2020-2021 Statement of Corporate Intent

Kimberley Ports Authority
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Disclaimer
Kimberley Ports Authority (KPA) has used all reasonable care in the preparation of this document. Please note however that:

- KPA has finalised a port master plan for the Port of Broome and will develop port master plans for other ports that will be governed by KPA. Consequently this document has been prepared without the benefit of a long term master plan for ports other than the Port of Broome.

- This document has been prepared in good faith on the basis of information available at the date of publication without any independent verification. KPA does not guarantee or warrant the accuracy, reliability, completeness or currency of the information in this publication nor its usefulness in achieving any purpose. Readers are responsible for assessing the relevance and accuracy of the content of this publication. KPA, its directors, officers and employees will not be liable for any loss, damage, cost or expense incurred or arising by reason of any person using or relying on information in this publication. Where applicable law does not permit such exclusion of liability, the liability of KPA its directors, officers and employees (in any class or for any formulation of liability whatsoever, including for negligence or any other tort) shall be limited to the amount (if any) you paid to access the information.
Building a Resilient Kimberley Ports Authority

The Kimberley Ports are strategically located to facilitate the development of significant onshore and offshore hydrocarbon reserves and benefit from growing demand for food and resources in Asia. The Kimberley Ports Authority (KPA) plays an essential role in planning, facilitating trade and striving to establish resilient Kimberley Ports which are vital to the State and Regional communities.

The long term viability of ports in the Kimberley is dependent on efficient port operation, understanding all facets of the supply chain, facilitating appropriate development opportunities, and meeting the changing needs of KPA’s customer and community expectations, whilst protecting environmental and heritage values. KPA must endeavour to conduct these activities in a way whereby the benefit of the port activities exceeds the input costs involved and a return can be realised.

KPA’s key strategy of “Building a Resilient Kimberley Ports Authority” spans the whole organisation by ensuring KPA has the capability to deliver on the State Government’s mandate and strategies to facilitate new developments in the Kimberley region. This approach is designed to enable KPA to identify opportunities that lead to better outcomes for port users and the State.

This one year Statement of Corporate Intent (SCI) incorporates the actions surrounding KPA’s strategy of “Building a Resilient Kimberley Ports Authority” that is essential to successful modern port management. All actions proposed in the SCI are designed to support KPA continuing toward the next stage in its development, and are consistent with the actions required to further expand responsibilities into additional areas along the Kimberley coastline.

It should be noted that this SCI considers the future of:

- the Port of Broome;
- the Port of Yampi Sound which includes operations on Cockatoo, Koolan and Irvine Islands;
- the Port of Derby;
- The Port of Wyndham; and
- The Port of Browse which is currently a greenfields site vested in KPA.

The Kimberley ports amalgamation is expected to transpire on 1 July 2021, hence the financial management details have not been included in this SCI.

In addition, it should be noted that this SCI, and the associated financial information, may alter in the future in response to a range of factors beyond KPA’s control, including unforeseen growth opportunities, and/or trade reductions similar to those that have occurred due to the COVID-19 pandemic.

Figure 1 Port of Broome and supporting industrial area
1. Introduction

The Kimberley Ports Authority (KPA) is a Government Trading Enterprise (GTE) responsible for managing the Port of Broome and the greenfields site of the Port of Browse. The Kimberley ports are strategically positioned to service the growing demand for food and resources in Asia, India and China; and to assist in the development of the onshore and offshore hydrocarbon reserves.

KPA’s primary strategic focus for the term of this SCI is “Building a Resilient Port Authority”.

The Ports Legislation Amendment Bill 2019 passed through Parliament on 26 February 2019 enabling the transfer of the Kimberley ports to KPA. The Ports Amalgamation Working Group is working towards the transfer of the Ports of Wyndham, Derby and Yampi Sound to KPA by July 1, 2021. Included in this work will be updating due diligence reports and formulating transition plans for each port.

In drafting this SCI, KPA has assumed that:

- Progress will be made on planning and obtaining the required approvals for the Kimberley Marine Supply Base Pty Ltd’s (KMSB) proposal to construct a Kimberley Marine Material Offloading Facility at the Port of Broome;
- KPA remains a standalone GTE;
- Demand for agricultural commodities (primarily cattle), and general cargo will continue at similar rates during 2020/2021;
- Global demand for oil has reduced significantly due to less travel being undertaken as a result of the COVID-19 pandemic and this commodity market may not recover significantly during the reporting period so will have an ongoing and unpredictable impact on production, supply and shipping;
- The anticipated reduction in demand for oil and gas related services continues since the development of the current offshore facilities;
- INPEX is expected to commence a drilling campaign from October 2020 increasing vessel visits by three per month. Shell Australia’s five well drilling campaign has been delayed and is not expected to commence during the life of this SCI; and
- The primary base in the Kimberley for the support of the Browse Basin exploration and a lesser degree development of the Browse Basin will continue to be the Port of Broome. However, it should be noted that the Ports of Derby and Yampi Sound may also develop support capacity for this industry.

Various agricultural projects have been trialled in the Kimberley with some ventures not producing the results required for further investment. Issues facing the agricultural sector include difficult climatic conditions and isolation from other Australian centres. For this reason, KPA must be diligent in assessing development proposals which will require assistance from KPA.

This one year SCI is another step in ensuring that KPA is optimally positioned to maximise development opportunities and manage threats to its ability to fulfil its statutory obligations including facilitating trade, and developing strategic assets which encourage a cycle of development for the Kimberley, and a return for KPA and the State.

KPA is responsible for:

- the efficient, safe, and effective operation of the Port of Broome, the greenfields Port of Browse site and once the transfers are realised the Shipping and Pilotage Act 1967 (SPA) Ports of Yampi Sound, Derby and Wyndham;
- planning for the future;
- maintaining facilities; and
- being the custodian of the physical environment of KPA ports.

The Board and management are focused on building a resilient KPA able to effectively meet and respond to cyclical changes to trade and port related activities over the life of this SCI. KPA will take on the exciting challenges of efficiently managing remote ports, working directly with customers and relevant stakeholders, augmenting KPA’s understanding of the supply chain and developing innovative responses to the freight task in the Kimberley Region. The Port of Broome will continue to be a central hub for many customers and KPA will provide the leadership necessary to play its part in diversifying trade and developing opportunities for the Kimberley such as facilitating the KMSB project.

KPA will strive to capitalise on the opportunities which are evolving in the Kimberley. To support this objective, KPA will continue to build on its reputation as a reliable operator, with innovative solutions, a strong customer focus, and a motivated team of maritime professionals. Our thinking will be well-directed toward creating value and opportunity for port customers, our community and contributing to the development of Western Australia. This SCI incorporates all the requirements necessary for KPA to fulfil its obligations under Part 5, Division 1, of the PAA.
2. Strategic Framework

KPA plays a strategic role in facilitating regional trade and economic development, coupled with its corporate social responsibilities. Facilitating maritime trade involves the promotion of safe, timely and effective transportation of intermodal freight and passenger cargoes. In this regard ports are recognised by State and Federal Governments as both drivers for economic growth and as important catalysts for business and employment opportunities.

