



The Hon Kon Vatskalis MLA
Minister for Transport and Infrastructure
Parliament House
DARWIN NT 0800

Dear Minister

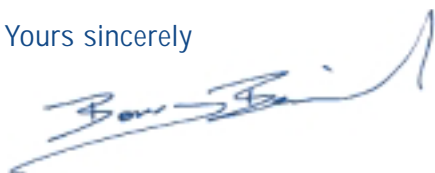
I have pleasure in presenting you with this Annual Report of the Darwin Port Corporation. The report details the activities and operations of the Corporation for the year ending 30 June 2002 in accordance with section 28 of the Public Sector Employment and Management Act 1993 and section 19 of the Darwin Port Corporation Act 1999.

In doing so I advise that, to the best of my knowledge and belief, the system of internal control provides reasonable assurance that:

- (a) proper records of all transactions affecting the Corporation are kept and that employees under my control observe the provisions of the Financial Management Act, the Financial Management Regulations and Treasurer's Directions;
- (b) procedures within the Corporation are such that they afford a proper internal control and a current description of such procedures is recorded in the accounting and property manual which has been prepared in accordance with the requirements of the Financial Management Act;
- (c) there is no indication of fraud, malpractice, major breach of legislation or delegation, major error in or omission from the accounts and records;
- (d) in accordance with the requirements of section 15 of the Financial Management Act, the internal audit capacity available to the Agency is adequate and the results of internal audits have been reported to myself;
- (e) the financial statements included in the Report have been prepared from proper accounts and records and are in accordance with Treasurer's Directions Part 2 Section 5 and also Part 2 Section 6, where appropriate; and
- (f) all Employment Instructions issued by the Commissioner for Public Employment have been satisfied.

I can also advise that the Auditor-General has audited the Corporation's financial statements for the year ending 30 June 2002 and his comments are contained in this report.

Yours sincerely



BARRY BERWICK
Chief Executive Officer
25 November 2002



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1--OBJECTIVE OF REPORT

The objective of this report is to satisfy the requirements of Section 28 of the *Public Sector Employment and Management Act* by presenting the Minister responsible for the Darwin Port Corporation with a summary of the activities of the Corporation during the 2001-02 financial year.

Simultaneously, the report is intended to inform government agencies, stakeholders in the Port and other interested parties of the role, values, focus and performance of the Corporation during the year.





The past 12 months has seen further infrastructure development at East Arm Wharf, along with considerable emphasis being placed on the commercial approach to the Corporation's day to day business activities.

In particular, it has been pleasing to see the award and commencement of Stage 2 works at East Arm Wharf. Given my previous involvement in promoting the Adelaide to Darwin Railway Project, I am delighted to now see the construction of the container terminal and wharf extension associated with that project. Other Stage 2 works awarded include the construction of a new bulk liquids berth which will see the establishment of a Joint User Terminal to handle petroleum products which will enable relocation of the petroleum industry operations from the City and ultimate redevelopment of Stuart Park to meet Government planning objectives. It is also anticipated that a contract will be awarded in the second half of 2002 for the relocation of the container crane from the City to East Arm. Completion of these projects will be significant milestones in the Port's development which will see all commercial activities relocated to East Arm and allow the City Port – Wharf Precinct area to be developed with the focus on cruise ship and Defence vessel activities.

We have increasingly been involved in the planning and negotiation of arrangements relating to development of Timor Sea oil and gas reserves and in particular, the Phillips Petroleum Company's Bayu Undan project. It is possible that this project may gain approval by the end of 2002 to construct a world significant LNG plant at Wickham Point. Such an approval will result in the biggest project development in the history of Darwin, which will see significant growth in export cargo and the establishment of the Port of Darwin as one of Australia's major bulk liquids Ports. Concurrent with this activity, we have experienced a growth in rig tender activity associated with the establishment and continued operation of the Bayu Undan Laminaria and Buffalo production facilities. This is seen as a pre cursor to growth in offshore development activities.

As the current Board of Directors nears the end of their term of appointment, we can say that we have achieved many significant milestones in terms of establishing a commercial work ethic within the organisation. These milestones could not have been achieved without the dedication and commitment of both the management staff and Directors and I congratulate them on their efforts.

