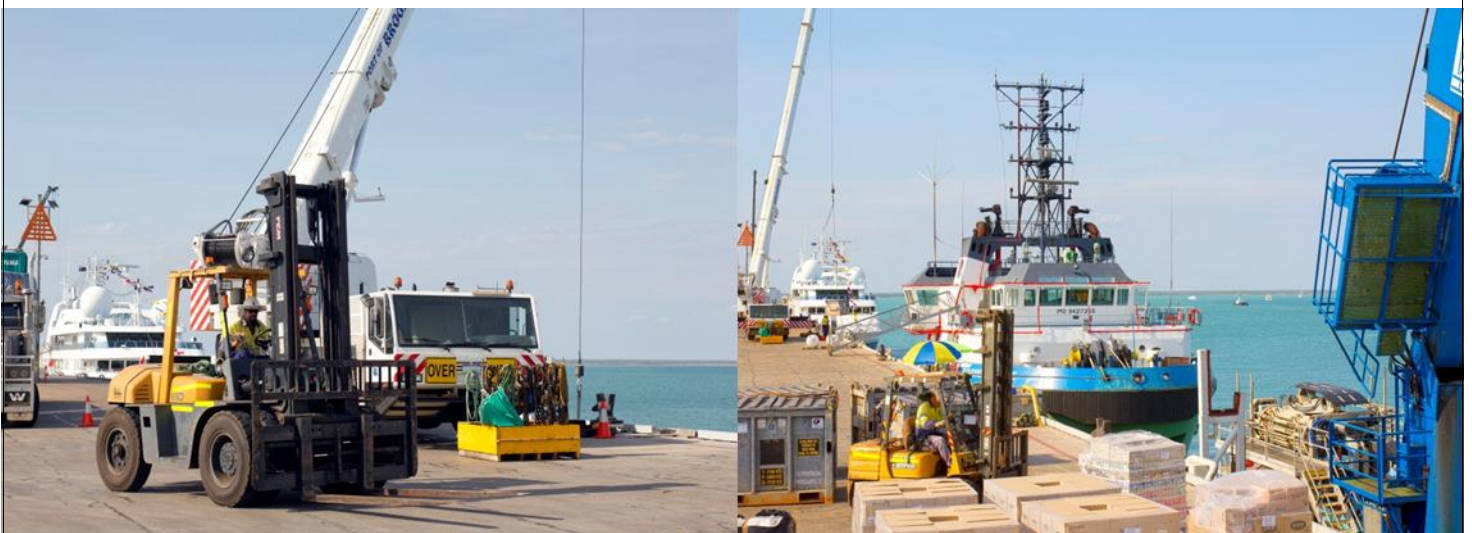




## **BROOME PORT AUTHORITY**

# **STATEMENT OF CORPORATE INTENT**

**2013 – 14**



## **1. EXECUTIVE SUMMARY**

Broome Port Authority (BrPA) and the Port of Broome are entering a period of exponential change in the areas of port reform, regional governance, and business growth. Port reform potentially involves the separation of the port authority from purely Port of Broome governance and management roles, and into a regional Kimberley Ports Authority structure.

**Projects.** Three major projects integral to the port authority's future are the Browse Basin Support and master planning study; the James Price Point production and export greenfields port (in support of Department of State Development as lead agency); and, implementation planning towards the inception of the Kimberley Ports Authority (KPA). These projects are being managed separately but their outcomes are interrelated and interdependent.

**Infrastructure and works.** Importantly, the Port of Broome wharf structure is approaching the end of its 50 year design life, and in order to maintain the wharf's present concrete deck load and ship berthing size capabilities a ten-year extension of life maintenance project is planned. A business case has been raised for state budgetary consideration in the year 2013.

A program of works and procurement related to BrPA lands, infrastructure and equipment will be undertaken during the period 2013-14 in order to bring 20 Ha of port land to project ready status and to provide requisite numbers of road verge crossovers.

Infrastructure modifications and works will rectify health and safety issues and address much needed office space and security system shortfalls. The procurement of ICT hardware and software will bring the port and port authority into compliance with contemporary port practices.

**Finance.** BrPA is cognisant of its responsibilities in meeting government dividend and efficiency targets and has strategies and measures in place to ensure that these requirements are met.

**Environment.** Important initiatives will be implemented in managing environmental processes both within the Port of Broome and at outlying ports which will be overseen by KPA. The ongoing project to bring the port authority into compliance with ASNZS 14001 Environmental Management Systems certification will assist in managing future environmental risks and liabilities, social responsibilities and community expectations across the land and sea environmental footprints of each administered port and terminal.

**Objectives and Strategies.** Strategic planning considerations include:

- a) Reviewing the current revenue collection procedures with the intention of improving economic viability;
- b) Documenting the Port of Broome Master Plan;
- c) Infrastructure and asset planning for the next 10 years;
- d) Formulating processes to improve Port of Broome asset management; and
- e) Develop strategies to source funding for the following major projects:
  - a) The establishment of the Kimberley Ports Authority,
  - b) Establishment of a new LNG port at James Price Point, and
  - c) Browse Basin Support Base planning project.

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## **2. STRATEGIC DEVELOPMENT – AN OVERVIEW**

### ***2.1. Introduction***

Broome Port Authority (BrPA) was established in January 2000 to manage the Port of Broome, which has operated since 1889 in support of local and regional industries. BrPA presently operates as a vertically integrated services model port authority. It is vested by the State government with the land, waters and infrastructure of the port, and it provides the majority of services and equipment required to operate the port.

From 1965 the port began supporting offshore oil and gas activities and these have brought about land and infrastructure developments within the industrial area adjacent the port, and upon the port's own land holdings. Pearling, fishing and boat charters were once mainstay industries supported from the port, but in recent times these have fallen away due to economic reasons such as the GFC. The port handles all regional fuel supplies that enter Port of Broome with storage at the tank farm and then transshipment to either outlying regional centres or to supply vessels for carriage of fuel for use offshore.

In addition to BrPA's traditional regional maritime logistics focus, a new phase of strategic and operational development planning, in line with WA port reform processes, requires the port authority to remodel its corporate and operational framework. The primary factors for change arise from:

- a) The State Government's 2012 Port Reform program radically altering BrPA's localised focus into a whole of region port and terminal landlord port authority role;
- b) BrPA engaging with the Department for State Development and the Department of Transport in project planning towards a greenfields LNG production and export port at James Price Point;
- c) A mid 2012 decision made by the State Cabinet in furtherance of Port of Broome's role in support of the offshore Browse Basin oil and gas activities; and
- d) Requirements for the Port of Broome to become increasingly utilised for the logistics support of hinterland projects including some that are located in the Pilbara region.

The port business throughput and revenue are at record levels. Contributing factors include the evolving development works in the offshore Browse Basin, logistics support for regional projects (intermittent but substantial nonetheless), and cargo throughput related to Pilbara region construction projects. Part of the logistics growth is also due to cargo overflow that results from shipping congestion at the Pilbara ports.

The current strategic situation evolves towards a separation of the port authority roles from the day to day management of shipping cargo at the Port of Broome. In 2013 the port authority might assume governance roles and responsibilities over the greenfields James Price Point port, and in mid-2014 the port authority expects to assume a broader Kimberley regional role and be renamed as the Kimberley Ports Authority.

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The port authority is not at this stage funded for three recently embraced major projects: the Browse Basin Support master plan, BrowseLNG (Port James Price) implementation, and Kimberly Ports Authority. These large projects are to be managed by the port authority and each requires a dedicated project team and use of consultants. Relevant business cases are being raised in collaboration with Department of Transport (DoT).

In addition, funding is required to conduct an essential ten-year extension of life project for the port authority’s major asset, namely the Port of Broome wharf structure.

**3. SCI OUTLINE AND PROCESSES**

This Statement of Corporate Intent (SCI) defines the port authority’s mission; reviews its organisational capabilities, processes and the environment in which it exists; defines and prioritises goals; sets short term objectives; provides indicative costs and operational statistics; and outlines how management might implement the strategic plan. Strategic planning is a process towards formulating guidelines for resource allocation, and the outline process employed by BrPA is depicted at Figure 1.