Vision

KPA’s vision is:

“To be the safest and most competitive ports network in regional Australia.”

The Vision recognises the role KPA plays in supporting the Kimberley to reach its potential, and the strategic importance of its geographic proximity to Asian markets. All of our planning, operations, decision making, and influence, are directed toward maintaining the highest safety standards, and competitiveness with other ports to support regional development.

Mission

KPA’s mission is:

“The facilitation of maritime trade and tourism to deliver sustainable economic and social benefits for stakeholders across our region.”

(Stakeholders include government, community and employees)

The Mission outlines why KPA exists, and reflects its key function under the PAA. It recognises the central obligation upon KPA to operate its ports in a sustainable and professional manner to bring benefits to the community and other stakeholders.

Values

KPA’s values continue to define how the Board, management, and staff will conduct its activities, and are based on respect for employees and all who come in contact with the KPA. KPA managers and staff will ensure that due regard is afforded to:

Safety - We make safety our number one priority;
Respect - We treat our customers, our community and each other with respect;
Excellence - We take pride in doing our jobs to the highest professional standard;
Teamwork - We work as a team to achieve our common goals;
Service - We seek to understand and serve the needs of our customers and community;

and

Environment - We care for our environment.

Figure 2 Le Laperouse
3. Statutory Framework

**Port Authorities Act 1999**

Under Section 30 of the *Port Authorities Act 1999*, the KPA has the following statutory functions:

- To facilitate trade within and through the Port, and plan for future growth and development of the Port;
- 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;
- To control business and other activities in the Port or in connection with the operation of the Port;
- To be responsible for the safe and efficient operation of the Port;
- To be responsible for the maintenance of Port property;
- To be responsible for Port security; and
- To protect the environment of the Port and minimise the impact of Port operations on that environment.

These statutory obligations underpin the thrust and outcomes of this *Statement of Corporate Intent*.

**Compliance with other Legislation**

KPA will comply with all relevant legislation, including the *Environmental Protection Act 1986* in going about its business. KPA is committed to continuing to improve its compliance systems, and being seen as a model for similar agencies and port operators. To this end, in addition to KPA’s existing systems, KPA has implemented a software system Integrum which will allow it to more easily monitor compliance with relevant legislation.

As a corporatised entity, KPA is not specifically required to comply with legislation such as the *Financial Administration and Audit Act 1985*, or parts of the *Public Sector Management Act 1994*. However, KPA is committed to the tenet of such legislation and models its internal procedures to reflect prudent management practices.

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**Legislative Reform, Due Diligence and Kimberley Ports Transfer**

On 1 July 2014, Broome Port Authority was renamed the Kimberley Ports Authority after the passage of the *Ports Legislation Amendment Act 2014* through Parliament.

The *Ports Legislation Amendment Bill 2019* passed through Parliament on 26 February 2019 enabling the transfer of the Department of Transport’s (DoT) responsibility for trading ports governed under the *Shipping and Pilotage Act 1967 (SPA)* to KPA.

The State’s objectives in delivering the reform are to ensure safety, better planning and coordination of port development, economies of scale and provide opportunities for the smaller regional ports to be better resourced.

To achieve the State’s objectives KPA is reviewing and updating the initial 2015 due diligence reports on the Port of Wyndham and Port of Derby, and matters arising from the reports are being progressed with DoT and port managers. The initial due diligence report for Port of Yampi Sound was finalised in December 2016 and this will also be updated.
4. Port Characteristics

Historically, the major mode of transport into the Kimberley region was by sea; with Broome, Derby, and Wyndham ports operating as gateways for hinterland imports and exports. Live cattle, mining and other agricultural commodities continue to be exported from the region, and general cargo and fuel is imported through the Ports of Broome and Wyndham. Naval and Customs vessels, fishing craft, pearling and tourism vessels also use these ports. Barge landing facilities are available at both Derby and Wyndham and small craft facilities are available at Broome, Derby, and Wyndham.

Development prospects for Kimberley ports are closely linked with those of the resources sector, for example the large onshore and offshore gas and oil reserves of the Canning and Browse Basins. The Kimberley region holds extensive mineral deposits with iron ore, which are exported from Wyndham and Yampi Sound ports. In addition, the resource sector has expressed interest in the export of crude oil, coal, mineral sands and other commodities from Kimberley ports.

Of particular interest to KPA are the locations of potential future mineral resources and agricultural developments that will require logistics support from the nearest regional port, with the type of capability suited to that industry. Given the proximity of Kimberley agricultural and resources industry opportunities, KPA’s strategic and operational planning will include servicing these future commercial operations.

Port of Broome Operating Environment

The operating model for the Port of Broome consists of areas that are operated as a Service Port and areas that are operated as a Landlord Port. The Port of Broome is under the full operational control of KPA.

Under the Service Port model, the port authority offers the complete range of services required for the seaport to be able to function. This means that the port authority owns, operates and maintains the fixed and mobile assets. The port authority is also responsible for cargo handling operations that are executed by a labour force that is employed by the port authority.

Under the Landlord Model a Port Authority acts as regulatory body and landlord, while port operations are carried out by private companies. In this model, infrastructure and / or land is leased to the private companies.
During 2018/19 there was an increase in trade of 6.9% compared to the previous year, however this increase will not be sustained throughout the life of this plan. Business is expected to significantly decrease until import/export projects proceed and COVID-19 pandemic infections are controlled worldwide. KPA’s trade projections are based on an environment of uncertainty due to:

- **a)** One oil and gas major is still in their planning stage and while the gas will be piped and processed in the Pilbara; Broome is being considered for support work, but the final investment decision (FID) has been delayed to 2023. However, KPA will face competition from the Pilbara regarding the location of the supply base or a significant part of their supply chain;

- **b)** The sensitivity of the livestock export industry to political decisions which are outside KPA’s control, including Australia’s relationship with Vietnam and Indonesia and the introduction of a quota system by Indonesia. In recent years a number of livestock exports are being delivered to Vietnam but this may change due to the number of cheaper buffalo imports from South America;

- **c)** Future security requirements that the Office of Transport Security may require Kimberley Ports to comply with which could impact cruise vessels and potential fuel tanker visits. In response to the enforcement of subsection 229 (1) of the Biosecurity Act 2015 KPA has established an interim international vessel disembarking passenger baggage inspection and processing facility with further facilities to be identified by Department of Agriculture, Water and the Environment;

- **d)** The only significant onshore resource project with export potential that KPA is aware of is the Sheffield Resources mineral sands project. It is expected that the higher value containerised zircon will be exported through Broome with the ilmenite being exported through Derby. The commencement of this project has been delayed while fundraising is completed, and KPA awaits FID and project recommencement dates;

- **e)** The onshore Canning Basin exploration companies such as Finders Exploration are still to prove up reserves and investment. Buru Energy Ltd while producing crude oil are not in a position to export large quantities within the life of this document. The West Australian Government’s approval of fracking in areas with pervious licensing adds some assurance to both Finders and Buru Energy;

- **f)** A continuing global environment of economic uncertainty, for example the continuing trade war between China and the USA and the slow recovery of oil prices since the low in 2016;

- **g)** High transport costs for road transport to the port from the region; and

- **h)** The unexpected COVID-19 pandemic and far reaching impacts including the worldwide economic downturn and closed borders, causing considerably less travel, which has reduced demand for oil.

