



2023/24 Statement of Corporate Intent

Pilbara Ports Authority

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Version	Prepared By	Date	Amendment
0	Emily Buck	25/11/2022	First draft for Department of Transport (DoT)
1	Emily Buck	20/12/2022	Board approved second draft to DoT/Treasury
2	Mark Kuzminski & Anthony Cribb	7/6/2023	Changes to reflect the Cabinet approved budget

1. OPERATING ENVIRONMENT

1.1 Legislative Context

This Statement of Corporate Intent (SCI) has been prepared by Pilbara Ports Authority (PPA) and is submitted under the provisions of the *Port Authorities Act 1999* (WA) (the Act).

PPA is a statutory authority that manages the ports of Port Hedland, Dampier, Ashburton and Varanus Island and reserves for the future ports of Cape Preston East, Cape Preston West, and Balla Balla. PPA will also be responsible for the planned greenfield port at Anketell and, upon transfer from Department of Transport (DoT), Port Walcott, Barrow Island, Cape Preston, and Onslow.

Figure 1 provides a map of PPA's existing and future ports.

1.2 Statutory Functions

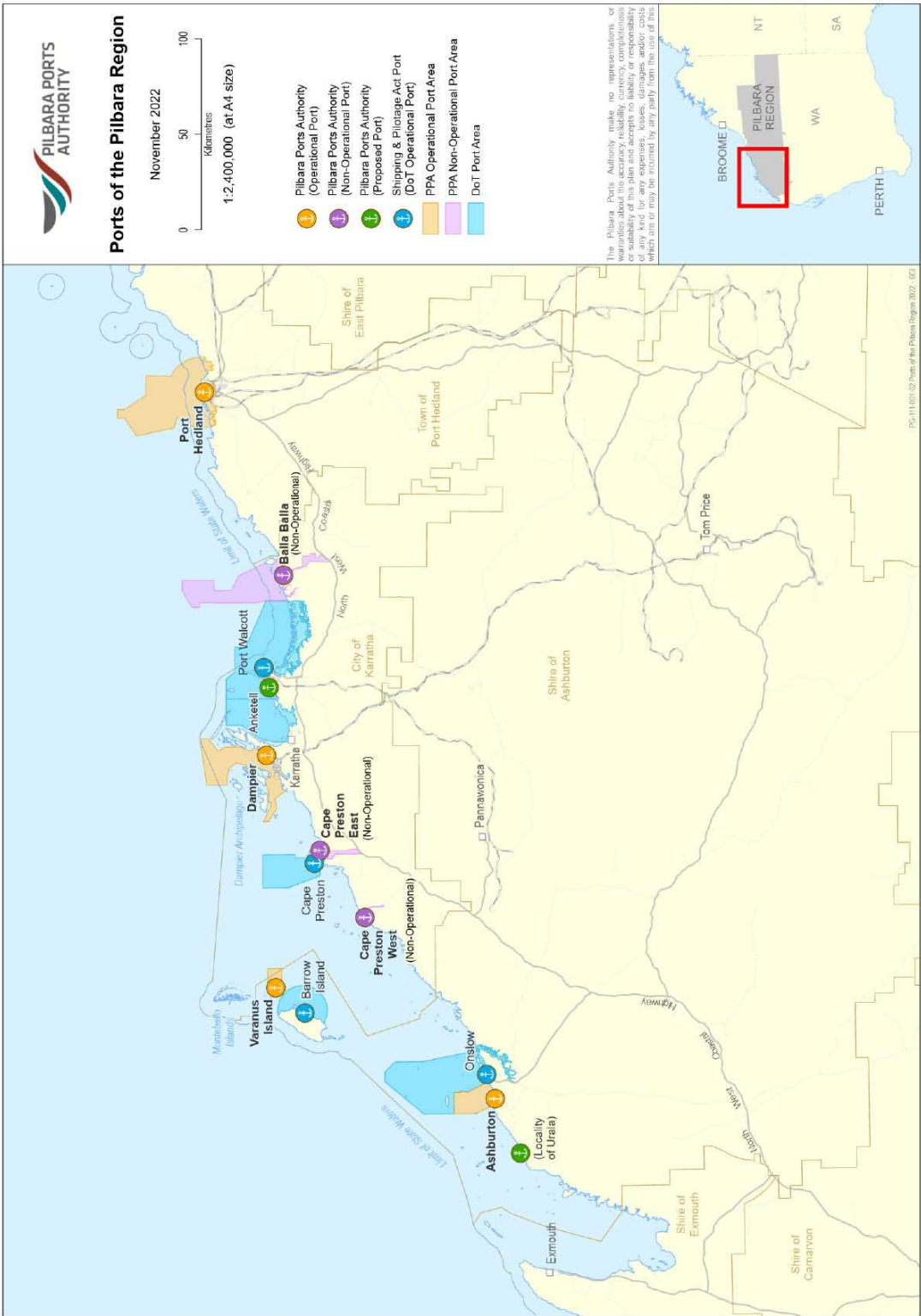
PPA's role is set out in several clauses under the Port Authorities Act 1999.