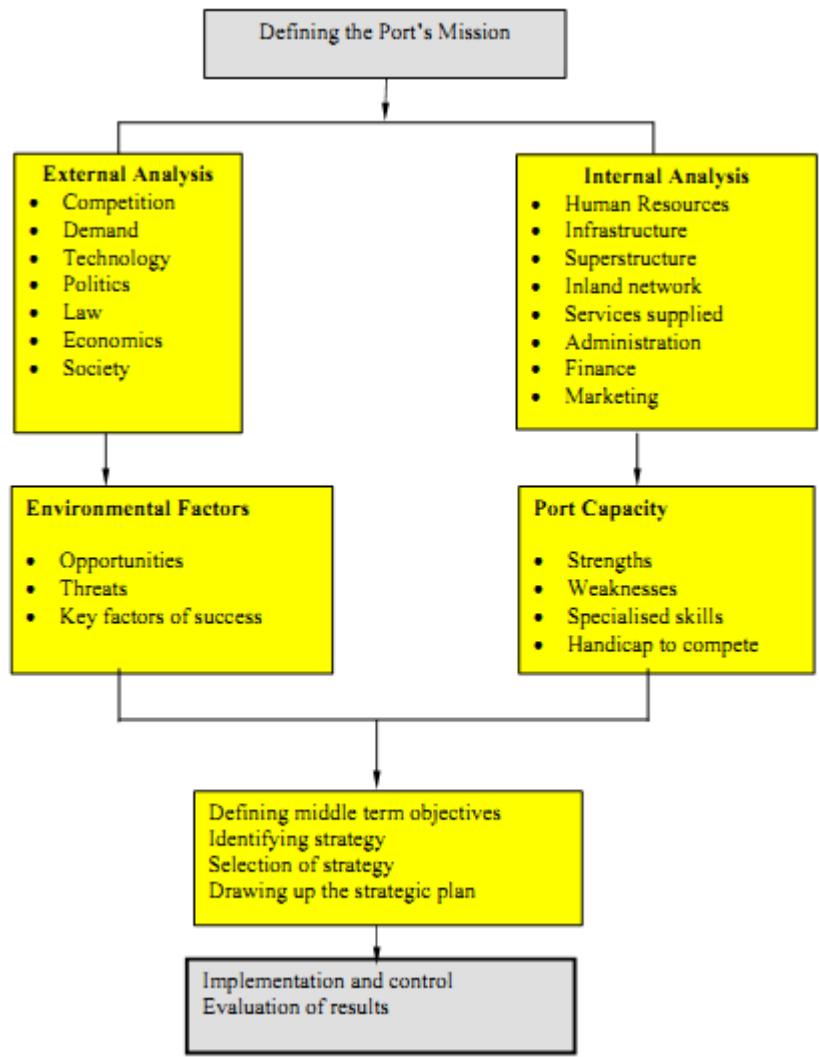


Figure 1 - BrPA's strategic planning framework

### **3.1. Vision**

Broome Port's vision towards achieving State Government objectives for WA ports is:

***To facilitate economic growth and commercial opportunities within the Kimberley maritime logistics sector in a sustainable manner.***

In realizing this vision, the Port adheres to the following goals:

- a) *Safety*: to maintain demonstrably high levels of Health Safety and Environment (HSE) achievement and compliance.
- b) *Sustainability*: to operate in an economically, socially and environmentally sustainable manner (triple bottom line).
- c) *Logistics Integration*: to develop improved lines of communication, and to integrate ship/shore transport and labour systems.
- d) *Port Management*: to continuously improve the management of commercial operations and port development projects.
- e) *Training*: to train and motivate employees to realise their full potential.
- f) *Security*: to continuously improve security management and integrity within all port and ship activities.

### **3.2. Mission Statement**

BrPA's mission statement was drafted in consultation between the Board of Directors and management. The Mission Statement provides a set of standards in crucial areas towards Directors' intentions in guiding the port authority's expansion, and it provides purpose with respect to the port authority functions. The SCI also reflects the higher level Master Plan which is a broad qualitative statement of what and where the organisation aims to be in a 20 years' timeframe.

***The Port of Broome will proactively grow its levels of trade and performance while strongly supporting the growth of new and existing regional maritime business. In so doing the Port will:***

- a) ***Strive to be always financially viable,***
- b) ***Be competitive in all facets of its operations when benchmarked against other ports,***
- c) ***Develop marine commerce,***
- d) ***Engage in economic development,***
- e) ***Maintain facilities,***
- f) ***Provide for a prudent level of reserves, and***
- g) ***Produce capital for future development.***

Accordingly, the broad strategic direction and prioritisation set by the Directors addresses a number of issues that are identified as having the most potential to impact performance and reputation. These crucial issues include:

- a) Fulfilling safety, cultural & heritage and environmental obligations;
- b) Securing and managing appropriate funding to enable the port authority to meet its major challenges, including timely replacement of the aging wharf infrastructure;



- c) Preparing for, funding, and managing major projects including establishment of a regional port authority role, increased levels of support for the Browse Basin, and supporting the establishment of a new regional port at James Price Point;
- d) Management of human resources/managing industrial relations environment;
- e) Making the most of growth opportunities/land development;
- f) Complying with Government regulatory changes and development imperatives; and
- g) Managing and mitigating the port authority levels of public liability exposure.

### **3.3. Key Objectives**

BrPA's competitive strategies are aimed towards improving port capabilities, activities and cargo categories with desired outcomes ranging from the construction and maintenance of infrastructure, to the effective marketing and management of port services. These strategies and the Port's mission statement are shaped in accordance with the PAA 1999 to ensure that the Port remains environmentally and socially responsible, economically viable, safe and secure.

#### **3.3.1. Key management objectives:**

- a) Achieve sufficient revenue throughput to ensure an 8% return on assets (deprival value);
- b) Meet government efficiency dividend targets;
- c) Resource and implement a broader Kimberley Port Authority capability; one that is initially aligned with James Price Point Browse LNG development and subsequently incorporates outlying port oversight and governance;
- d) Facilitate the arrangement of commercial funding towards development of a replacement wharf, possibly on a 'build-own-operate-transfer' basis, by June 2015;
- e) Lease all available Port of Broome land to port-related entities at a favourable rate of rent by December 2013;
- f) Bring 54 Hectares of land adjacent the port to a project-ready status by December 2013; and
- g) Achieve positive Human Resource indicators such as reduction in lost time injury, and an increase in employee satisfaction.

#### **3.3.2. Key business and financial objectives:**

- a) Promote Port of Broome maritime industries – inclusive of logistics support, general cargo, livestock exports, fuel imports, cruise shipping, regional projects, fishing and aquaculture industries, vessel maintenance and repair, charter boating, recreational boating, and other harbour services;
- b) Increase the volume of general cargo shipping;
- c) Efficiently manage, maintain and improve all port authority property;
- d) Improve customer service to Port tenants, customers and the public;
- e) Achieve integrated, well-planned and financially viable land development consistent with BrPA's strategic directions;
- f) Cultivate and maintain a high level of public understanding and confidence in the Port;
- g) Maintain sound and appropriate environmental management practices for all Port property; and

- h) Increase revenue flow as necessary to remain self-supporting and to fund improvements, asset holdings, maintenance, and to maintain prudent cash reserves.

Four crucial strategies in support of key management objectives are outlined as below.

### **3.3.3.Funding sources for development purposes**

- a) Ensure responsible management of debt whilst endeavouring to seek appropriate levels of funding for both essential capital works and a wider port authority role within the region.
- b) Investigate availability of funding from potential sources and take steps to source this funding by the following means:
  - I. Developing short and long form business cases in support of finance, and
  - II. Developing appropriate engagement strategies to garner support for funding from Industry and Government.

### **3.3.4.Responding to WA Government and other stakeholder requirements**

- a) Develop a marketing strategy to ensure that Broome remains the port of choice for existing industry stakeholders and becomes a port of choice for appropriate new stakeholders;
- b) Identify and strive to meet BrPA's holistic obligations within the evolving James Price Point (JPP) port management project;
- c) Prepare a long form business case to secure funding for the port authority's JPP roles and responsibilities from both the State Government and the initial Proponent;
- d) Employ a project team leader and core staff members who will be dedicated to the evolving JPP project; and
- e) Consult with key proponents regarding their future requirements for additional wharf space.

### **3.3.5.Meeting safety, cultural and heritage, and environmental obligations**

The Directors require of management to meet all safety, cultural & heritage and environmental obligations and to ensure that exposure to public liability is reduced across all areas of BrPA's responsibility. In so doing, management is required to:

- a) Identify, analyse and manage Government imposed and general duty of care regulatory and common law obligations;
- b) Develop appropriate engagement strategies with Government and stakeholders;
- c) Develop and refine core management competencies towards compliance with regulatory obligations;
- d) Engage specialist staff in parallel with developing existing staff capabilities and competencies;
- e) Align BrPA governance practices with State Government and commercial standards;
- f) Divest sections of the intertidal zone from port limits in order to ensure that a better resourced and higher qualified entity is assigned the management task for these high value environmental areas;
- g) Review the current risk assessment processes and implement new controls;
- h) Maintain a close engagement and informational program with RiskCover;

- i) Review and monitor public access to port infrastructure, facilities and land; and
- j) Continue the maintenance program for major infrastructure and public access areas.

#### **3.3.6. Grow a stable and harmonious Human Resources environment**

- a) Develop a stable and harmonious Human Resources environment and personnel management capabilities;
- b) Develop core Human Resources capacity and competencies to exploit workplace opportunities and endeavour to:
  - I. Reduce Lost time Incident (LTI) occurrences,
  - II. Increase employee satisfaction,
  - III. Increase staff retention,
  - IV. Minimise the potential for industrial action, and
  - V. Develop a quality management plan and system that will empower and improve BrPA's personnel management processes and practices.

### **4. SITUATIONAL ANALYSIS**

#### ***4.1. Regulatory, political and societal influences***

BrPA complies with the *Port Authorities Act 1999*, which regulates:

- a) the functions of port authorities;
- b) the areas that they are to control and manage;
- c) the way in which they are to operate, and
- d) related matters.

The Port also complies with the *Environmental Protection Act 1986*, and other relevant legislation including financial and non-financial statutory reporting requirements.

Specific objectives as stipulated in the *Port Authorities Act 1999 (WA)* are:

- a) To act in accordance with prudent commercial principles;
- b) To control business and other activities in the port;
- c) To be responsible for the safe and efficient operation of the port;
- d) To maintain and preserve property controlled by the port;
- e) To protect the environment in which the port operates;
- f) To use port assets for profit; and
- g) To facilitate trade and to plan for growth and development of the port.

A number of political and regional developments are likely to shape BrPA's strategic deliberations during coming years. In particular, the Department of Transport documents *WA Ports Review 2011* and the *WA State Freight Strategy* recommendations are expected to affect the governance, roles and processes of all Western Australian ports, whether presently managed by port authorities or by the Department of Transport.