We look forward to the challenges associated with further development of the Port in matters including Government Owned Corporation status, budget process, port pricing and project investment.

I look forward to the formation of the new Board in September 2002 and the continued establishment of the Port of Darwin as a significant regional hub Port.



BARRY COULTER
Chairman

The 2001/2002 year was a challenging year in terms of positioning the Corporation for anticipated changes and growth in Port activities. There is a growing forecast of business growth, particularly related to the Adelaide to Darwin Railway project and potential oil and gas industry developments.

Significant milestones for the year included the following:

Operations

- End of year operating results
 - total trade through the Port was 896,876 tonnes including a 20% increase in general cargo volumes associated with the offshore oil and gas industry.
 - 21% increase in earnings (including CSO funding) before income tax equivalent.
- Continued transfer of commercial shipping activities to East Arm Wharf.
- The Corporation undertook CSO functions in accordance with the Minister's directions. These functions involve the operation and management of the Stokes Hill Wharf for cruise ship and Defence vessels, the Wharf Precinct and the Fishing Harbour Mooring Basin and wharf facilities all for the benefit of tourists, residents and local industry.
- Quality Assurance Certification for the provision of pilotage services and associated services to ISO 9001-2000.
- A positive industrial relations/union environment, including a Joint Consultative Committee to monitor the application of a 3 year term enterprise agreement.
- Review and implementation of an Occupational Health and Safety Management System.
- Implementation of a new Accounting and Property manual.
- Establishment of a draft Environmental Management System manual for the Corporation's activities.

Development

- Continued training across all areas of staff to increase skill levels and multi-skilling capabilities.
- Award of contracts in conjunction with the Department of Infrastructure, Planning and Environment for East Arm Stage 2. These contracts involve a civil works contract for \$38.9M, awarded to Henry Walker Eltin for the construction of a railway access causeway and 4 hectare reclamation area, and

a wharf construction contract for \$42.0M, awarded to Theiss Pty Ltd for a 110m extension to the existing solid fill wharf and a 156m plus dolphin bulk liquids berth. The civil works contract is scheduled for completion by the end of 2002 and the wharf work by mid 2003.

- Design and tender documentation has been prepared to enable calling of tenders in the first quarter of 2002/2003 for relocation of the IHI container crane from Fort Hill Wharf to East Arm Wharf.
- Installation of a cathodic protection system on Fort Hill Wharf to ensure long term integrity of the piled structure.
- Assessment of port operational and infrastructure requirements for the proposed Phillips Petroleum LNG Plant at Wickham Point.

Governance

- Preparation for moving to Government Owned Corporation status by the targeted 1 January 2003. Draft Statement of Corporate Intent, Constitution and Legislation amendments have been prepared and sit with Treasury for review and final consideration by the Shareholding Minister, the Treasurer.
- Risk management assessment has been undertaken in preparation for moving to Government Owned Corporation status and is proposed to be undertaken in relation to Insurance Risk Retention in 2002/2003.

Planning

- Review of the Corporate Business Plan by senior management and Directors resulting in a new plan for the period 2002-2006.
- Continued implementation of a performance management system to clearly identify individual performance expectations linked to corporate business plan goals and strategies.
- Continued review of port pricing involving external consultants in order to develop a pricing structure with more rigour and a mechanism for adjustment.
- Review and implementation of an upgrade of the Corporation's information management system.
- Enhanced involvement of the Board in approval of capital, and repair and maintenance programs and integration with Treasury budget programs.
- A workshop conducted by the Board to address Board and CEO performance, and succession planning.

- NT Government's commitment to relocation of the petroleum industry from the City to East Arm, with the allocation of funding for the construction of the bulk liquids berth as noted above. The Government continues to negotiate with the petroleum industry in relation to finalising an agreement for the establishment of the joint user terminal.
- A workshop conducted with the Minister and Directors to address Port development strategies, particularly focussed on the next 5 years. The end result being an update of the Port Development Plan document to be used in budget preparation for capital works and co-ordination of Port Development activities.

Promotion

- Promotion of the Port of Darwin and planned landbridging capability at exhibitions and conferences in the Asian region and Australia.