30. The functions of a port authority are –

- a) to facilitate trade within and through the port and plan for future growth and development of the port; and*
- b) to undertake or arrange for activities that will encourage and facilitate the development of trade and commerce generally for the economic benefit of the State through the use of the port and related facilities; and*
- c) to control business and other activities in the port or in connection with the operation of the port; and*
- d) to be responsible for the safe and efficient operation of the port; and*
- e) to be responsible for maintaining port property; and*
- (fa) to be responsible for port security; and*
- f) to protect the environment of the port and minimise the impact of port operations on that environment.*

The Act also sets out more commercial focused functions, whereby a port authority is to use or exploit its fixed assets for profit so long as proper performance of the above functions is not affected (Section 30(2)). Furthermore, a port authority in performing its functions must act in accordance with prudent commercial principles and endeavour to make a profit (Section 34(1)).

Figure 1: Pilbara Ports Authority current and proposed boundaries



1.3 Government Strategy and Policy

PPA actively works on and supports Government strategies, policies, and priorities including:

- *WA Recovery Plan and Pilbara Recovery Plan*
- *Diversify WA*
- *State Infrastructure Strategy*
- *Aboriginal Empowerment Strategy*
- *WA Renewable Hydrogen Strategy*
- *Future Battery and Critical Minerals Industries Strategy*
- *WA Industry Participation Strategy*
- *Aboriginal Empowerment Strategy*
- *Aboriginal Procurement Policy*
- *Buy Local Policy and Regional Content Policy*
- *Priority Start Policy*
- *Wages Policy*
- *WA Climate Policy*

PPA recognises the importance of regional content to local businesses. Of the awarded total contract value by PPA in 2021/22, 63% was spent in the Pilbara and 81% in WA. With respect to the Port Hedland Spoilbank Marina project alone, 72% of the contract value was spent in the Pilbara (79% in WA).

PPA also supports opportunities for Aboriginal businesses and includes the following minimum targets for Aboriginal participation in its tenders:

- 15% of the hours worked in the performance of the works is by Aboriginal employees or trainees; and
- 5% of the tender value is spent with Aboriginal owned businesses (sub-contractors or suppliers).

1.4 Assets and Port Facilities

PPA ports provide for privately operated berths and publicly owned multi-user berths. PPA provides and maintains shipping channels, navigation aids, multi-user cargo facilities and port access roads. Where applicable, PPA also provides cargo laydown areas, bio-security facilities, ship loaders, conveying systems and other port infrastructure such as sheds, offices, and amenities.

1.5 Port Services

PPA provides overall port management and coordinates vessel traffic service (VTS) coverage, ship scheduling, berthing allocations for multi-user facilities, and port communications. PPA also oversees safety and port security and cooperates with Commonwealth Government agencies responsible for customs, quarantine, and marine safety.

PPA contracts out or issues licences for pilotage, towage, helicopter and pilot boat transfers, mooring, bunkering, stevedoring, security, and waste management. All service provider licences are issued under the provisions of the Act on a non-exclusive basis.