Regional commercial activities include the offshore Browse Basin development and the proposed construction of an LNG processing facility at James Price Point, the Shell floating LNG processing plant (FLNG) project to extract gas and oil from the Prelude and Concerto

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gas fields, and ongoing BrowseLNG activities by energy resources companies Inpex, Santos, Murphy Oil, Apache Energy and Total. These companies' offshore exploration activities have been supported from the Port of Broome for the past decade, and their support needs are beginning to broaden as they enter their project development phases.

Ongoing discussions between BrPA and Defence managers indicate that Broome is expected to play an increasingly larger role in supporting Navy and Border Protection defence units. The White Paper 2009 sums up the importance, value and vulnerability of Australia's north-west resources industries: '...Northern Australia, with its long coastline, remote population centres, substantial economic resources, and relatively underdeveloped infrastructure, will always command a significant place in our military contingency planning.'

The State Government is investing science and conservation monies into the establishment of new Kimberley marine parks that will almost treble the area of marine parks and reserves in WA (from approximately 1.5 million hectares to 4.1 million hectares).

The Port of Broome's gazetted water boundaries encompass extensive high value and world benchmark environmental/cultural and heritage benthic areas that incorporate Ramsar Wetlands, the wading bird aspect of the Asia-Australia migratory bird flyway, mangrove stands, and creeks, and turtle nesting dunal areas.

Within a regional context post mid-2014, KPA will be challenged by the formation of extensive regional marine parks and the role of managing the interface of ship movements with the activities of marine life such as whales, dugongs and turtles. Responsibility for this high value environmental and sustainability task also requires the means and resources for managing these world-class environmental/cultural and heritage resources, without which this environmental management becomes a formidable management task. Broome Port Authority is well advanced in achieving ASNZS14001 Environmental Management System certification.

### ***4.2. Trends and evolving matters***

Trends, changes and developments that might influence Directors' considerations include strategic, operational and demographic developments with implications for the port authority's forward activities and processes. A number of the evolving matters that may impact the port authority during the forward period are tabulated in table 1, following. These factors might impact the port's strategic and operational deliberations both now and in coming years.

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<b>Evolving Matters</b>	<b>Strategic &amp; Operational Implications</b>
Economic	Budgets, productivity pressures, downturns, loss of business.
Environmental	Attainment of ASNZS14001 accreditation, EMS for port, separate overarching EMS for port authority.
HR/IR	Workforce numbers, replacement of expertise, training, diversity, and HR specialist skills.
Infrastructure and assets	Aging infrastructure, suitability for task, modernisation.
Legal/Regulatory	Federal, state, local government changes/outlook, amendment of the PAA 1999, maritime security changes, environmental regulatory changes.
Market Influences	Types of services required, increases/decreases in needs/demands.
Organisational	Organization chart structures, changing roles, rightsizing, qualifications, and multi-skilling/multi-tasking.
Political	Public acceptance, considerations if a change of government, departmental requests, Ministerial visions.
Sociological	Demographics, impacts on sites, environment.
Technological	Hardware/software, equipment improvements, obsolescence, business continuity, ICT.

**Table 1 - Trends and developments affecting Port Authority deliberations**

**4.3. Economic Overview**

The port authority's medium and long term objectives are influenced by:

- a) government plans and directives;
- b) the changing face of logistics commerce within the Kimberley region,
- c) imperatives to perform essential works related to the age and condition of the port's critical infrastructure and assets;
- d) State Government aims to not increase its net debt ceiling and hence the funding environment is constrained; and
- e) loan funding has been obtained towards some essential capital works at Port of Broome as the result of multiple business cases.

A business case has been submitted for the funding of a wharf extension of life project, and further business cases for funding will be submitted for the development of Browse Basin support capabilities, the formation of a Port James Price project management team, and for the evolution of a Kimberley Port Authority with a regional rather than a Broome-centric focus.

**4.4. Efficiency Dividends**

Within the present somewhat constrained and uncertain operational and financial environment, the State Government requires BrPA to set its rate of return on assets to meet the desired 5 - 8% average rate of return as advised by the Treasurer. Additionally, the 2011 WA State Budget introduced an Efficiency Dividend for Government Trading Enterprises for the period 2011-2015, involving a 5% saving in discretionary expenditure.

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This efficiency dividend is to be followed by an additional escalating dividend from 1.5% to 6.0% for the period 2012-2016. This will ensure that a substantial proportion of annual profits will return to Government in the form of increased income tax equivalents and dividends.

Date	Budgeted Income Tax \$ '000	Budgeted Dividend \$ '000
2013/14	1,325	1,782
2014/15	1,410	2,138
2015/16	1,523	2,309
2016/17	1,656	2,814
2017/18	1,865	2,828

**Table 2 - Budgeted increase in income tax and dividends**

The Government has directed that the focus of the efficiency review will be upon reducing discretionary expenditure including salaries and wages, superannuation, advertising and promotions, consultants, administration, communications (phones, computing and couriers) and other consumables over the forward estimate years.

As discussed, the government tasks the port authority with what is expected to instigate new expenditure in support of three major projects from the beginning of the 2012-13 FY – Browse Basin Support Master Plan, Port James Price, and the formation of the Kimberley Ports Authority. It is possible that these costs will impact BrPA’s ability to achieve the required efficiency dividend and ROA outcomes.

Accordingly, savings strategies to be explored over the period 2013-2016 include:

- a) Increasing the levels of business and revenue;
- b) Decreasing employee numbers where possible;
- c) Reprioritising internal activities and functions;
- d) Reviewing fees and tariff levels derived from trade and business growth;
- e) Multi-tasking; and
- f) Outsourcing services provision in unprofitable areas.

An implementation plan detailing where savings are intended was provided to the Minister and the Treasurer, and quarterly progress reports will be forwarded in accordance with the efficiency targets at Table 3.

Efficiency Target (\$,000)	2011-12	2012-13	2013-14	2014-15	2015-16
5.0%	583	607	634	666	0
1.5% to 6.0%	0	161	336	530	707
<b>TOTAL</b>	583	768	970	1196	707

**Table 3 - Intended Efficiency Savings**

#### **4.5. Projects, markets and customers**

##### **4.5.1. Port of Broome business overview**

The Port of Broome is situated on a sheltered peninsula halfway between the Pilbara Ports and Port of Darwin. The Port is the only naturally occurring commercial deep water port in the Kimberly and is linked to the main coastal highway by a logistics corridor adjacent to the town of Broome. Broome Port Authority as a services model agency is a logistics services provider to a range of industries, and has supported the WA offshore oil and gas industry since 1965. Port business consists of providing a range of support and infrastructure for port users and stakeholders towards livestock exports, offshore oil and gas exploration supply vessels, pearling, fishing charter boats, cruise liners, fuel product tankers, and breakbulk/container ships and barges. Figure 2 shows Broome Port's location in relation to surrounding ports and road networks.



**Figure 2 - Strategic Location**

The port and township of Broome hosts a proficient logistics industry that supports regional shipping activities. These logistics enterprises include:

- a) Logistics services providers;
- b) Fuel tank farms (diesel, ULP & Jet A1 fuels);
- c) Bulk and container chemicals storage and handling facilities;
- d) Warehousing and workshops;
- e) Trucking industry, cranes and forklifts;
- f) Water and fuel storage, and delivery infrastructure;
- g) Power generation and distribution;
- h) Container storage;
- i) Drill pipe and casing yards;
- j) Engineering support services;
- k) Heavy lift and transport capability;
- l) Emergency response capability;
- m) Security observance and services;
- n) Supply chain IT services; and
- o) Associated air services, road transport and personnel accommodation facilities.

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Several WA-based oil and gas (O&G) companies are now planning the development phases for their Browse Basin offshore development, including Woodside, Shell, Inpex and Conoco-Phillips. In likelihood, and based on discussions with industry representatives, both Broome and Darwin will share the provision of these support services. Two quantifiable critical factors that will determine which of these ports will predominate as a preferred support centre will be:

- a) the distance from the offshore area concerned,
- b) availability of project ready land, and
- c) whether Darwin will host the company's production and export facilities.

There has been significant development of offshore activities in the Browse Basin in recent years. Oil companies are forecasting substantial exploration and development campaigns in the Browse Basin, and during 2013-2014 the Port expects at any one time to support 2-5 rigs operating offshore. This would result in a significant increase in Supply Vessels requiring visits to Broome Port. Woodside Energy Ltd ('Woodside') has been involved in the Browse Basin since the 1960s and was one of the original oil and gas customers of the port. Woodside is currently assessing the financial viability of developing a production facility at James Price Point that will be linked to their offshore gas fields.

Upwards fluctuations in port business during the period 2013 to 2014 are increasingly likely as the result of regional projects such as the proposed Kimberley LNG precinct, Browse Basin development, and the increasing general cargo trend at Broome. Figure 3 demonstrates Port of Broome's strategic location to its offshore resource customers and their offshore projects within the Browse Basin hydrocarbon province, and the proximity of James Price Point as a production and export facility. Other ports that are likely to support the Browse Basin exports are Dampier and Darwin; however in consideration of shortest transportation distance for logistics support, Broome is geographically best placed.