The growth or decline in regional mining and transport sectors are important factors in determining future demand for petroleum fuels. The Kimberley region is heavily reliant on the import of petroleum products and when deliveries by sea have been delayed, for example due to a cyclone in vicinity of the coast, then reserves of ULP, in particular, quickly run down. As demand for petroleum products increase, post the COVID-19 pandemic, then planning consideration will be given towards tank farm expansion. The proposed KMSB facility with extra berth availability should increase access for product tanker deliveries.

Large and expeditionary cruise vessel visits have increased at Port of Broome and KPA has finalised the widening and deepening of the approach channel to accommodate this trade sector. The jointly funded project, with the State Government and KPA will enable larger cruise vessels to traverse the access channel and berth at the wharf during most tidal conditions. This project was completed in September 2019 in time for the 2019/20 cruise season. Cruise shipping was expected to increase, however the effect of the COVID-19 pandemic on cruise lines and passengers means that the industry may not recover for some time.

During discussions with major oil and gas customers they have indicated that there will be an increase in drilling operations in 2020 and 2021. A drilling campaign is scheduled to commence in October 2020 with a resultant increase of three vessels per month. The Port of Broome will carefully monitor trade fluctuations associated with the oil and gas industry due to 60% of its revenue being derived from oil and gas vessel visits and associated fuel imports and bunkering.

KPA will continue to concentrate on increasing efficiencies and reducing costs, which has included redundancies due to the COVID-19 impact on revenue, while still maintaining the ability to scale up again when demand increases.

Kimberley Marine Support Base Pty Ltd (KMSB) has been provided land assurance through the signing of lease documents with KPA, with endorsement of the State Government,
which will enable KMSB to proceed with the next steps to establish an independent multi-user material loading and offloading facility near the existing Port of Broome wharf. KPA will be working closely with KMSB to facilitate the project by providing timely approvals and assistance as required. This project will alleviate the need to provide more berth space, which KPA’s Port Master Plan identified as a requirement by approximately 2025.

Community Support
Along with commercial aspects of the Port of Broome KPA supports recreational and small craft activities through:

a) Maintaining the slipway area for small craft maintenance and dry docking;

b) Maintaining the Entrance Point boat ramps;

c) Provision, maintenance and cleaning of public toilets and gardens of public access areas surrounding the port;

d) Provision, maintenance and cleaning of public walkway adjacent to the wharf, and

e) Maintenance of pedestrian beach access.

KPA self-funds this community support but does from time to time access funding through other sources provided by the State Government to improve facilities.

The Shire of Broome, Yawuru, DoT’s Coastal Infrastructure Business Unit (CIBU) and KPA have formed a working group and have identified a suitable location for the small boat launching facility at Entrance Point.

Amalgamation of Kimberley Ports
The passage of the Ports Legislation Amendment Bill 2019 through Parliament has enabled all trading ports, currently regulated under the Shipping and Pilotage Act 1967 and overseen by DoT, to be regulated under the PAA. KPA and DoT have established a Ports Amalgamation Working Group to identify the timing and work required for the transfer of individual ports to KPA by 1 July 2021.

Port of Derby Operating Environment
The Port of Derby is operated by the Shire of Derby West Kimberley (SDWK) with DoT’s CIBU having overall responsibility for managing SDWK’s compliance with its obligations under the Management Agreement, Lease and relevant legislation including the Marine & Harbours Act 1981 (MHA), SPA and other legislation. The current lease between CIBU and the port operators SDWK expires in 2040. Upon the port’s transfer the ongoing the legislation governing activity at the Port will be the PAA.

In order to allow KPA to meet its obligations under the PAA and good port management, a deed of variation of the lease and management agreements have been prepared. The deed of variation will take effect on the day that the Port is vested in KPA.

It should be noted that SDWK:

- has recently entered into Access Agreement with Sheffield Resources over the bulk handling facility at the Port of Derby for the export of mineral sands;
- has entered into a lease for a five year term ending December 2023, with a one year option, for approximately 115 hectares to develop a proposal for a lock basin facility at the Port. DoT and KPA were involved in this negotiation with DoT’s CEO granting formal consent to the sublease as the Minister’s delegate, and
- Port of Derby continues to facilitate barge operations to Koolan Island, and vessel movements to Cone Bay Barramundi farms.

Financial Impact
There is a risk that KPA could be exposed to costs of maintaining / upgrading the Derby wharf to a safe operating standard. It is not possible to specify the cost of the remedial works until the future use of the wharf has been agreed and detailed. Current use of the wharf includes offloading barramundi for road transport and fuel receivals. The wharf maintenance and upgrade requirements still need to be identified.

Outstanding Items
At the time of writing this report there are a number of outstanding items including those set out below:

a) the resolution of an acceptable financial model under which KPA could recover its costs and meet its statutory obligations, and

b) a valuation of assets being transferred to KPA are required close to the date of transfer.
Risks
The previous due diligence process identified a range of risks and issues which have been addressed through the negotiation of the Derby agreements. However, it is important to highlight some of the significant residual risks which are set out below:

a) there will be ongoing discussions between KPA and SDWK concerning which items of the Port infrastructure should be upgraded to an acceptable, safe and usable condition and the implications of the significant costs that will be incurred. These discussions will focus on the wharf but are likely to expand to include other items such as water, roads, power, and drainage;

b) there may be contaminated sites which may need to be remediated. In this regard it should be noted that the provisions of the Contaminated Sites Act 2003 will apply in addition to SDWK’s obligation under the lease and management agreements; and

c) the Port is currently not viable as a stand-alone operation and is likely to require ongoing financial support. However, the Port is strategically located and given its ability to handle bulk commodity exports such as mineral sands through barging operations and transhipment for Sheffield Resources, at some time in the future, the Port may become a viable facility.

KPA has passed on the findings of the due diligence process to the DoT and SDWK and these will be taken into consideration as part of the amalgamation process. KPA is currently updating the due diligence report as the original report was finalised in 2015.

Future growth opportunities
There are a number of proponents that have expressed interest in the Port of Derby, including:

- Rey Resources (Rey) have thermal coal and gas tenements that are located in the Canning Basin and are partly contiguous with the Fitzroy Blocks (EP457 and EP458) and held in partnership with Buru Energy and Mitsubishi. During a period of low thermal coal prices, Rey continues to manage the Duchess Paradise Project through the approvals processes, and undertake further regional coal exploration. The Derby and Fitzroy blocks have had some exploration obligations deferred to March 2021. Current information suggests that future thermal coal and gas exports are not likely to develop during the term of this SCI.