1.6 Current and Emerging Markets

PPA continues to work with government and industry on trade growth and diversification opportunities including, but not limited to, container and roll-on roll-off (RORO) cargo, urea, building and construction materials.

Highlights include renewable hydrogen and energy opportunities. In this space, PPA is identifying opportunities to support the Western Australian Government's Future Battery Industry Strategy and Renewable Hydrogen Strategy. This includes, but is not limited to, seeking licence amendments to support increased mineral concentrate shipping (lithium, copper etc) and assessing port infrastructure for renewable hydrogen projects.

PPA is also working with Government and several proponents to support development of renewable energy projects in the region and understand supply chain management opportunities. The Pilbara has been identified as an ideal renewable energy location due to its high solar insolation and suitable average wind velocities.

1.7 Environmental and Cultural Heritage

PPA adopts an Environmental Management System compliant with the international standard ISO 14001:2015. PPA's Environmental Management Plan is reviewed annually and can be downloaded from PPA's public website.

PPA recognises the importance and significance of the rich and diverse cultural heritage of the Pilbara region in which it operates. PPA's Cultural Heritage Management Plan (CHMP) identifies best practice systems and processes that enable PPA to identify, protect, promote, and responsibly manage risks from PPA's services and activities with respect to the cultural heritage values that exist on PPA's lands and waters. PPA has identified several strategies to ensure cultural heritage values that occur within port land and waters are appropriately managed, which are detailed in its Cultural Heritage Action Plan (CHAP). The CHMP and CHAP can be downloaded from PPA's public website.

2. MAJOR PLANNED ACHIEVEMENTS FOR 2023/24

2.1 Lumsden Point General Cargo Facility and Logistics Hub (Lumsden Point)

Lumsden Point is envisioned to become a multi-user facility and logistics hub that will facilitate forecast import and export trade growth in the Pilbara. The ultimate development will include dredging of channel access and turning basins, construction of two multi-user wharfs and a ship loader (PH5 and PH6), and a central access road and service corridor connecting to Great Northern Highway.

The development will provide enabling infrastructure for several proposed projects and Government initiatives. This includes the forecast growth in battery metals and minerals such as lithium concentrate and copper concentrate, the import of wind turbines to support renewable energy and hydrogen projects, and the expansion of Pilbara direct shipping services.

The strategic importance of Lumsden Point has been recognised at State and Federal Government levels and identified as a 'Pilbara Port Capacity' project in the Infrastructure WA State Infrastructure Strategy and Infrastructure Australia's Priority List. Lumsden Point has also been identified as a strategic location in the Boosting Australia's Diesel Storage Program.

To date, \$144 million has been invested by PPA and port proponents to undertake dredging and land development. The 2022/23 State Budget contained a \$78 million allocation for the construction of seawalls and a causeway. These works enable dredging and reclamation works to proceed in mid-2023, followed by construction of an initial multi-user wharf. A further \$36 million for road and intersections upgrades at Lumsden Point as part of the Pilbara Hydrogen Hub project was approved in the 2022/23 Mid-Year Review. This includes \$17.5 million of Commonwealth funding.

The Commonwealth has also committed \$565 million toward common user infrastructure at Lumsden Point and Dampier Port. PPA is liaising with the Department of Transport to finalise agreements for this funding.

2.2 Dampier Cargo Wharf (DCW) extension

The DCW Extension project includes development of a new land-backed wharf that will initially support the bulk export of urea from a proposed industrial project in the region. Further development will create redundancy for ageing infrastructure at the Port of Dampier.

The full development of the facilities will provide a multi-user wharf capable of accommodating bulk carriers, cruise ships and general cargo vessels, as well as vessels supporting the offshore oil and gas industry.

The business case for the extension of the DCW, including dredging a new berth pocket and vessel manoeuvring area, has been approved for funding through a combination of a Northern Australia Infrastructure Facility (NAIF) loan and WA Government contributions. The project is also identified as a 'Pilbara Port Capacity' project in the State Infrastructure Strategy.