A feature of the Port work environment is the continuing change in terms of work practices, Port infrastructure and management systems. During the year, the Corporation's staff have operated in this changing environment, sometimes in very difficult and testing circumstances, and I commend every member of the staff on their dedication and commitment to achieving the Corporation's goals.



B K BERWICK
Chief Executive Officer



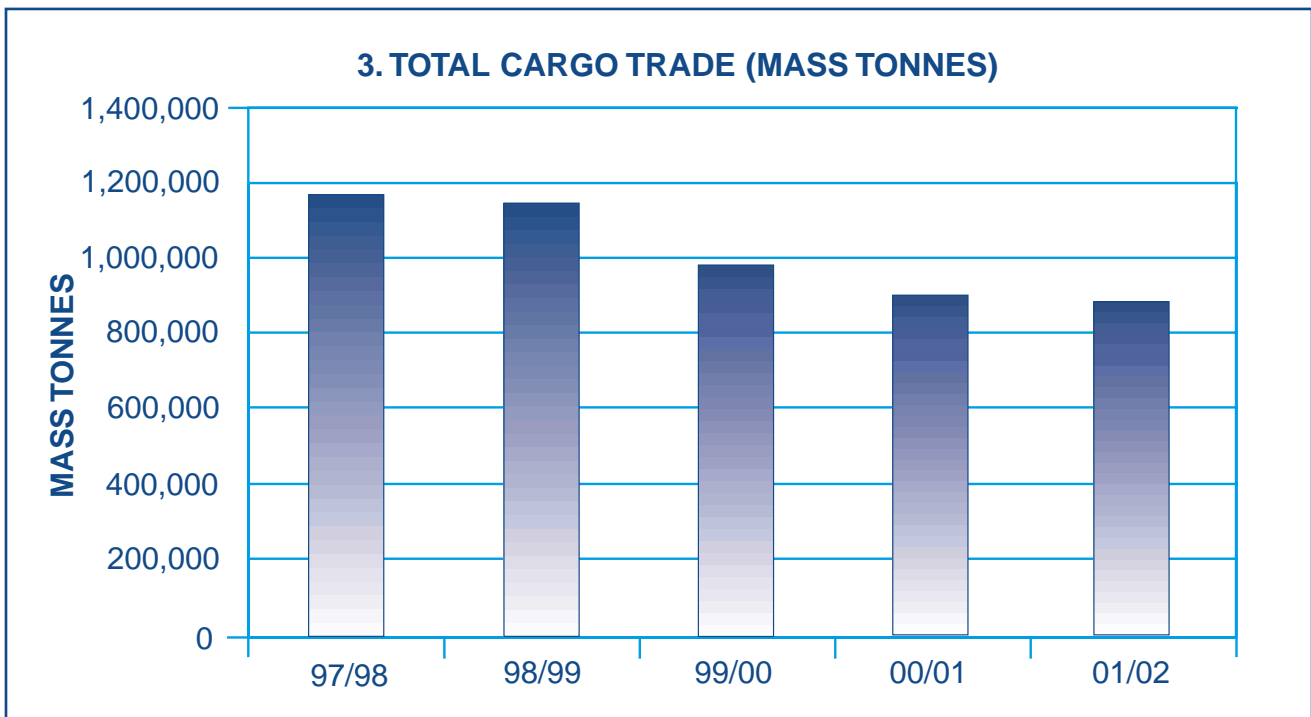
4.1-Trade and Operations Review

The Darwin Port Corporation presently operates the East Arm and City Wharves in the Port of Darwin and offers facilities and services to commercial shipping. The Darwin Port Corporation facilities predominantly serve the following shipping industry market segments: -

- Livestock exports
- Offshore oil and gas rig services
- Container and general cargo
- Dry bulk
- Petroleum and other liquid bulk
- Cruise and naval vessels