- Sheffield Resources has entered into an Access Agreement with the SDWK over the bulk handling facility at the Derby Wharf. This agreement confirms Sheffield as the preferred proponent and provides the Company with exclusive access to the bulk handling facility. This project is referred to as the Thunderbird mineral sands project. It is located on the Dampier Peninsula about 60km west of Derby, and 25km north of the sealed Great Northern Hwy joining Derby and Broome. The Thunderbird deposit is the first major mineral sands deposit to be discovered in the Canning Basin and it is projected that the mine life will extend to 37 years.

Sheffield Resources have secured a take or pay agreement with a Hong Kong based company Yangang Hong Kong Co Ltd for 100% of the ilmenite produced in Stage one of the project. The final finance, construction and mining schedule is still to be confirmed. Pending the port being vested in KPA, KPA looks to DoT to take a leadership role in ensuring that the project is established on a basis which allows Sheffield to meet its goals and KPA to fulfill its statutory obligations.

- Marine Produce Australia (MPA) already land barramundi from their Cone Bay operations at the Port of Derby. The State Government has granted MPA the right to increase their production to 15,000 tonnes per year, however this level of production will take some years to reach. Barramundi Asia Pte Ltd acquired the majority of shares in MPA and this link between farms in Singapore and Malaysia has seen some increased investment and production from the Cone Bay operations. It is predicted that exports could rise from 3,500 tonne to 25,000 tonne pa by 2022/23. The increased barramundi production could be exported directly to Singapore if a regular liner service was established to Asia from the Kimberley.

- If the proposal to establish an aviation and/or oil and gas supply base on Cockatoo Island is successful, then the Port of Derby may be an important part of the
logistics supply chain. Improved facilities such as a vessel lock and dredging may increase the number and range of vessels able to access this Port.

- If mining operations at Cockatoo and potentially Irvine Islands manifest, then the Port of Derby is well positioned to support those operations as it has done in the past.
- Mount Gibson Iron made their first shipment of high grade ore from Koolan Island, averaging 65% Fe, in late April 2019. Mining and ore production has progressively ramped up, and the site attained commercial production for reporting purposes at the end of May 2019. Five ore shipments totalling 370,000 wmt of high grade ore from Main Pit were completed during the June quarter. At 2018/19 year end, the site was on track to average three to four Panamax shipments per month, consistent with the initial mine plan.
- The sealing of the Cape Leveque Road is likely to have an impact on logistics chains servicing the Kimberley coast, in particular tourism.

Port of Wyndham Operating Environment

Existing Management Arrangement
The Port of Wyndham has two operators namely Cambridge Gulf Ltd (CGL) and Kimberley Metals Group Logistics Pty (KMG). DoT has overall responsibility for managing KMG’s and CGL’s compliance with its obligations under the various agreements and relevant legislation including (but not limited to) the Marine & Harbours Act 1981 and SPA. When KPA takes on the management of the Port, then the primary legislation governing activity at the Port will be the PAA.

In order for KPA to meet its obligations under the PAA and achieve good port management with the existing agreements between the State and KMG may need to be varied. Gold Valley Iron Pty Ltd has taken over the rights to mine Kimberley Metals Group Ridges iron ore mine. KMG’s port facilities are utilised by Gold Valley.

DoT’s advice is that the CGL management agreement will remain in place, in its current form until it expires in July 2020. The CGL agreement, has a one year, with a further one year option. CGL has exercised the lease extension with the term expiring in July 2021.

Financial impact
KPA continues to engage with CGL and DoT and trade at the Port of Wyndham is currently subdued creating a challenging financial environment. Even without the CGL Agreements in place, KPA will inherit maintenance and operational obligations from the date of transfer.

KPA will develop a strategy to manage the Port and meet ongoing funding requirements. GHD have been engaged to undertake analysis of the costs to operate the port under various management models, inclusive of possible future revenue.

Figure 5 Aerial view Port of Wyndham

Outstanding items
The outstanding due diligence item is the resolution of an acceptable financial model under which KPA could sustainably meet its statutory obligations.

Risks
The due diligence process identified a range and number of risks and it is important to highlight some of the significant residual risks, which may still exist in relation to the transfer:

a) there may be contaminated sites which may need to be remediated. In this regard it should be noted that:
   i. the full extent of the contamination is unknown at this time. As a fuller understanding of the contaminated sites develops, the risk profile will be reviewed; and
   ii. the Contaminated Sites Act 2003 will apply in addition to the obligations of tenants and licensees; and
b) due to the currently low and potentially reduced trade levels there may be a
significant financial burden on KPA as a result of taking on the Port. Should Port
revenue prove to be inadequate, particularly to fund repairs and maintenance
of port infrastructure and equipment, then KPA may require assistance from the
State by way of equity injections. Having said this, given:

i. that KPA will not be taking on the Port until July 2022;

ii. KPA’s ability to absorb many of the port management obligations into its
existing management team, and

iii. developments taking place in the East Kimberley;

it is possible that with a modest increase in business, and KPA being able to charge
commercial rates for use of the Port, KPA’s Wyndham operations may be able to self-fund.

Future growth opportunities

There are a number of proponents which have expressed interest in utilising the Port of
Wyndham, including those set out below. As the Port is currently operated by CGL and
regulated by the DoT’s CIBU section, until July 2021, KPA will focus on monitoring these
projects and where appropriate fostering the use of the Port. The projects include:

- The Ord irrigation projects with the potential for the export of a range of products
including chia, sugar, sorghum, timber, corn and cotton. The successful
establishment of these industries is likely to result in imports of fertiliser, fuel and
other inputs. Around 20,000 tonnes of Ord corn was exported from Wyndham Port
during 2018/19.

- Project Sea Dragon which is a 10 year $1.45 billion project and is expected to
produce 100,000t to 120,000t of black tiger prawns for export per annum. The
farm will be located at Legune Station in the Northern Territory, near the WA
border. Seafarms are committed to a processing plant to be established in
Kununurra and have taken a long term lease with the West Australian Government
for the site. Seafarms may select the Port of Wyndham to facilitate feed imports
and prawn exports. They intend to import 375TEUs pa (7,500 tonne of prawn feed
from South East Asia) and export 250TEUs (5000tn frozen prawns), this equates to
52 containers per month. Seafarms is undertaking a joint logistics study with the
Northern Territory Government with respect to using the Darwin Port. A similar
logistics study is being undertaken by the Shire of Wyndham East Kimberley and
the Department of Jobs, Tourism, Science and Innovation for using the Port of
Wyndham. The Federal, Northern Territory and West Australian Governments
have committed funding for road upgrades. Seafarms have opened an office in
Darwin and approvals have been granted for Stage 1 of the project which includes
1,000 hectares of grow-out ponds at Legune Station.

- The Brockman Project is located 18km south-east of the historical gold mining
centre of Halls Creek and is owned by Hasting Technology Metals Ltd. The project
site is accessed from the Great Northern Highway, which links Broome and Derby
(450km from site) to Wyndham (380km from site), at Halls Creek. It contains large
resources of the rare metals Zirconium, Niobium, Tantalum, Hafnium, Gallium, and
heavy rare earth elements Dysprosium and Yttrium. Hasting Technology Metals
Pty Ltd is currently concentrating effort on the production facility at the Yangibana
mine in the Gascoyne.