Funding remains subject to several conditions, including the Perdaman Urea Project reaching financial close and all statutory and regulatory approvals being met.

2.3 Dampier Cargo Wharf (DCW) Link Bridge

This project involves the construction of a new land backed wharf to ensure the Port of Dampier has fit-for-purpose infrastructure to continue to support general cargo trade functions, provide additional throughput capacity, and increase operational efficiency whilst enabling concurrent major remediation works on the DCW (DCW Remediation project). It is proposed that this project will be funded through the Commonwealth funding agreements being finalised with DoT.

2.4 Port of Ashburton

PPA will continue to work with a proponent and the State Government on plans to facilitate iron ore exports through the Port of Ashburton via transshipping operations. This will facilitate additional export opportunities without impacting on common user berths and general cargo infrastructure owned and operated by PPA.

Additionally, planning will continue for Stage 1 of the East Port Precinct to provide project ready land for PPA operations and leased for further development by proponents.

2.5 Incorporation of Barrow Island

PPA will continue to finalise the transfer of Port of Barrow Island from the DoT. Preparatory tasks prior to port declaration include, but are not limited to, negotiating leases and licences, preparing a Marine Safety Plan, and establishing port fees and charges.

2.6 Digitise trade and finance data

PPA manages multi-user berths across Ports of Port Hedland, Dampier, and Ashburton that handle approximately 6 to 7 Mtpa of general, bulk, and liquid cargoes. Understanding current utilisation and forecasting future capacity is critical for PPA to better plan for the future by understanding constraints, opportunities, and scenarios. This will be achieved via the continued development of a Dynamic Berth Utilisation model. This includes digitisation of PPA's trade and finance data and development of a robust and easy to use model.

2.7 Port Hedland Voluntary Buy Back Scheme (PHVBS)

Hedland Maritime Initiative Pty Ltd (HMI) is the wholly owned subsidiary of Pilbara Ports Authority established to administer the Western Australian Government's Port Hedland Voluntary Buy-Back Scheme (PHVBS) and facilitate the planning and development of a new maritime precinct.

The PHVBS provides residents within Port Hedland's West End area the opportunity to voluntarily sell their property for a government-guaranteed market price, following the introduction of rezoning related to the Port Hedland West End Improvement Scheme 1.

2.8 HMI Maritime Precinct

The proposed maritime precinct aims to revitalise Port Hedland's West End, drawing on the town's rich maritime history and introducing new retail, hospitality, tourism and cultural opportunities, and training and education initiatives. It is an opportunity to create a unique and attractive maritime hub of international standing.

HMI will continue to engage with the Department of Planning, Lands and Heritage, PDC, DevelopmentWA and the Town of Port Hedland throughout the planning and implementation of the Maritime Precinct. Engagement will also extend to local stakeholders about opportunities arising from the 60-plus land uses approved for the Maritime Precinct and the planned sub-precincts.

2.9 Port Hedland Spoilbank Marina

In 2017 an election commitment was made by the State Government to construct a new marina facility in Port Hedland to address community requests for an additional boat launching facility and recreational space. The Marina and Waterfront Masterplan was approved by the Town of Port Hedland in December 2019. In July 2020, Cabinet approved PPA as the developer and operator of the Spoilbank Marina.

The Marina will feature a four-lane boat ramp, 21 boat-pen marina with capacity to expand to 80 pens in the future, separate entrance channel to the main shipping channel, trailer parking, maintenance hardstand, publicly accessible breakwaters, public recreation and event space and amenities, public fishing jetty, water feature, shade structures at the swimming beach, waterfront promenade, public art and a cultural gathering space. Construction works commenced in June 2021, with the facility anticipated to be operationally ready by December 2023.

2.10 Cleaner fuels industry

PPA is working with relevant stakeholders on initiatives to reduce shipping emissions and will continue to contribute to conversations around clean fuels for shipping (ammonia, methanol, hydrogen, LNG). PPA activities include port policy revision, environmental sustainability initiatives, emission studies, trials of alternative fuels, as well as facilitating growth of the battery metals industry in the Pilbara.