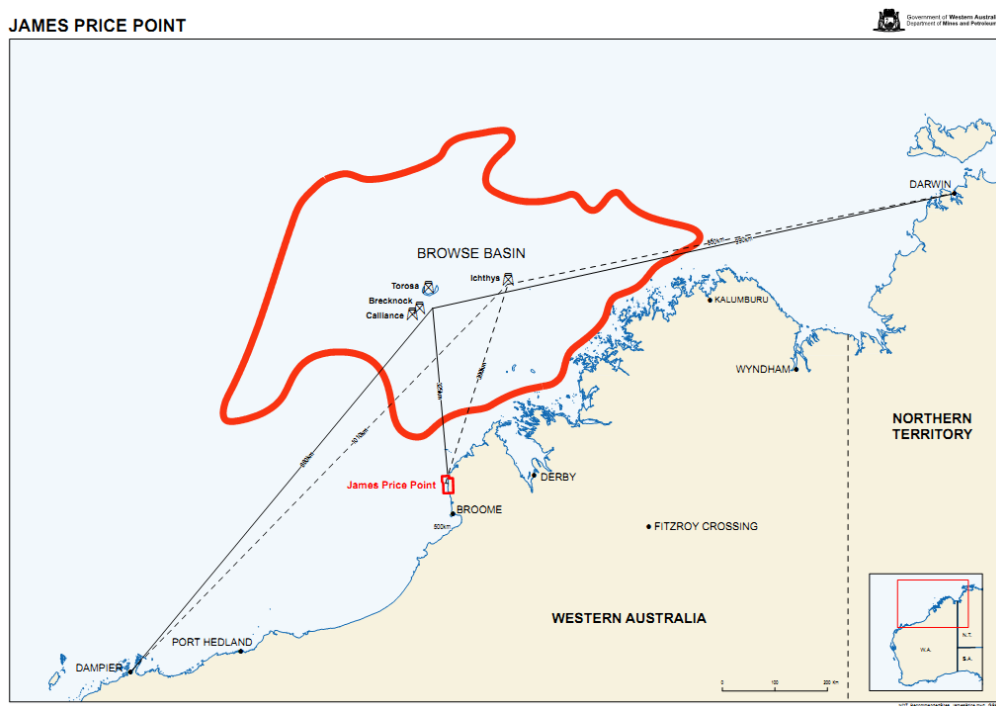


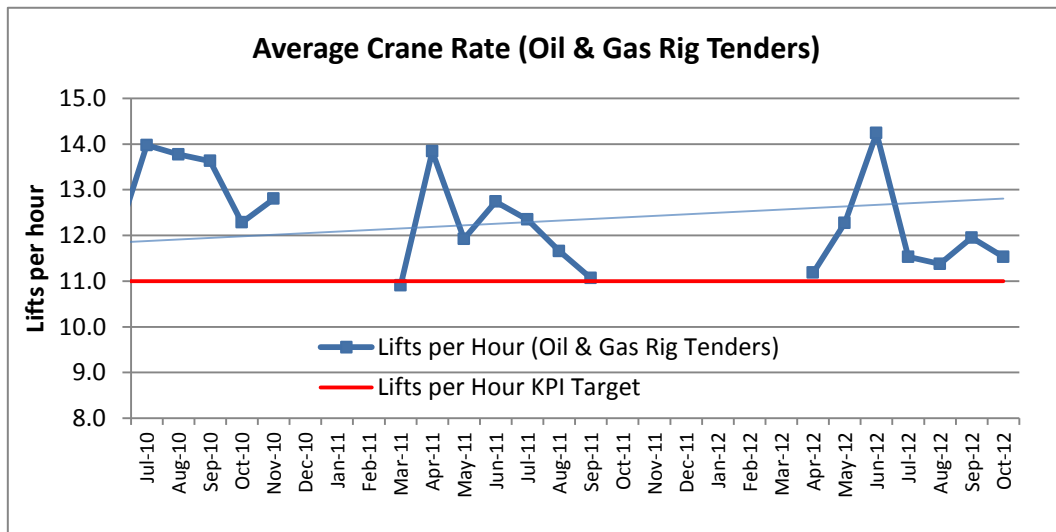
Figure 3 - Locations of Browse Basin Onshore Support Options



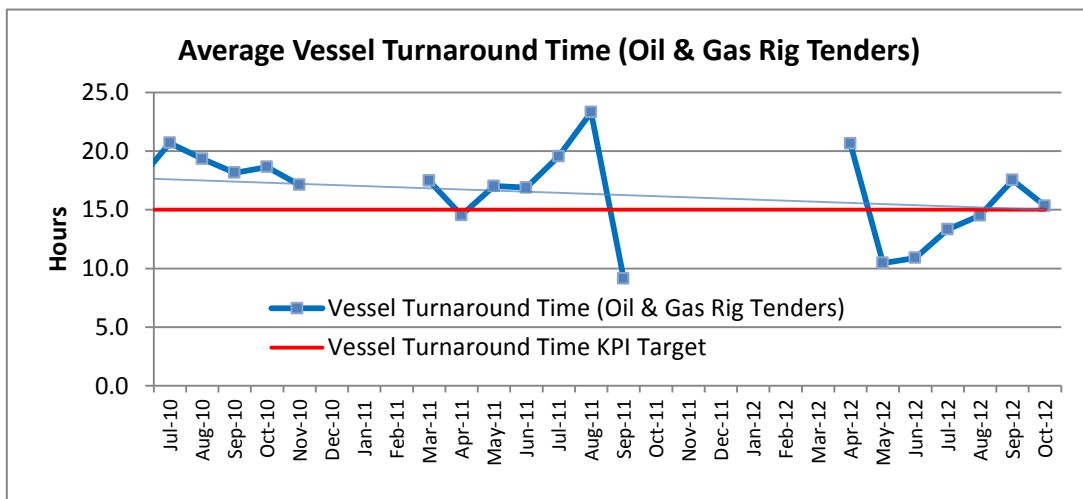
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**4.5.2.Labour Productivity**

Key performance indicators for labour productivity measure the operational performance of a port in terms of the speed with which a vessel is despatched, the rate at which cargo is handled and the duration that cargo stays in port prior to shipment or post discharge. The KPI's for Port of Broome are shown at figures 4-6. Internal and external variables and influences on labour productivity include weather (rain, strong winds, or extreme heat and humidity), fatigue, equipment availability, number of workers in a gang, truck availability, supply base handling performance, ship type, cargo type, mixed cargo complexity, the effectiveness of imported cargo stowage, and socio-political influences.

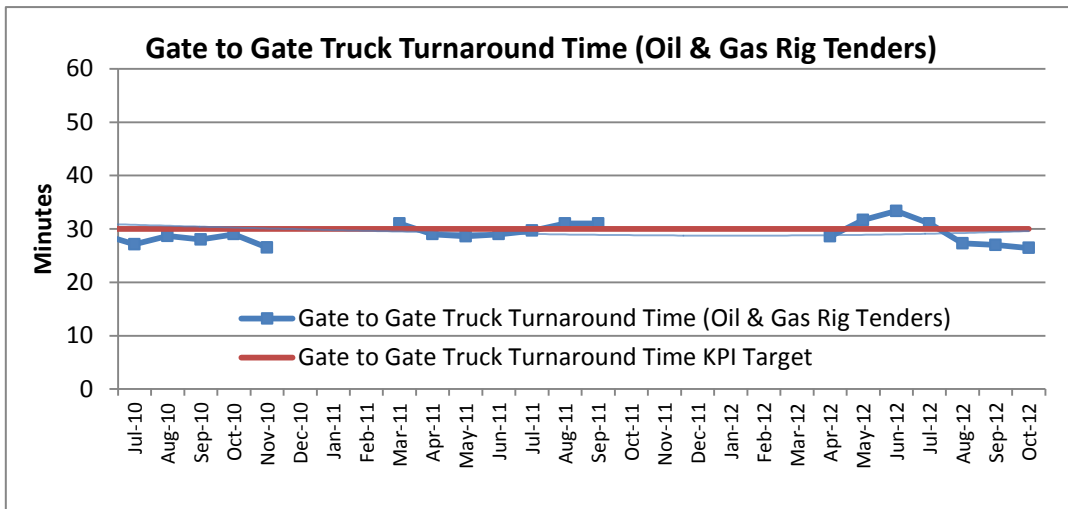


**Figure 4 - Average Crane Rates**



**Figure 5 - Average Vessel Turnaround Time**

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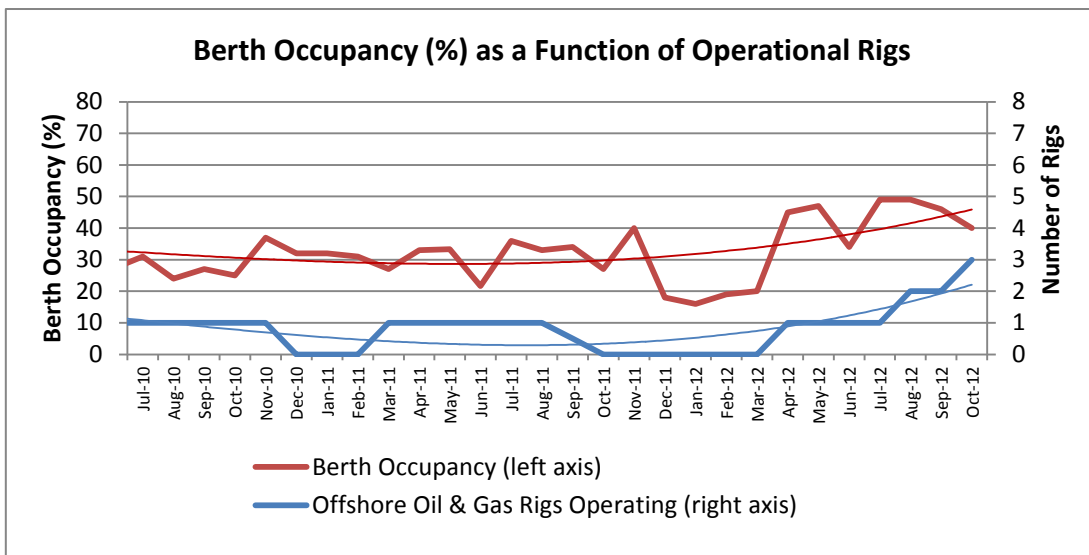


**Figure 6 - Gate to Gate Truck Turnaround Time**

Please note gaps in data in the above three graphs denote periods where no oil and gas vessels were in port).