- KMG placed its Ridges iron ore mine into care and maintenance in February 2015
following the completion of mining of the high grade direct shipping ore (DSO)
reserve. Substantial lower grade resources remain at Ridges that can be developed
in the event of a higher iron ore price. The undeveloped Matsu deposit lies 10
kilometres to the south of the Ridges mine and contains several million tonnes of
high grade DSO. The Matsu project is well advanced with mining leases and
associated tenements having been granted in 2014.

- Gold Valley Iron Pty Ltd has the rights to mine KMG’s Ridges mine. The resumption
of operations utilising either Supramax or Ultramax has commenced with the first
shipment in September 2019 and two further shipments scheduled each month
for remainder of 2019. The initial export target is 1 Million tonnes per annum
(Mtpa), any increase in exports will be determined by the market and operational
ability to meet higher volumes.

- Hexagon Resources Ltd’s McIntosh Graphite Project tenements are located 280
kilometres south of the Port of Wyndham and are linked by the all-weather Great
Northern Highway. A Pre-Feasibility Study has been finalised and further studies
continue to prove up this resource potential in the East Kimberley. Purification
methodologies have also been successfully completed on the graphite flake,
confirming high purity. Hexagon allocated a major portion of the $7 million it
raised in May 2018 towards establishing a prototype purification facility.
Metallurgical studies show McIntosh graphite is high purity, high value with low
purification costs. Commercial production is planned to commence in 2021.

- Northern Minerals’ flagship project is the Browns Range Project (Project), and is
located approximately 160 km south east of Halls Creek. Northern Minerals gained
approval to build a pilot plant for three years with 35 staff inclusive of a bore,
haulage roads, ore-processing facility, accommodation, tailings storage, workshops, evaporation ponds and an airstrip. The Chinese company Hautai Mining has injected $30 million into the pilot project and Northern Minerals are considering exporting dysprosium from Darwin or Wyndham. Northern Minerals Ltd has announced that it has recommenced exploration drilling at Browns Range following the recent successful program at Dazzler. COVID-19 interrupted operations in March 2020 and partial operations are expected to recommence before the end of 2020.

- Panoramic Resources owns and operates the Savannah underground nickel sulphide mine. The forecast average annual production from Savannah is expected to produce 10,800t Nickel, 6,100t Copper and 800t of Cobalt over the eight year life of the mine. Mining recommenced at Savannah in December 2018 with the first shipment of concentrate departing Wyndham port in February 2019. Panoramic was focussing on the ramp up to full production and completion of the development drive to access the higher grade Savannah North orebody but operations have been suspended due to operational uncertainties including the impact of COVID-19.

- The Panton PGM Project is located 60km north of Halls Creek, adjacent to the Great Northern Highway and is also owned by Panoramic Resources. The project has a resource of 14.32 million tonnes on granted mining leases. The resource consists of high grade platinum and palladium mineralisation within a number of stratiform reefs.

- Agrimin have a land lease adjacent to the Port of Wyndham and will be constructing (subject to FID) a barge facility to export potash from 2022/23. Sulphate of Potash (SOP) is a premium form of potash fertiliser that is vital for high value agricultural crops. Lake Mackay is the world’s largest undeveloped potash bearing salt lake. The current potash resource is expected to support at least 20 years of production. Agrimin are looking to establish a large scale fertiliser finishing plant in Wyndham which would be a significant economic boost to the region.

**Ports of Yampi Sound**

**Existing management arrangements**

KPA has not been able to clearly resolve the chain of title for the Cockatoo Island jetty licence. CIBU is aware of the issues regarding the chain of title and will resolve them as part of the State’s strategy for this mine by granting a new Jetty Licence to the party that acquires the respective mining lease.

**Cockatoo Island**

Pluton Resources Ltd was mining and exporting iron ore from Cockatoo Island. In 2015 liquidators Pitcher Partners were appointed for Pluton Resources and the company is still registered with the Australian Stock Exchange. A Hong Kong-based major creditor General Nice Resources intermittently provides funds to operate the pit pumps and prevent the main pit from filling with seawater since the site closed. KPA will monitor the rehabilitation and closure of the operations on the island.

**Irvine Island**

The Irvine Island Project (in which Pluton has a 100% interest) is situated immediately adjacent to Pluton’s Cockatoo Island hematite mining operation. Irvine Island was the subject of a Pre-Feasibility Study and KPA will monitor any developments on the island.

**Koolan Island**

The Koolan Island hematite mining operation is located 140km north of Derby in Yampi Sound. Iron ore from the island is very high quality and low in impurities. The mine produced almost 70 million tonnes of high grade iron ore over the period from 1959 to 1993. Mount Gibson acquired the project through its successful takeover of Aztec Resources in early 2007. Hematite shipments commenced in June 2007, and passed the 20 million tonne milestone in February 2014.

Operations at Koolan Island were suspended in November 2014 following a seawall failure which resulted in the flooding of the main pit. In the quarter ending September 2017 $12M was spent on the starter embankment, and construction works for the seepage barrier have commenced to reinstate the Main Pit seawall to resume production.

The first shipment of high grade ore, averaging 65% Fe, was completed in late April 2019, and ore production has been progressively ramped up in the remaining two months of the 2018/19 financial year, and the site attained commercial production for reporting purposes at the end of May 2019. Five ore shipments totalling 370,000 wmt of high grade ore from Main Pit were completed during the June quarter. At year end, the site was on track to average three to four Panamax shipments per month, consistent with the initial mine plan.
5. Core Strategies

Building a Resilient Kimberley Ports Authority

KPA’s principal strategy of “Building a resilient port authority” spans the whole organisation. The strategy looks to create a management and asset structure which enables KPA to:

- Meet its statutory obligations including endeavouring to operate profitably;
- Optimise the operating model and capability to respond to fluctuating port revenue and also potential increases in demand which can develop on short notice;
- Identify and facilitate new trade and revenue sources;
- Maintain assets and plan for infrastructure that will meet trade demand;
- Drive productivity gains through adopting new technology and processes;
- Prioritise stakeholder management to bring benefits to the community;
- Ensure safety first by building new capability and managing the environment;
- Develop detailed Transition Plans for all Kimberley Ports, and
- Proactive facilitation of Kimberley Marine Support Base Pty Ltd’s (KMSB) proposal comprising of a floating wharf, along with associated onshore terminal facilities.

This approach should allow KPA to meet the future challenges while ensuring that the benefit of a port activity exceeds the input costs involved.

KPA will focus on improving business performance, enhancing corporate governance, attracting private sector investment, where appropriate, and extending economies of scale benefits for service provision in order to build a resilient port authority. KPA accepts the challenge of maintaining business excellence over a wider geographic area and, furthermore, will embrace the opportunity.