PPA is a member of the Global Maritime Forum's Iron Ore Green Corridor Taskforce and the Asia Pacific Committee of the Society for Gas as a Marine Fuel, both of which are exploring green ammonia and associated bunkering requirements and opportunities. With a global interest in future clean fuels for shipping, WA has an opportunity to establish a competitive framework to attract international ships to bunker in the Pilbara. This will enable the bunkering industry and provide benefits to WA with long-term job opportunities and improved environmental outcomes.

3. ACCOUNTABILITY

3.1 Information to be reported to the Minister for Ports

PPA will produce an Annual Report and a Half Yearly Report for the Minister. These will comply with the requirements of the *Port Authorities Act 1999* (WA). The half year report includes comments on PPA's trade and financial performance, financial statements, and progress against major initiatives. The annual report includes:

- Report on the major operations and activities of PPA during the year
- Review and assessment of performance against targets contained in SCI
- Financial statements
- Other information required by legislation or the Minister

3.2 Key Performance Indicators

Table 1 summarises the KPIs from 2021/22 to 2023/24.

Table 1: Key Performance Indicators (KPIs)

KEY PERFORMANCE INDICATORS (KPIs)	2021/22	2022/23	2023/24
	Actual	Forecast	Budget
Rate of Return on Assets	9.9%	11.7%	10.8%
Economic Rate of Return	10.3%	12.4%	11.3%
Debt to Equity Ratio	0.33	0.30	0.29
EBITDA (\$'000)	358,602	433,411	475,382
Ship Revenue Earned Per Ship Visit (\$)			
Port of Port Hedland	140,992	148,208	158,178
Port of Dampier	18,003	17,717	18,484
Port of Ashburton	42,232	43,226	43,344
Port Trade ('000 tonnes)			
Port of Port Hedland	561,089	565,801	578,185
Port of Dampier	161,886	170,176	170,195
Port of Ashburton	10,034	11,012	11,112
Port of Varanus Island	119	182	182
Total Port Trade ('000 tonnes)	733,128	747,171	759,674
Number of Vessel Visits			
Port of Port Hedland	3,281	3,309	3,381
Port of Dampier	3,161	3,323	3,323
Port of Ashburton	221	243	245
Port of Varanus Island	172	5	5
Total Number of Vessel Visits	6,835	6,879	6,954
Maintenance cost/tonne shipped (PPA Berths)	0.54	0.58	0.46
Customer Satisfaction Score (TRIM Index)	74	>70	>70
Lost Time Injury Frequency Rate	1.42	2.06	2.06
Number of Reportable Environmental Incidents	0	0	0
Employees Engaged Score (Gallup)			
Participation Rate	85%	89%	85%
Actively Engaged (Gallup Australian Average is 40%)	47%	48%	49%
Actively Disengaged (Gallup Australian Average is 15%)	7%	7%	7%

Note:

1. The differences between Port Hedland and Dampier revenue per ship visit are largely due to differences in ship sizes. Dampier has a larger number of smaller vessels.
2. A customer satisfaction score of >70% equates to an "excellent" rating under the KantarTNS corporate reputation scoring methodology – the highest rating

4. FINANCES

4.1 Financial Parameters

PPA's financial parameters reported to government for the period of this SCI are provided in Appendix 1. PPA's financials are prepared consistent with the accounting policies detailed in PPA's Annual Report available via PPA's website.

As per Section 34A of the Act, PPA will comply with approved requirements regarding capital expenditure limits and associated funding, and endeavour to achieve financial outcomes that are consistent with forecasts contained in approved financial statements.

4.2 Dividend Policy

In accordance with State Government policy, PPA pays dividends to the State on net profits. Dividends have been budgeted in accordance with the State Government's dividend requirements and are paid via an interim dividend and a final dividend.