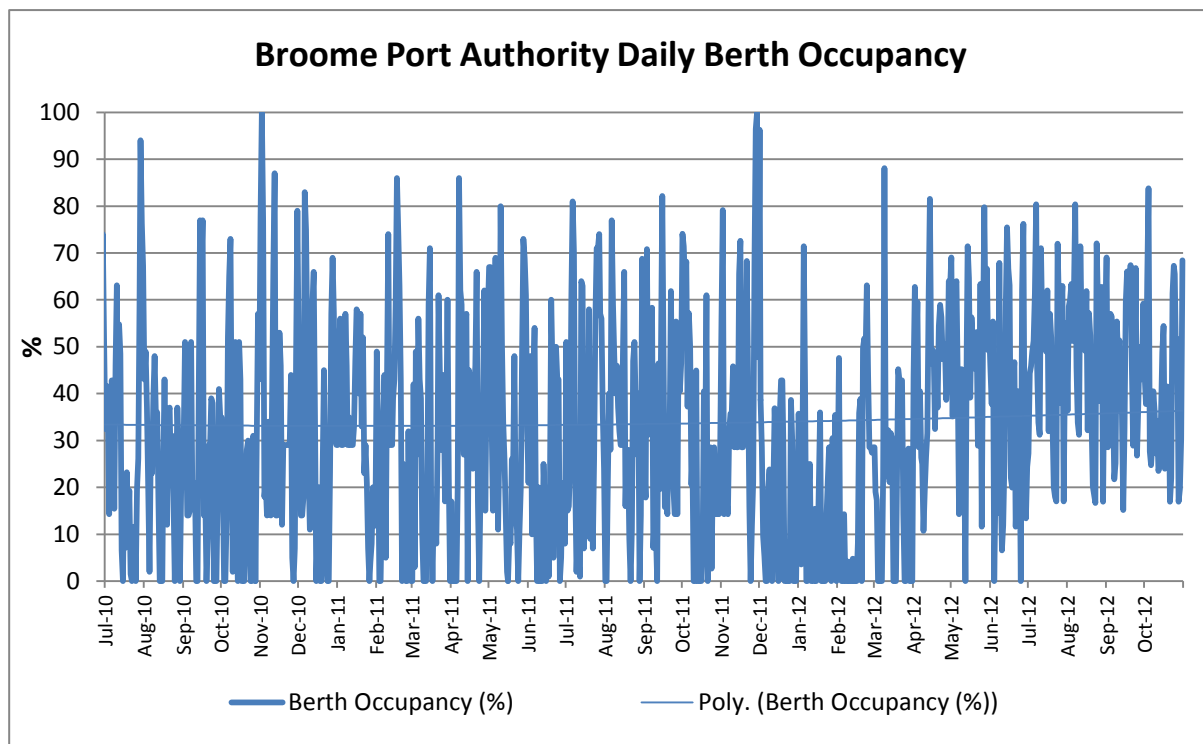
**4.5.3. Port Performance and Productivity**

Berth occupancy is a measure used by customers to judge the efficiency and competitiveness of a port. Berth occupancy is degree of utilisation of available berths, i.e. the time vessels are alongside the berth (Vessel Turnaround Time), as a percentage of the total berth time available. As berth occupancy increases, berth availability will decrease. When berth occupancy is sustained above 65% there is a higher risk of vessels having to queue (wait at anchor) for access to a berth.



**Figure 7 - Berth Occupancy 2010 - 2012**

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**Figure 8 - Daily Berth Occupancy 2010 - 2012**

A breakdown of Port of Broome shipping activity by industry for 2011-12 shown at table 4.

Vessel Type	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12
Small Commercial (Pearling, Fishing, Tourism Charter)	68	66	67	66	36	28	22	23	35	57	65	78
Large Commercial (cruise, fuel, general)	9	16	13	8	4	3	4	4	5	10	12	12
Offshore Oil & Gas	16	20	18	19	13	8	11	10	10	23	36	25
Livestock	4	0	2	3	4	0	0	0	0	5	6	6
Other vessels (Navy, Customs, Fisheries, private, tugs)	27	19	17	10	6	7	6	6	5	12	15	20
<b>Monthly Total</b>	<b>124</b>	<b>121</b>	<b>117</b>	<b>106</b>	<b>63</b>	<b>46</b>	<b>43</b>	<b>43</b>	<b>55</b>	<b>107</b>	<b>134</b>	<b>141</b>

**Table 4 - Broome shipping activity by industry for 2011-12**

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<b>Performance Measure</b>	<b>Indicator</b>	<b>2011-12 Actual</b>	<b>2012-13 Forecast</b>	<b>2013-14 Forecast</b>
Quantity	Total trade throughput (M tonnes):	335,567	500,00	540,000
	Berth occupancy rate:	31%	45%	50%
	Total trade growth:	-2%	19%	8%
Quality	Customer satisfaction survey	64%	66%	68%
Financial	RoR on assets	3.4%	4.5%	8.7%
Navigation	Number pilotage tasks:	630	700	750
	New Navigation buoys:	1	2	2
	New electronic navaids:	0	1	1
	Hydrographic surveys:	1	1	1
	Local Marine Notices:	25	25	25
Vessel Calls	Oil & gas -Large:	209	520	450
	Oil & Gas – Small:	207	210	220
	Tankers:	20	24	26
	Break-bulk:	21	36	42
	Cruise ships:	58	50	50
	Livestock vessels:	30	30	30
	Fishing & aquaculture:	271	270	270
	Tourism:	133	130	130
	Defence & other government vessels:	81	50	55
Vessel efficiency	Average turnaround time	15.7	15.5	15.0
Crane Efficiency	Lifts Per Hour	12.1	12.5	12.5
Logistics Efficiency	Truck turnaround time	31	30	29
Safety	Lost time incidents p/a	1	0	0

**Table 5 - Performance Indicators**

**4.5.4. Emerging Markets and Other Potential Opportunities**

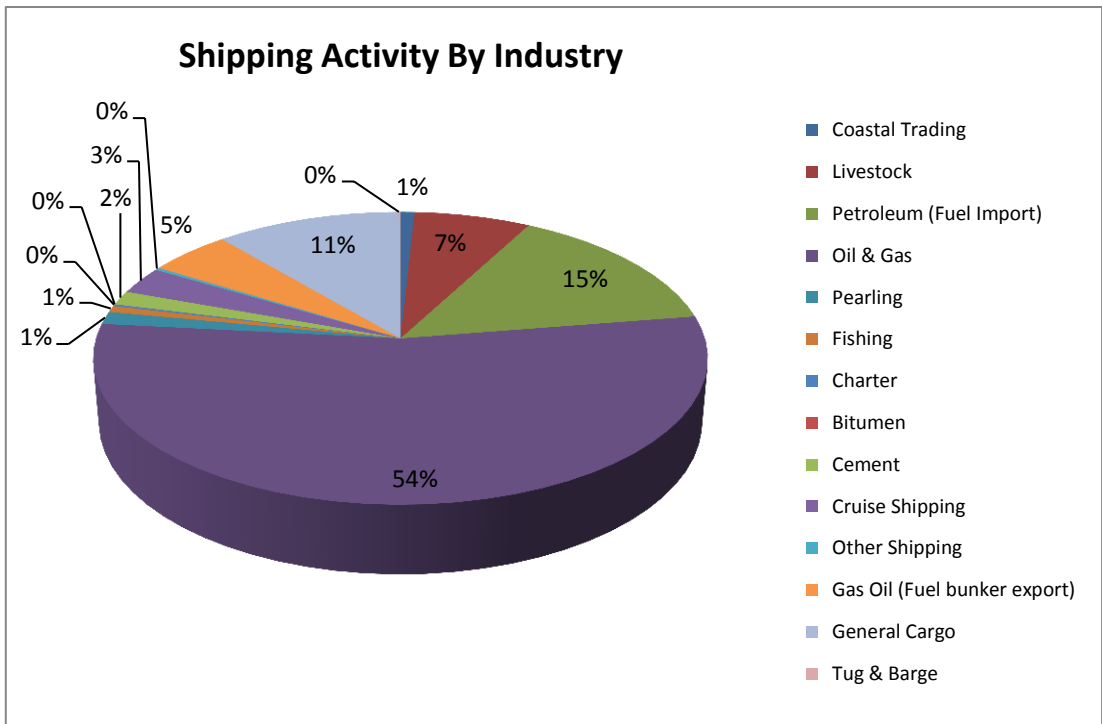
Port of Broome future business is expected to encompass the initial logistics support for the James Price Point LNG production and export port, involving additional equipment and break bulk visits, and an expansion of the Browse Basin support role as the various proponents enter their field development phases. The inception of regional onshore projects should encourage the shipment of construction material and equipment to mine sites and rail line routes.

Commercial land developments at and near the Port of Broome will provide logistics surety to the commercial and government entities that utilise the port. Once land has been brought to project ready status and leased to new commercial users, then the port authority will begin to receive additional and regular sources of income. Service support and engineering companies are increasingly establishing bases and agencies at Broome given the town’s central position in relation to the offshore oil and gas industry stretching from North West Cape to the Timor Sea. The Port of Broome occupies a central strategic position between the alternative supply hubs of Dampier and Darwin, thus enabling shorter road and sea logistics transits for NW oil and gas field operators.