KPA will work with its customers to ensure that innovative approaches to achieving better efficiency, productivity and value for money are identified and applied, as appropriate. KPA continues to focus on becoming a more efficient port authority with easy to follow financial transactions, simplified fees and charges, timely compliance with government reporting requirements, greater use of information technology to maintain business continuity systems and identifying synergies with port users and other port authorities.

Areas where investment decisions can be improved will be identified and assessed in detail. The attraction of private sector investment will be essential to the growth and sustainable competitive advantage of the port such as the KMSB project.

COVID-19 Response

KPA has an Infectious Disease Preparedness and Response Plan as well as a specific COVID-19 Pandemic Response document which directed activities at the Port of Broome during restrictions. A key aim of KPA’s COVID-19 response was to ensure appropriate controls and actions were being taken to minimise risk to employees, while also maintaining essential port operations. A minimum team ensured the office was open while the majority of office based staff worked from home. Operations and maintenance employees were separated into teams to ensure customer services could be delivered on an ongoing basis. KPA has a range of extra hygiene measures in place, including stores of PPE equipment.

KPA works closely with the WA Police in regard to the authorisation of vessels and crew arriving at the Port of Broome. A range of declaration forms and information is available on KPA’s website for vessel masters.

Leading the Way in Safety

“Leading the way in safety” is a strategy designed to enable KPA to implement practical methods to continually improve and strengthen occupational health and safety (OHS) performance at KPA Ports, through proactive safety leadership and innovation. This will be achieved through:

- Maintaining Port of Broome occupational health and safety management system (OHSMS) in line with AS 4801 and continually improving this system;
- Establishing a program for future ports that are amalgamated into KPA to ensure their OHSMS’s align with AS 4801 and KPA’s OHSMS and foster a strong safety culture in these ports;
- Ensuring compliance with all relevant legislation, including harmonisation laws when adopted by WA;
• Embedding and validating HSE safety culture program, and
• Adopting a continuous improvement approach to drive a strong safety culture through safety leadership, ongoing training and support, and promoting safe behaviours in the workplace.

Enhancing Kimberley Ports Competitive Advantage

The Kimberley Ports are strategically vital to Australia’s continuing and future trade interests and KPA is focused on ensuring that these competitive advantages are not only maintained but also expanded upon. KPA’s competitive advantages include:

- **Government backing** - realising benefits of Government backing through access to competitive loan arrangements. Government equity injections to carry out capital projects and purchases such as a new crane to improve efficiency which delivers benefits to the economy of the Kimberley and the State;
- **Location / geography** - promoting the Kimberley ports’ close proximity to the Browse and Bonaparte Basins and onshore oil and gas and resource reserves. Proximity to Asia to respond to the food boom and developing agricultural and pastoral industries of the Kimberley. Access to a reliable road network and domestic airports with the future prospect of an international air link to Asia, through the Broome International Airport. Growth in tourism and capacity to become a gateway for cruise shipping;
- **Availability of land** - optimising and rationalising land availability to accommodate the needs of current and future customers;
- **Port infrastructure** - appropriately maintaining and upgrading assets in order to maintain and increase capacity or improve efficiencies and planning for required assets to facilitate future trade;
- **Industry support services** - further developing services through establishing and maintaining supportive and symbiotic strategic partners;
- **Maritime safety culture** - further development through obtaining or maintaining safety and environment accreditations across all KPA ports;
- **Organisation readiness and flexibility** - deploying enterprise software solutions, improving processes and developing relevant skills and capabilities; and
- **The entrepreneurial behaviours of SPA ports** - further developing and preserving relevant skills and capabilities, including a strong customer focus. The existing networks at Derby and Wyndham ports are to be utilised, and relationships strengthened.

Seeking the Balance between Sustainability and Economic Growth

KPA’s strategy of “Seeking the balance between sustainability and economic growth” encompasses all facets of the organisation and environment in which it operates, including the port operations, workforce relationships, stakeholder needs (e.g. industry, government, community, traditional owners), planning and development needs, management and maintenance of assets, physical environment, and environment and heritage values of the Port and surrounding areas.

KPA will play an increasingly important role in planning for the region, to ensure that growth is sustainable and recognises the needs of KPA’s customers and key stakeholders. This will be achieved through:

• Developing a master plan for all Kimberley Ports;
• Maintaining Port of Broome environmental management systems (EMS) in line with AS/NZS ISO 140001;
• Establishing a program, for future ports that are amalgamated into KPA, to ensure their EMS’s align with AS/NZS ISO 140001 and KPA’s EMS;
• Aligning environmental baseline studies and monitoring programs to support commercial and operational future developments;
• Incorporating coastal vulnerability and climate change considerations into KPA development strategies; and
• Developing strong customer and stakeholder relationships.
6. Key Strategic Areas

Vision for 2020 - 2021

While KPA has established a vision across five years ending in June 2025, the first year’s priorities ending in June 2021, are included in this document. This forward looking vision will enable KPA to formulate ongoing innovative options in the areas where KPA can improve or add value, through future proofing Kimberley Ports.

The initiatives outline the growth opportunities which can be pursued over the life of this plan to improve KPA’s ability to facilitate trade and develop economic activity in and around the Port of Broome and Kimberley Region.

Setting the Foundation – to be accomplished by June 2021.

1. Delivering a fit for purpose pricing strategy and simplified fee structure.
2. Attract and facilitate logistics support services.
3. Proactive facilitation by KPA of the Kimberley Marine Support Base (KMSB), comprising a floating wharf, along with associated on shore terminal facilities.
4. Successful amalgamation of Kimberley Ports commencing with Yampi Sound followed by Derby and Wyndham.
5. Planning for the construction of alternative infrastructure to support industry requirements.
7. Ensuring KPA is development ready in line with the master plan and to ensure facilitation of economic benefits to the region.
8. Planning for the removal of the wharf shed to provide greater wharf space and operational flexibility.
9. Facilitating a container park, including reefer facilities.
10. Assess feasibility of developing the slipway.
11. Ensuring sufficient office space beyond the 18 months of the current lease.
12. Ensure KPA has the capability to deliver on strategy and mandate.
13. Implement the safety culture program.
14. Enhance operational efficiency through software and ERP implementation.
15. Implement improved risk review and management processes.
16. Review stakeholder engagement and develop a refreshed plan.

7. Strategic Actions

KPA has five Key Strategic Areas that are currently being implemented across the organisation. The strategic actions identified to enable KPA’s resilience are categorised under those strategies where performance is critical to KPA achieving its strategic aims during the life of this plan.

Trade Growth

Objective

- Delivering a fit for purpose pricing strategy and simplified fee structure.
- Attract and facilitate logistics support services.
- Proactive facilitation by KPA of the Kimberley Marine Support Base (KMSB), comprising a floating wharf, along with associated on shore terminal facilities.