4.3 Pricing

PPA's financial objectives include, as a minimum, recovering costs and achieving the State Government's required Rate of Return on Assets. PPA has adopted 'user pays' principles to recover costs and avoid unintended cross-subsidisation of fees and charges amongst users, both across ports and within ports.

Lease revenue enables PPA to fund land development opportunities without impacting upon charges for port users. PPA will continue to seek commercial rents for all its properties and to develop port-vested land to support industry.

PPA prices are reviewed on an annual basis and adjustments made to recover costs and achieve strategic and operational objectives. Latest pricing is available on the PPA website.

4.3.1 Sustaining Infrastructure Due (SID)

The Sustaining Infrastructure Due (SID) at the Port of Port Hedland funds critical capital works to the Nelson Point Tug Haven and the Inner Harbour Revetments. These projects are included in the Government's WA Recovery Plan.

4.3.2 Port Hedland Voluntary Buy-Back Scheme (PHVBS)

A PHVBS Port Charge has been implemented at the Port of Port Hedland to fund the Port Hedland Voluntary Buy-Back Scheme.

The PHVBS Port Charge is levied for a finite period on iron ore vessels entering and exiting the inner harbour of Port Hedland. The PHVBS Port Charge will allow PPA, via a wholly owned subsidiary (Hedland Maritime Initiative Pty Ltd) to successfully fulfil its role as PHVBS administrator and is in response to the potential impact on property values that might arise from the Port Hedland West End Improvement Scheme 1. The PHVBS Port Charge will cease once revenue raised is commensurate with the costs of the PHVBS.

4.4 Operating Subsidy

4.4.1 Dampier Bulk Liquid Berth

Construction of the Dampier BLB was completed in November 2005, with capital cost recovered from users. A State Facilitation Deed underwrites the unused portion of the facility with an operating subsidy and community service obligation payment, to the extent necessary to enable PPA to service the debt and cover the operating costs of the facility.

4.5 Rate of Return

PPAs rates of return (Table 1) are dependent on several factors including trade volumes and levels of capital expenditure. These are subject to ongoing review in the context of changing competitive conditions, trade levels and operating results, while also considering the need to fund significant infrastructure projects and provide appropriate returns to government.

Assets are valued according to the Deprival Value Method. PPA engaged the services of an independent valuer to determine the fair value of assets and will continue to do so at least every three years. PPA will seek to recover a financial return on all the assets that it owns and controls and will set prices accordingly.

4.6 Asset Investment Program

4.6.1 Asset Management Objectives

In general, PPA will invest in port infrastructure and facilities that cannot be funded on a reasonable basis by the private sector. Examples include common user channels and some multi-user facilities, that are essential for trade facilitation, provide economic benefits to the State, regional and local communities as well as providing future capability.

4.6.2 Approved Capital Works

PPA's Asset Investment Program for the period of this SCI is identified below and financial parameters provided in Appendix 1.

Note: (*) indicates government lead initiatives and (#) indicates business cases that have been submitted to government for revised funding approval.

- Ashburton Port Infrastructure Construction Project
- WA Recovery Plan Projects
 - Port of Port Hedland – inner harbour revetment upgrades*
 - Port of Port Hedland – tug haven revetment wall upgrades*#
- Port Hedland Spoilbank Marina – election commitment*
- Hedland Maritime Initiative*
- DCW Extension*
- MOF Road Culvert
- Lumsden Point General Cargo Facility and Logistics Hub

5. APPENDIX 1: FINANCIAL PARAMETERS 2023/24

**PILBARA PORTS AUTHORITY CONSOLIDATED
FINANCIAL PARAMETERS
2023/24**

	\$'000
Total Revenue	745,108
Total Expenses	376,894
Profit/(Loss) Before Tax	368,214
Notional Income Tax	115,702
Profit/(Loss) After Tax	252,512
Dividends	-
<hr/>	
Asset Investment Program	291,563

Notes:

To the extent that the financial parameters within the 2023/24 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.

The financial statements were current as at April 2023, reflecting the relative increases on fees and charges effective 1 July 2023.