The Port of Broome made inroads into the large cruise ship industry between 2008 and 2011; however the number of large cruise ship visits declined in 2012 and efforts are being made on several fronts including Tourism WA to return the ship numbers to around 15 visits per year.

**4.5.5. Major Customers for Existing and Potential Markets**

The following graph illustrates the dominant industries that represent > 80% of the Port’s income:



**Figure 9 - Major Customers by Industry**

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<b>Trade Projections</b>			
	2011-12 Actual	2012-13 Target	2013-14 Target
<b>Cargo throughput (tonnes)</b>	<b>335,567</b>	<b>500,000</b>	<b>540,000</b>
	2011-12	2012-13	2013-14
Exports (tonnes)			
Livestock	31,490	30,000	30,000
Water	28,914	45,000	50,000
Other	36,844	85,000	90,000
<b>Total Exports</b>	<b>97,248</b>	<b>160,000</b>	<b>170,000</b>
Imports (tonnes)			
Fuel and oils	164,901	200,000	220,000
Building materials	3,736	5,000	10,000
Other	24,709	65,000	70,000
<b>Total Imports</b>	<b>193,346</b>	<b>270,000</b>	<b>300,000</b>
Bunkers	44,973	70,000	70,000
<b>Total Trade (tonnes)</b>	<b>335,567</b>	<b>500,000</b>	<b>540,000</b>
Vessels Calling			
Trading	281	580	520
Cruise	58	50	50
Fishing	116	115	115
Pearling	155	155	155
Charter	340	350	360
Naval and other	150	150	150
<b>Total No. of Vessels</b>	<b>1,100</b>	<b>1,400</b>	<b>1,350</b>

Table 6 - Trade Actual / Projections

#### **4.6. Maritime Technology Influences**

##### **4.6.1. Sizes and types of ships**

The largest vessels presently visiting the Port are:

- a) Cruise ships, typically of some 260m LOA and 77,000 gross tonnes;
- b) Medium size fuel product tankers of 25,000 – 44,999 deadweight tonnage (DWT);
- c) Largest cattle ships are up to 176m LOA with 13,400 DWT;
- d) Platform supply vessels (PSV) are generally of 75m LOA and approximately 16m beam width, however new generation PSV's of 100m LOA and 20m beam are now calling at Broome - the largest of these new generation PSV's is 120m LOA and 20m beam but none have yet been stationed in Australian waters;
- e) Seismic survey vessels to 89m LOA and 19m beam; and
- f) Breakbulk vessels are generally of 160m LOA and 24m beam.

Ship sizes are increasing over time, and the longer length vessels potentially exacerbate the onset of shipping congestion issues. Ship size also impacts upon the Port's craning capabilities. The wider the ship beam the greater the extension needed on the 100t crane jibs until the 100-tonne crane is no longer able to cope - this is one reason why the port recently took delivery of a 250-tonne crane.



**Figure 10 - MV Armoured 3 sand container barge**

## **5. PORT REFORM – KIMBERLEY PORTS AUTHORITY**

### **5.1. Overview**

The WA 2012 Port Reform process will see seven of the State's eight port authorities consolidated into four regional port authorities, while the 13 smaller ports currently controlled by DoT will come under the jurisdiction of the regional port authorities. Fremantle will remain as a stand-alone port authority. The objective of these amalgamations is to provide for consistent standards and monitoring of safety, better planning and coordination of port development, economies of scale, and to provide opportunities for the smaller regional ports to become better resourced.

In July 2014 BrPA is expected to be gazetted as the Kimberley Ports Authority (KPA) whereupon the newly created port authority will assume a regional role and perform more towards strategic oversight and governance functions rather than its present port services commercial focus. Consideration will be given by the Minister to enlarging the present five-Director Board to seven, in response to increased regional roles and responsibilities, and the potential need for a broader range of expertise and experience.

#### **5.1.1. Board Governance**

The short term Board and management focus is upon the change management processes required in moving away from a 'services model' port authority to that of a 'landlord model'. At present the port authority manages the provision of stevedoring and pilotage services in the Port of Broome and the affairs of the Board and management team are largely directed to the strategic and operational governance of these businesses. In 2014 the required focus will change towards a regional outlook within a portfolio of five or six ports depending upon the implementation of James Price Point as an LNG shipment port.

Under the ports reform process the Board membership might be enlarged to seven members, however the full synergistic benefits of having increased director numbers might be reduced by the Board's workload increase.

## **6. BROWSE BASIN SUPPORT**

The Browse Basin gas and oil province is entering its development phase, during which extensive exploration work will continue in order to delineate the size of the gas and condensate fields and to appraise the economic viability of developing these fields.

Planned offshore works in 2013-14 to be supported partly or in full from Broome might potentially include:

- a) Exploration campaigns by at least three major companies;
- b) Development programs by Inpex and Shell;
- c) Woodside's potential upstream development work in relation to James Price Point production; and
- d) Extensive seismic survey operations by multiple companies.

Another critical requirement for Browse Basin offshore support is the availability of large tranches of land for industrial use. For example, Toll-Mermaid is the initial logistics organisation to obtain industrial land at Broome for offshore support purposes. The consortium has developed supply base facilities that include a dedicated 30,000sqm casing yard with 50 casing racks and a wash down bay area inclusive of 3,200sqm of undercover storage. Nearer to the Port, Toll-Mermaid has constructed a 28,000sqm sealed laydown area, plus a purpose built supply base with a new 680sqm administration building, dangerous good storage facility (500M2) and 500M2 storage shed. Logistics agencies have already indicated their short to medium term requirements for up to 70 Ha of near-port land to be assigned towards supply base developments.



**Figure 11 - Aerial of wharf and port land**



## **7. HINTERLAND RESOURCES PROJECTS**

The Port of Broome is increasingly called upon to be a gateway for transshipment cargoes (road and sea) for hinterland resource industry projects related to the iron ore and oil and gas industries. The general cargo capacity of the Pilbara ports is stretched, and at times general cargo vessels wait for a berth at Dampier and Port Hedland, sometimes for weeks. The Port of Broome is under utilised by comparison and a vessel might arrive and berth on the same day, and have its cargo transferred in full by road to the intended end user within a week of the vessel's arrival.

Additionally, barge operations are intermittently required in support of the terminal and airport construction element of the Gorgon Gas Project. This operation requires barge transfer of rock, sand and aggregate materials from Broome to Barrow Island for providing fill and making concrete, plus separate barges that carry water and fuel.

Heavy crane lift capability is crucial to various development projects including offshore plus the sand and aggregate transfer work as the materials are carried in 30-tonne half-containers, and the crane must be capable of transferring 20-tonne loads out to approximately 20 metres of jib extension.

## **8. STRATEGIC AND OPERATIONAL PLANNING**

### ***8.1. Models of Review***

A number of new issues, scenarios and influences challenge the port authority, and for the most part, BrPA will be examining issues-driven factors, which involve planning from the present and working towards future outcomes. However, in the case of implementing the Kimberley Ports Authority the government has already established certain goals to be accomplished by the end of 2014, so that these strategic plans will be developed by conceptualising from January 2015 back to the present. The milestones which need to be achieved by 2015 will then be identified.

Until recently BrPA's strategic and operational directions were largely driven by its traditional commercial and community stakeholders; however the State government's port reform processes, introduction of new businesses to the port itself, and customers' changing infrastructure and technology needs requires a radical rethink of where the port authority might be in the short to medium term. In recent years, the state government departments (Transport, State Development, and Treasury) have become important catalysts of change.

### ***8.2. Stakeholders and Working Groups Consultation***

BrPA has consulted widely in the preparation of this SCI, and organisations and entities contacted include relevant state government departments and agencies, ship and trucking companies, logistics organisations, the Shire, commercial entities, and port authority advisors. A detailed survey of port user needs and perceptions was undertaken by a third party contractor in 2011, and a stakeholder perceptions survey was conducted during a state government review of the ports capabilities in mid-2012.

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A quarterly newsletter is widely distributed; media releases keep the local community informed of port activities and developments; and the port authority collaborates with community organisations to foster closer relationships with leaders within the community. BrPA managers either convene or attend meetings involving members of the Port Users Group, Logistics Consultative Committee, Chamber of Commerce and Industry, Ports WA, Ports Australia, and the Shire sponsored Heads of Department meetings.

External stakeholders who are engaged in collaborative discussions include, among others:

- Department Transport
- Department State Development
- Treasury
- Dept. Environment and Conservation
- Port Tenants
- Community
- Shire of Broome
- Port Customers
- Logistics Agencies
- Transport Agencies
- Regulatory Authorities/Agencies
- Police and Emergency Services
- Office Transport Security
- Defence
- Peak Business Groups
- Port Services Providers
- Port Recreational Boaters
- Port and Foreshore Tourism
- Environmental Groups
- Utility Services Providers
- Main Roads
- Union

With particular reference to BrPA's strategic development considerations, working groups and steering committees that are implemented by the state government are highly likely to affect or influence the direction and scope of Board deliberations. These working groups were formed to address the ports reform implementation process, and support of the Browse Basin offshore activities from Broome.

### **9. INFRASTRUCTURE, LANDS AND EQUIPMENT**

#### ***9.1. Infrastructure Wharf***

Remedial maintenance is required for the older section of wharf, being the port's primary infrastructure. It is estimated by competent engineers that the replacement value of the wharf is approximately \$250M. Recent engineering condition reports indicates that some \$23M needs to be spent on a remedial project to extend the wharf's structural capabilities beyond its nominal 50-years design of life.