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Strategies/Actions</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>T1</td>
<td>Future pricing roadmap and strategy in place.</td>
<td>June 2020</td>
</tr>
<tr>
<td>T2</td>
<td>Assess and develop / refine the value proposition required by clients.</td>
<td>Sept 2020</td>
</tr>
<tr>
<td>T3</td>
<td>KMSB finalisation of the necessary environmental and cultural heritage approvals.</td>
<td>Timing dependent on KMSB</td>
</tr>
</tbody>
</table>
The measures and targets for assessing success in this Key Result Area are:

**Strategic Measures**
- Revenue growth.
- Return on assets.

**Targets**
- 30% growth over 5 years (cumulative).
- 7% annual return on assets.

**Planning and Assets**

**Objectives**
- Successful amalgamation of Kimberley Ports commencing with Yampi Sound, followed by Derby and Wyndham.
- Planning for the construction of alternative infrastructure to support industry requirements.
- Securing suitable cranes to best enable and attract new trade.
- Ensuring KPA is development ready in line with the master plan and to ensure facilitation of economic benefits to the region.
- Planning for the removing the wharf shed to provide greater wharf space and operational flexibility.
- Facilitating a container park including reefer facilities.
- Assess feasibility of developing the slipway.
- Ensuring sufficient office space beyond the 18 months of the current lease.

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Strategies/Actions</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1</td>
<td>Complete transition planning Yampi Sound.</td>
<td>July 2020</td>
</tr>
<tr>
<td>A2</td>
<td>Run EOI to operate/manage Wyndham, select preferred model against criteria.</td>
<td>July 2020</td>
</tr>
<tr>
<td>A3</td>
<td>Implement chosen model for Port of Wyndham.</td>
<td>June 2021</td>
</tr>
<tr>
<td>A4</td>
<td>Complete transition planning for Derby including improving barge facilities.</td>
<td>June 2021</td>
</tr>
</tbody>
</table>

**Scenario 1: KMSB proceeds**

- Complete design and location suitability.
- Run feasibility study on location of berthing dolphins/simulation model to test the proposed location.
- Validate the dolphin structures and ability to withstand cyclone capacity.
- Manage maritime safety and response plans in place.
- Ensure compliance with legal obligations contained within leases.
- Assess business model options and develop contingency plan (linked to pricing strategy).
- Sign off contingency plan.
- Ensure delivery of first crane.
- Prepare business case to become first point of entry accredited.
- Development of plan including: the walkway, relocating the security gatehouse and traffic management.
- Commence implementation of wharf shed removal subject to business case sign off March 2020.
- Proactively facilitate infrastructure subject to review and the business case for a container park.
- Assess feasibility of developing the slipway.

**Timing**
- By July 2020
- Dec 2020
- Sept 2020
- Sept 2020
- Dec 2020
- End Mar 2021
- July 2020 and ongoing
- July 2021

Statement of Corporate Intent – Kimberley Ports Authority
A10 | Complete business case of options including extension of lease, buying the existing or another building, and building a new one. | Sept 2020

The measures and targets for assessing success in this Key Result Area are:

**Strategic Measures**
- Services meet needs of customers.
- Increased lift capacity.
- Integration benefits delivered on time and budget.

**Strategic Measures**
- Right skills and capabilities to meet Critical skills competencies strategic and operational requirements.
- Critical skills competencies 100% met.
- Recordable injuries.

**Targets**
- 65% net agreement among customers (client survey)
- 75 tonnes at 16 metres.
- Amalgamation transition plan for Yampi Sound completed by July 2020.

**Process and Technology**

<table>
<thead>
<tr>
<th>Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure KPA has the capability to deliver on strategy and mandate.</td>
</tr>
<tr>
<td>Implement the safety culture program.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Strategies/Actions</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSE1</td>
<td>Review usage to ensure benefits are realised.</td>
<td>By July 2020</td>
</tr>
<tr>
<td></td>
<td>Integration of new modules</td>
<td>By Dec 2020</td>
</tr>
<tr>
<td></td>
<td>Transition project steering team to embedding, stabilise and explore new opportunities.</td>
<td>From 2021 and ongoing</td>
</tr>
<tr>
<td></td>
<td>Integrate safety risk management with overall risk management.</td>
<td>By Dec 2020</td>
</tr>
<tr>
<td></td>
<td>Audit following implementation.</td>
<td>Mar 2021</td>
</tr>
</tbody>
</table>

**People, Safety and Environment**

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Strategies/Actions</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSE1</td>
<td>Review HR capability to ensure that KPA is able to attract, retain and develop its people.</td>
<td>July 2020</td>
</tr>
<tr>
<td></td>
<td>Specify the capabilities and competencies required to deliver strategy; taking into account the range of scenarios that KPA is facing.</td>
<td>Sept 2020</td>
</tr>
<tr>
<td></td>
<td>Assess current state versus the requirement and identify any gaps.</td>
<td>Sept 2020</td>
</tr>
<tr>
<td></td>
<td>Develop a plan to close the gap considering personnel development, outsourcing, retention, workforce relations and recruitment.</td>
<td>Dec 2020</td>
</tr>
<tr>
<td></td>
<td>Implement, monitor and review.</td>
<td>By Mar 2021 and ongoing</td>
</tr>
<tr>
<td>PSE2</td>
<td>Launch of safety program and communications.</td>
<td>By Sept 2020</td>
</tr>
</tbody>
</table>

The measures and targets for assessing success in this Key Result Area are:

**Strategic Measures**
- Identification of strategic risks.

**Targets**
- 100% of risk treatment action plans completed annually.
Community Development

Objective
- Review stakeholder engagement and develop a refreshed plan.

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Strategies/Actions</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>C1</td>
<td>Complete annual survey with local stakeholders.</td>
<td>Dec 2020</td>
</tr>
<tr>
<td></td>
<td>Develop a refreshed communications strategy utilising communications across a range of channels.</td>
<td>Feb 2021</td>
</tr>
<tr>
<td></td>
<td>Rollout and deliver program.</td>
<td>Mar 2021</td>
</tr>
</tbody>
</table>

The measures and targets for assessing success in this Key Result Area are:

**Strategic Measures**
- Increase community satisfaction and advocacy.

**Targets**
- Baseline to be established.

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8. Policy Statements

Pricing Policy
KPA is currently reviewing its pricing policy with some fees and charges to be consolidated. The policy will take into account a range of factors including operating costs for the Port of Broome, and meeting KPA's statutory obligations. KPA’s current practice is to benchmark its fees and charges against other Australian regional ports.

The Western Australian Treasury Corporation (WATC) has undertaken a fee structure review with the aim of providing customers with more transparency, and a simplified fee structure to create efficiencies. The outcome of the WATC study will be taken into consideration when KPA introduces a new fee structure.

KPA's fees and charges are designed to facilitate trade within the Port while endeavouring to meet the Minister for Port's annual return on assets target. KPA is conscious of the need to keep port dues to a level that is competitive. However, KPA also recognises that revenue must keep pace with the growth and development needs of the port, as well as being able to provide for new capital infrastructure. It is clear that KPA needs to continue to invest to keep pace with export activity and regional development, and hence correct pricing of services is essential.

It has been determined there should be some increase in port dues and other charges during 2020/21, the general increase has been based on CPI at 2%. The reasons for the fees increase include the likely cost increases of services and to support the ongoing planning and development of the port to facilitate future trade.

