			
Crane – 45 tonne (per hour)	195.00	220.00	230.91
Crane – 100 tonne (per hour)	380.00	500.00	451.82
Compressor – 175 (per day hire)	275.00	320.00	325.46
Compressor – 186 (per day hire)	330.00	370.00	388.18
Forklift – 3 tonne (per hour)	50.00	60.00	94.55
Forklift – 8 tonne (per hour)	0	0	126.36
Sweeper (per hour)	0	0	73.64
Boat Slings (per set per day)	0	0	314.55
Dinghy (per hour)	77.00	87.00	90.91
Gangway (per hour)	0	0	15.77
Gangway (per day)	61.00	64.00	0
Lighting – Portable (per hour)	0	0	8.41
Mancage (per day)	82.50	86.00	90.91
Ramp and Race hire (per head cattle)	0.37	0.39	0.41

**Broome Port Authority Budget of Fees and Charges**

	2007/08	2008/09	2009/10
	\$	\$	\$
Ramp and Race hire (per head other livestock)	0.06	0.07	0.08
Spreader – container 40' (per container mobilisation)	0	0	105.45
Spreader – cement (per day)	0	1,540.00	1,617.27
Spreader – 15t (per day)	60.00	69.53	67.18
Spreader – 30t (per day)	82.50	95.03	91.82
Truck (per hour)	0	75.00	78.77
Welder/Generator (per day)	0	215.00	225.77

**Storage** (the greater of per tonne or cubic metre per day or part thereof)

one to three days	0	.38	0.40
four to six days	0	1.00	1.05
seven days or more	0	2.70	2.84

**Water**

Water - fresh (per kilolitre)	2.90	3.20	3.36
Water - drilling (per kilolitre)	0	0	2.00

**Weighbridge**

not exceeding 10 tonnes	27.27	28.9	31.82
10 to 30 tonnes	36.36	38.54	40.91
over 30 tonnes	45.45	48.20	50.00
Cattle (per head)	0.58	0.61	0.64
other livestock (per head)	0.06	0.07	0.08

**Wharfage**

Fodder (blown)	1.76	1.85	2.09
Bulk Products - liquid (fuel)	8.59	4.50	9.55

**Broome Port Authority Budget of Fees and Charges**

	2007/08	2008/09	2009/10
	\$	\$	\$
Road tanker or from silos on jetty e.g. on jetty e.g. bitumen, drill products, cement	8.86	9.30	9.91
General or Unitised Cargo - minimum charge up to 10 tonne	0	0	54.54
General cargo (per tonne or cubic metre)	4.93	5.20	5.45
Livestock - cattle (head)	1.83	1.93	2.04
Livestock - Other Livestock (head)	0.37	0.39	0.47
Recreational vessels	11.16	11.83	12.42
Swimming Pools	0	245.00	257.25
Waste Oil	0	5.30	5.57
Coastal Shipping - (full) up to 20 TEU	122.12	125.00	131.82
Coastal Shipping - (full) 21 to 30 TEU	91.30	92.00	97.27
Coastal Shipping - (full) 31 TEU upwards	61.64	62.00	66.36
Coastal Shipping - (empty) up to 20 TEU	35.86	37.00	39.09
Coastal Shipping - (empty) 21 to 30 TEU	26.83	27.00	28.18
Coastal Shipping - (empty) 31 TEU upwards	17.96	18.00	19.09
<b>Security Levy</b>			
charged on Berthage, Stevedoring, Plant and Equipment hire, wharfage and oil and gas set fee	1.5%	1.71%	1.65%
<b>Gatewatch Fee</b>			
(per day) - applicable to all trading vessels (excluding pearling, fishing, charter and government vessels)	600.00	600.00	659.09
<b>Moorings</b>			
Application Fee	40.00	42.00	68.18
Transfer Fee	60.00	63.00	68.18
Annual Fee vessel length less than 10m	100.00	0	109.09
Annual Fee vessel length 10m to 20m	150.00	0	103.64
Annual Fee vessel length greater than 20m	200.00	0	222.73

***All fees and charges are subject to change without notice.***