In order to retain as much of the wharf capability as possible while waiting on requisite funding, an increased level of planned maintenance is being budgeted towards repairs of structural members and concrete decking edges. The level of wharf maintenance expenditure is being increased and the wharf maintenance contractor assigned with an expanded scope of repair responsibilities.

### **9.1.1. Buildings**

The implementation plan for KPA envisages the head office as being located in Broome, and the most cost effective option in providing this head office is to utilise BrPA's existing upper story office at Port of Pearls House. Under this concept the personnel who become dedicated to managing the Port of Broome would be accommodated in the existing operations area and office unit.

At other locations, concept designs will need to be furthered for James Price offices and services, and considerations may need to be made for the occasional administrative use of offices in Derby and Wyndham/Kunnunura. An office in Perth will be shared with other port authorities for the purposes of accommodating large-scale project personnel.

### **9.1.2. Roads**

Roads link the port with its associated lay down areas and enable the throughput of cargo to and from hinterland locations. Quad road trains carry cattle exports and break bulk imports, and the trucking task extends as far as Darwin to the north and the Pilbara iron ore province to the south.

The local government roads at the industrial area adjacent the port require maintenance. Additionally, there are few road train cross overs and slip lanes along Port Drive adjacent the port, despite there being 15 locations at which road trains enter or leave commercial premises. The port authority will continue to work towards road improvements in support of the regional freight task.

### **9.1.3. Storm and waste water management**

Port services require further works in relation to storm water and waste water management. Storm and waste water management gap analysis and planning strategies are in progress, and are aided by consultant studies. A sewerage management plan has been completed and the recommended way forward is to connect the port land to the Water Corporation's town sewerage treatment system.

## **9.2. Land Use Plan**

Identified uses for port land, in addition to laydown areas and logistics yards, include equipment maintenance and cleaning, truck makeup-breakup purposes, and expansion of existing port commercially-focused business operations.

BrPA's Land Use Plan was completed in 2012. This strategic land use analysis and its development outcomes encompasses port needs in meeting stakeholder requirements, both in the use of land and the means by which sustainable future operations are intended to be achieved. Road/ship logistics and transportation needs were investigated to establish the types of use required of the port lands, along with economic considerations plus environmental and social obligations.

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Some 19 Ha of land is nearing readiness for development with 10 Ha earmarked for supply base use; 6 Ha for Woodside lease, 1.5 Ha for an offshore logistics support company, and 1.15 Ha for port laydown and storage purposes. The 10 Ha site and the two 1.5 Ha Lots will require heavy duty crossovers and road access. As far as possible the intention is to have proponents pay for clearing and developing these lands. The port authority has already provided underground power, water and telecommunications services to these Lot boundaries, and expects by early 2013 to have achieved requisite environmental and cultural/heritage approvals to clear and develop.

The 10 Ha site is suited to logistics and transportation consortiums that might provide complementary services to existing providers of services to the offshore oil and gas industry.

BrPA is working towards bringing on stream 54 Ha of land adjacent the Port Drive commercial area; this land is related to a state agreement involving a land assignment arrangement for a similar sized port area that was transferred from port ownership to a coastal park.

LandCorp's Board visited the port in late August 2012 and their Chair advised BrPA that LandCorp is investigating the possibility of fast tracking industrial land development at the 12-mile location with port logistics throughput in mind. This could provide up to 400 Ha of land in proximity to the port.



Figure 12 - BrPA Land Development Plan map

### **9.3. Equipment**

#### **9.3.1. Cranes**

The port at present owns a 100-tonne crane that recently received a full 10-year manufacturer's agent refit and service, and a 250-tonne crane that is crucial to forward logistics capabilities. Due to differing load bearing capacities between the new wharf decking and the older section, when the 250-tonne crane is fitted with counterweights its operation is limited to the post 2006 section of wharf.

A second 100-tonne crane is leased, but will be returned to its owners when contractually feasible. Additionally the port leases two 45-tonne cranes, one of which is due in 2013 for its 10-year refit and service and a consideration towards relinquishing its lease would lead to cost savings. The 45-tonne cranes are predominantly used for small vessel stores operations, and of note, during the past two years the small vessel segment of port business has declined markedly so that 45-tonne crane requirements have reduced commensurately without likelihood of a resurgence in demand.

The 100-tonne cranes are unable to lift the heavy weights involved with some resource company development programs, where a 250-tonne lift capability is required. The aft decks of the new generation supply vessels are up to 20-metres wide and the 100-tonne cranes are unable to jib far enough out to load on the outboard side and still retain a meaningful lift capability (15-20 tonnes). This makes the 250-tonne crane a useful asset.



**Figure 13 - New 250t crane**

Planning considerations involve decisions around how many 100-tonne and 45-tonne cranes are required in order to provide 24/7 lifting capabilities and crane redundancies at the wharf, when cranes require regular maintenance, occasional repairs that might necessitate ordering in parts from interstate, and shorter (up to three hours downtime) stoppages, for example fuelling needs. Provided that an alternate crane of at least 90-tonnes lifting capacity is readily available from local sources then one 100-tonne crane and the 250-tonne crane might suffice to enable effective heavy cargo throughput.

This locally provided redundancy should also enable the port authority to reduce its holdings of 45-tonne cranes to just one. The consequential cost savings from relinquishing the leased 100-tonne and one 45-tonne cranes would be in the order of \$384K per year.

### **9.3.2. Forklifts**

The port operates five forklifts: one four year old of 8-tonne maximum lift capacity; one 20 year old 5-tonne; and, three 3.5 tonne. The 8-tonne unit is in high demand at the wharf, and backed up by the 5-tonne unit, while the three small units are used both at the wharf and work yard.

The 5-tonne forklift has reached the end of its life in terms of reliability and cost of repairs, with recent repair bills exceeding \$5,000 (greater than the forklift's written down value). Replacement of this forklift should be an objective for the coming financial year and to better provide for redundancy in wharf cargo handling operations, the replacement forklift should be 6 tonne unit. The 5-tonne forklift is worth very little as an operational unit, but might be of value to a regional training organisation.

The three 3.5-tonne units are each in the order of ten years old, and a rolling replacement program of one unit per year should begin from 2014 on in order to maintain effective logistic capabilities through unit reliability. Replacement at these forklift midlife cycles should also provide for trade in or sales value towards their replacement costs.

### **9.3.3. Vehicles**

When a heavy crane is transported between the work-yard area and the wharf, the crane's counterweights (up to 96 tonnes) must be removed and carried separately on two dual axle trailers. The availability of these on-hire trailers is not always certain. A more efficient process is to procure a storage frame (stillage) for the counterweights and to leave them on the wharf.

The port operates a three-tonne truck which is utilised for maintenance work, and a 12-seater bus which is used for worker transfers to and from the wharf and for general personnel transport uses within the port. Both vehicles will come due for replacement in 2015, and in line with the potential for a port authority presence at James Price Point, a second crew bus may need to be bought.

## **9.4. Community Service Obligations**

Community services obligations and legacy peppercorn leases at Broome create a cash deficit of some \$700K per annum. These obligations include:

- Maintaining the slipway area for small craft maintenance and dry docking;
- Maintaining the Entrance Point boat ramps including installation of lighting;
- Provision, maintenance and cleaning of public toilets and gardens of public access areas surrounding the port;
- Provision, maintenance and cleaning of public walkway adjacent to the jetty;
- Maintenance of pedestrian beach access, and
- Provision of peppercorn leases to Government agencies and community service groups.

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BrPA self-funds current community service obligations but has and will from time to time access funding through other sources including government grants where works comply with funding guidelines.

Indications are that further community service obligations and commensurate costs may have to be taken up by the yet to be formed Kimberley Ports Authority at outlying regional ports.

### ***9.5. Personnel and Organisation Structure Post Port Reform***

During the 2013-14 period (pursuant to the March 2013 state election and Woodside's final investment decision circa mid-2013) the port authority will prepare for its expanded roles and responsibilities in managing at James Price Point, and forming the Kimberley Ports Authority.

The framework for the Kimberley Ports Authority structure was fleshed out in conjunction with Ernst and Young consultants within a KPA Implementation Plan workshop. A minimalist structure is planned in recognition of the sparse funding that is likely within the early years of the KPA implementation.

The Board members will be appointed by the Minister, and if the Minister agrees with the formation of Advisory Committees for each port in order to provide a local voice at KPA Board meetings, then the local representatives might also be Ministerial appointees.

Each of the regional ports will have an appointed deputy harbourmaster, who will be subordinate in regulatory, governance and conservancy respects to the regional harbourmaster. The James Price port would likely also function as a semi-autonomous terminal management organisation, again headed by a COO, with finance, OHS&E, administration, engineering, deputy HM and ancillary employees. These ancillary employees would include vessel traffic management operators to control the movements of shipping within the port, and security gate watchkeepers who would primarily control the road traffic between the entry gate and the general cargo wharf (MOF).

#### **9.5.1. Personnel considerations**

The HR situation will become clearer following the WA state elections in March 2013, whereby if the present government is returned then the ports reform process will continue. New or replacement management contracts will therefore need to be written in such a way that in early 2014 some managers will be transferred to the Kimberley Ports Authority, while others will be transferred to the new Port of Broome organisational entity. Managers' roles and responsibilities might also be amended in light of their changed circumstances.

At present, various knowledge and skills gaps are filled by consultants but the rapidly increasing volume of work in relation to port authority projects, and the cost of engaging consultants have both risen to the point where direct engagement of new employees becomes feasible. Also, little corporate knowledge is retained once consultants complete a project and employ their focus elsewhere. In this case the organisation structures for the port authority both now and post port reform implementation may change in line with circumstances and workloads.