KPA will continue to monitor and review charging on an annual basis and will make adjustments to the pricing policy as necessary to achieve the strategic and operational objectives of KPA.

KPA will continue to seek commercial rents for all its properties and to develop further industrial land to support industry, subject to the COVID-19 State Government initiated rent relief measures which were delivered by KPA for eligible leaseholders at Port of Broome.

Investment Policy
Internal funds are placed in approved investments until required to meet new capital initiatives or to provide working capital through periods of heightened development activity in the Port.
KPA's investment policy aims to maximise the return on investments whilst minimising the authority's exposure to risk. The KPA Board determines the extent and nature of the investment policy.

Funds are invested predominately in commercial bills and term deposits with recognised financial institutions. As far as practicable KPA targets a minimum cash flow requirement, in order to maximise the amount of retained earnings that can be invested.

Procurement Procedure
The Procurement Procedure sets clear guidelines regarding the procedure to be followed when services and products are procured. Staff members authorised to purchase goods and services on behalf of the port authority are assigned limits on the value of goods and services that they can purchase.

KPA's procedures also address approved expenditure for entertainment, plus expenditure limits for credit cards to ensure correct expenditure protocols are followed.

The Procurement Procedure refers to the State Supply Commission's Buy Local Policy that details a range of provisions for local purchasing.

A full review of the Procurement Procedure will be undertaken after implementation of the new financial software in the first half of 2020.

Financial Policies
Under the provisions of the PAA, reporting requirements are in line with those applicable under Corporations Law. Accounting policies and accounting treatments will generally be contained in the Annual Reports of KPA. KPA has adopted the applicable international accounting standards, in accordance with Government guidelines. KPA's financial reports are prepared using the Australian Accounting Standards.

Borrowings
Existing borrowings are provided through West Australian Treasury Corporation. KPA does not expect to make any further borrowings in the 2020/21 year.

Dividend Policy
Dividends are paid to Government at the level of 75 percent of after tax profits. The Board recommends a level of dividend to the Minister annually, or the Minister may determine, in consultation with the Board (under Section 84 of the Act), a different dividend payment.

Asset Valuation Methodology
KPA has adopted the assets valued at cost in the financial, fair value and roll forward method, for the purpose of calculating the rate of return on assets. The Government's long term target average rate of return for KPA is between 7-12 percent, however due to the economic conditions it is expected that this will not be met in 2020/21.

Asset Management
KPA's Strategic Asset Plan (SAP) for the Port of Broome demonstrates that its services and assets continue to remain of critical value and of strategic significance to the State Government and KPA's mandate for the delivery of safe, accessible, sustainable and efficient port facilities and services to facilitate trade. As other ports are vested in KPA individual SAP's will be developed as required.

KPA's critical assets are the assets without which the port would not be able to service its function, and include: the wharf and access channel. Key assets are those assets that allow for future growth in cargo throughput and port operations including land. Assets that are classified as high importance are those assets that are needed to allow day to day operations to proceed and are not easily replaced or substituted. These assets include: navigation aids, tugs, pilot services, roads, drainage, sewage works, ICT systems, buildings, water services, electrical services, and cranes.

The total value of KPA's asset base at cost, was $71 million, as at 30th June 2019 (the carrying amount is approximately $49 million after depreciation). The estimated deprival value of KPA's asset base is forecast to be $79M as at 30 June 2021.

Community Service Obligation
The Port of Broome has legacy non-commercial leases with the Department of Fisheries for the aquaculture parks and community service groups and organisations such as the Broome Volunteer Sea Rescue Group and Broome Fishing Club.

Reporting Requirements
The PAA defines KPA's reporting requirements, these include a Half Year Report and Annual Report to the Minister, and in addition to these requirements, KPA is also regulated by the Government Financial Responsibility Act 2000 which provides for mid-year review estimates, and provision of quarterly whole-of-government data.

In all other cases, KPA seeks to minimise reporting requirements, except as necessary to assist the Government in its planning and reporting. Each request for additional information is assessed individually.
Government Policy
KPA endeavours to comply with the wages increase limits set in the State Salaries and Wages Policy, as amended from time to time.

In 2018/2019 the Aboriginal Procurement Policy required 1% of contracts over $50,000 in value to be awarded to registered Aboriginal businesses and in 2019/20 this will rise to 2%, and KPA will make every effort to achieve with this procurement obligation.

KPA meets its Western Australian Industry Participation Strategy (WAIPS) obligations by requiring prospective suppliers provide a WAIPS plan as a standard part of all Requests for Proposals and the proposed WAIPS plan is in turn a key evaluation criterion during the proposal evaluation phase. Similarly, the standard KPA contract template requires contracted suppliers to report progress of its WAIPS plan. KPA currently one procurement project underway with a WAIPS plan being key component of the project.


KPA is custodian, on behalf of the State Government, of the Port of Broome strategic assets and the ongoing maintenance and renewal of these assets is vital to facilitate trade and grow the region.

KPA has an annual approved capital works programme and for 2020/21 this includes:

- a minor works allocation of $1.818M, to be expended on a range of projects throughout the year;
- wharf essential works (electrical) costing $1.321M, with funding split over two years, and
- the finalisation of the purchase of a new Mobile Harbour crane of $4.3M.

KPA received funding for rent relief and two projects under the State Government’s Kimberley Recovery Plan being the:

- wharf extension protective coating project of $1.8M;
- an underdeck access refurbishment project of $600,000 (with $1.2M being funded over a two year cycle), and
- leaseholder rent relief of $306,000.

The following budget is formulated for the Port of Broome.

Under Section 34A of the PAA, KPA 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.

<table>
<thead>
<tr>
<th>KIMBERLEY PORTS AUTHORITY</th>
<th>APPROVED FINANCIAL PARAMETERS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020/2021</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>*16,428</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>21,803</td>
</tr>
<tr>
<td>Profit/(Loss) Before Tax</td>
<td>(5,375)</td>
</tr>
<tr>
<td>Notional Income Tax</td>
<td>0</td>
</tr>
<tr>
<td>Profit/(Loss) After Tax</td>
<td>(5,375)</td>
</tr>
<tr>
<td>Dividends</td>
<td>0</td>
</tr>
<tr>
<td>Asset Investment Program</td>
<td>6,778</td>
</tr>
</tbody>
</table>

* Includes COVID-19 stimulus funding of $2.706M.
10. Contact Information

Kimberley Ports Authority has an office in Broome, within a kilometre of the wharf, and a small office in Perth.

**Broome Office**

- Lot 549 Port Drive, BROOME WA 6725
- Telephone: 61 8 9194 3100
- Fax: 61 8 9192 1778 Operations Fax: 61 8 9194 3188
- Email: info@kimberleyports.wa.gov.au
- Emergency after hours contact: 0419 044 765

**Postal Address**

- PO Box 46, BROOME WA 6725

**Perth Office**

- 16 Parliament Place, WEST PERTH WA 6005