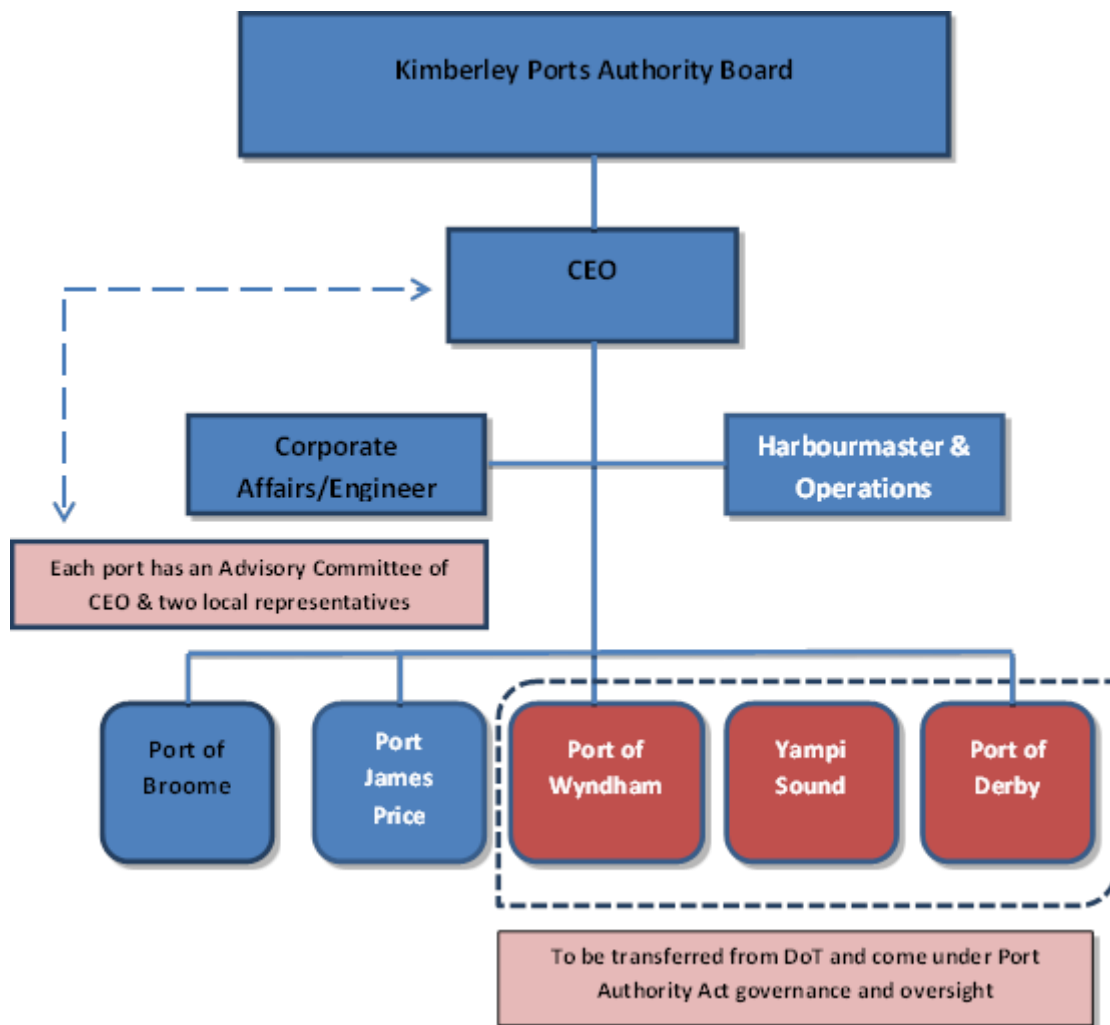


Figure 14 - Kimberley Ports organisational chart

**9.6. Port Authority Emergency Response / Business Continuity Capabilities**

The port authority ability to respond to or adapt to adverse circumstances is an organisational risk management capability, based upon business continuity strategies. Within BrPA’s risk management processes, business continuity requires the employment of measures to ensure organisational recoverability from disruptive events arising from adverse natural events, intentional or accidental human failure, and technological or organisational breakdown.

Disruptive events are likely to involve either or all of safety, security or environmental ramifications and consequently the port authority Master Planning processes are underpinned by the Risk Asset Register, Port Safety Plan, Emergency Response Plan, Cyclone Contingency Plan, Environmental Management Plan, Environmental Management System, Business Continuity Plan, and the IT Management Plan.

Regional oil spill response capabilities, and increased holdings of oil spill equipment and stores are likely to assume increasing importance aligned with the port reform process. The drivers for the increased importance of oil spill response include the evolution of the Browse Basin as an oil and gas province, the rapid increase in shipping activities within the region,

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the environmental sensitivity lent to offshore areas that are being classified as marine parks, and the Port of Broome’s proximity to Ramsar Wetlands, wading bird foraging areas, and high environmental value benthic zones. Additionally, because the oil spill reporting and response regimes at other Kimberley ports and terminals are of unknown stature, the port authority should assume that minimal capabilities elsewhere will need to be augmented by the transfer of knowledge, skills and capabilities.

Training and drills for a variety of disruption responses will also need to be conducted at regular intervals for regional locations, and very likely, response plans will need to be prepared for each outlier port and terminal.

**10. OPERATING BUDGET FORECASTS**

Broome Port Authority’s Operating Budget for 2013/14 is prepared in accordance with Australian Accounting Standards and shows an after tax profit of \$2.9 million. Revenue for 2013/14 is set to increase significantly over the 2011/12 year. This is predominantly achieved by growth in the Oil and Gas sector as well as increased visits by project vessels.

Operating expenses, particularly labour, will increase in proportion to the revenue increase as a good portion of revenue is based on labour charges. Consultancy costs are expected to be high due to the Ports involvement in the following projects:

- a) The establishment of the Kimberly Ports Authority,
- b) Establishment of a new LNG port at James Price Point, and
- c) Browse Basin Support Base planning project.

The following table compares the results of the 2013/14 budget with 2012/13 budget and 2011/12 actuals.

	<b>Actual 2011/12 \$M</b>	<b>Budget 2012/13 \$M</b>	<b>Budget 2013/14 \$M</b>
<b>Total Revenue</b>	15.2	19.2	23.3
<b>Total Expenditure</b>	14.1	17.8	19.2
<b>Operating Profit before Tax</b>	1.1	1.4	4.1
<b>Income Tax Expense</b>	0.4	0.4	1.2
<b>Operating Profit after Tax</b>	0.7	1.0	2.9
<b>Ordinary Dividend</b>	0.5	0.6	1.9
<b>Rate of Return</b>	3.4%	4.5%	8.7%

Table 7 - Financial Performance

**10.1. Dividends**

Broome Port Authority will make 65% dividend payment to the Western Australian Government in line with the dividend policy adopted for Port Authorities.

**10.2. Rate of Return (Deprival)**

WA Ports are required to calculate a rate of return based on the deprival value of non-current assets (excluding gifted assets), with a formal valuation to be carried out every three years. The policy requires WA ports to achieve a long-term target range between 5% and 8% on total assets. BrPA has budgeted for a Rate of Return of 8.7% which is higher than the government's required Rate of Return.

**10.3. Port Charges**

Broome Port is proposing to increase its fees by 5% for the 2013/14 year and has commissioned consultants to review the existing pricing regime and develop future pricing options.

**10.4. Capital Works Programme**

Broome Port's capital works program for 2013/14 provides for expenditure of \$679,000 on approved minor capital works projects. It is planned to finance the capital works projects from internal funds.

**11. ACCOUNTING POLICIES**

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

- a) The Port's Financial Statements will be prepared on the basis of accrual accounting;
- b) The Financial Statements will be produced in accordance with the *Port Authorities Act 1999* and Australian Accounting Standards;
- c) Policies relating to financial statements and accounting procedures are detailed in the Port's Accounting Manual; and
- d) The Port will ensure that its 2013/14 Financial Statements are lodged with the Office of Auditor General by 30 September 2014.

**12. INFORMATION TO BE PROVIDED TO THE MINISTER**

BrPA will provide the Minister for Transport information as necessary to assess the Ports' performance during the year, inclusive of an Annual Report, half-yearly budget forecasts and a Half Year report including financial information and comments on performance as considered relevant. The Annual Report for 2013/14 will comply with the requirements of the Port Authorities Act 1999.

Documents or copies of documents will be supplied as follows:

- a) Strategic Development Plan covering a period of five years or of a lesser period as stipulated by the Minister;
- b) Statement of Corporate Intent;
- c) BrPA's audited Financial Statements and related reports for the 2013/14 financial year in accordance with the Port Authorities Act 1999;
- d) A Half Year report in accordance with the Port Authorities Act 1999;
- e) Other reports and information requested by the Minister;

- f) Briefing notes on items regarded as significant or controversial; and
- g) An Environmental Management Plan.

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Laurie Shervington  
Chairman  
Board of Directors

**BROOME PORT AUTHORITY**  
**APPROVED FINANCIAL PARAMETERS**  
**2013/14**

Income Statement	\$'000
Total Revenue	23,289
Total Expenses	19,667
Profit/(Loss) Before Tax	3,622
Notional Income Tax	775
Profit/(Loss) After Tax	2,847
Dividends	579
Asset Investment Program	1,179

***To the extent that the financial parameters within the 2013/14 SCI contain unapproved capital expenditure, net debt and net flows to/from government, Government approval will be obtained prior to any commitments and/or actions being undertaken which will affect approved parameters. Government approval will also be sought prior to commencing new projects not included within the State Government's approved financial parameters.***