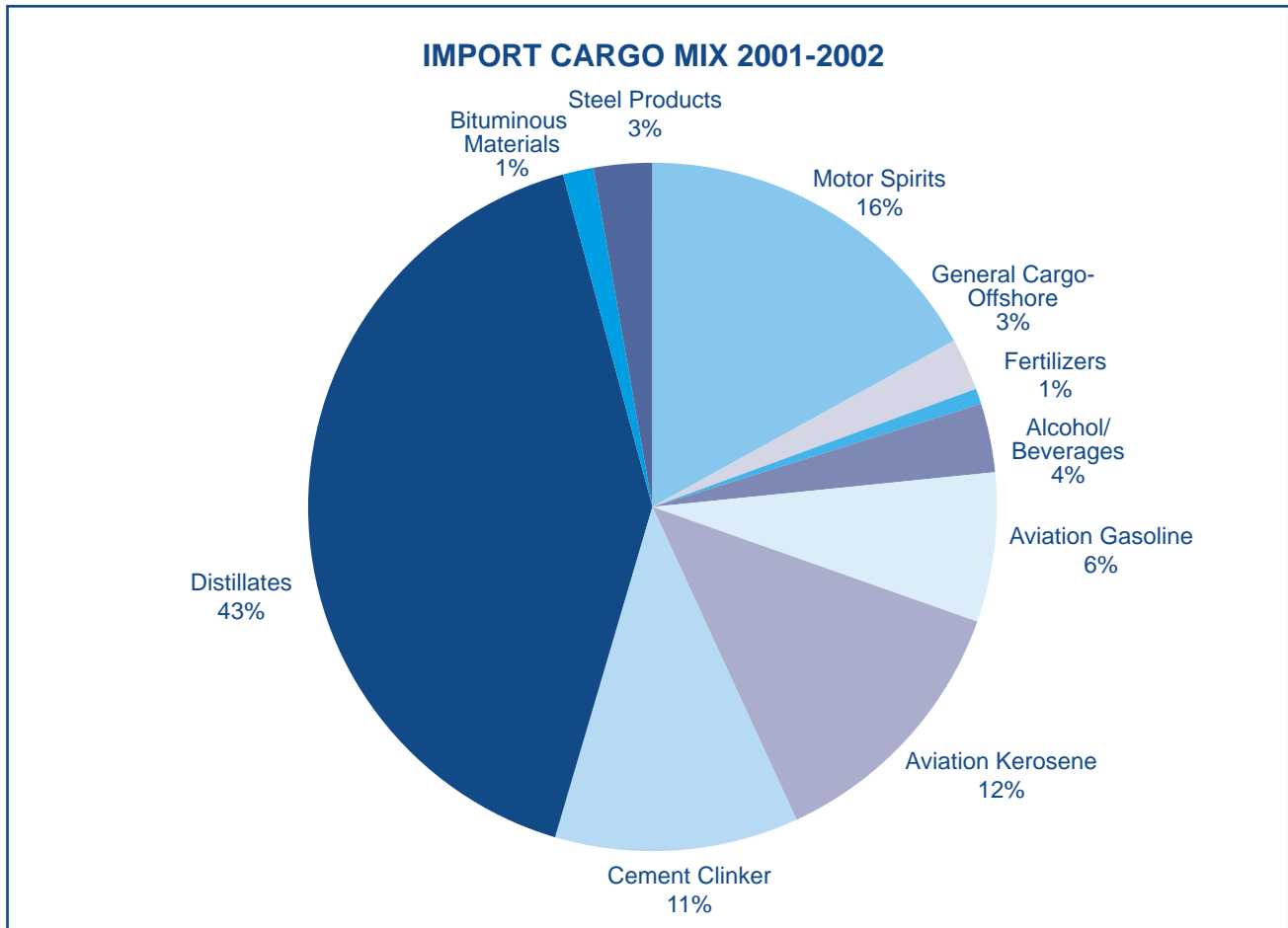
The Darwin Port Corporation also operates facilities for non trading vessels. This segment includes research, fishing and pearling vessels.

Trade volumes through the Port of Darwin had increased by 58.5% over the 4 years to 1996/97. However total trade handled through the Port from 1997/98 to 00/01 declined by 22.5% from 1,167,770 tonnes to 904,716 tonnes, primarily due to a reduction in live cattle export numbers, the cessation of dry bulk exports in 99/00, a moderate level of activity in the offshore oil and gas exploration and production industry and a steady decline in the level of petroleum imports.



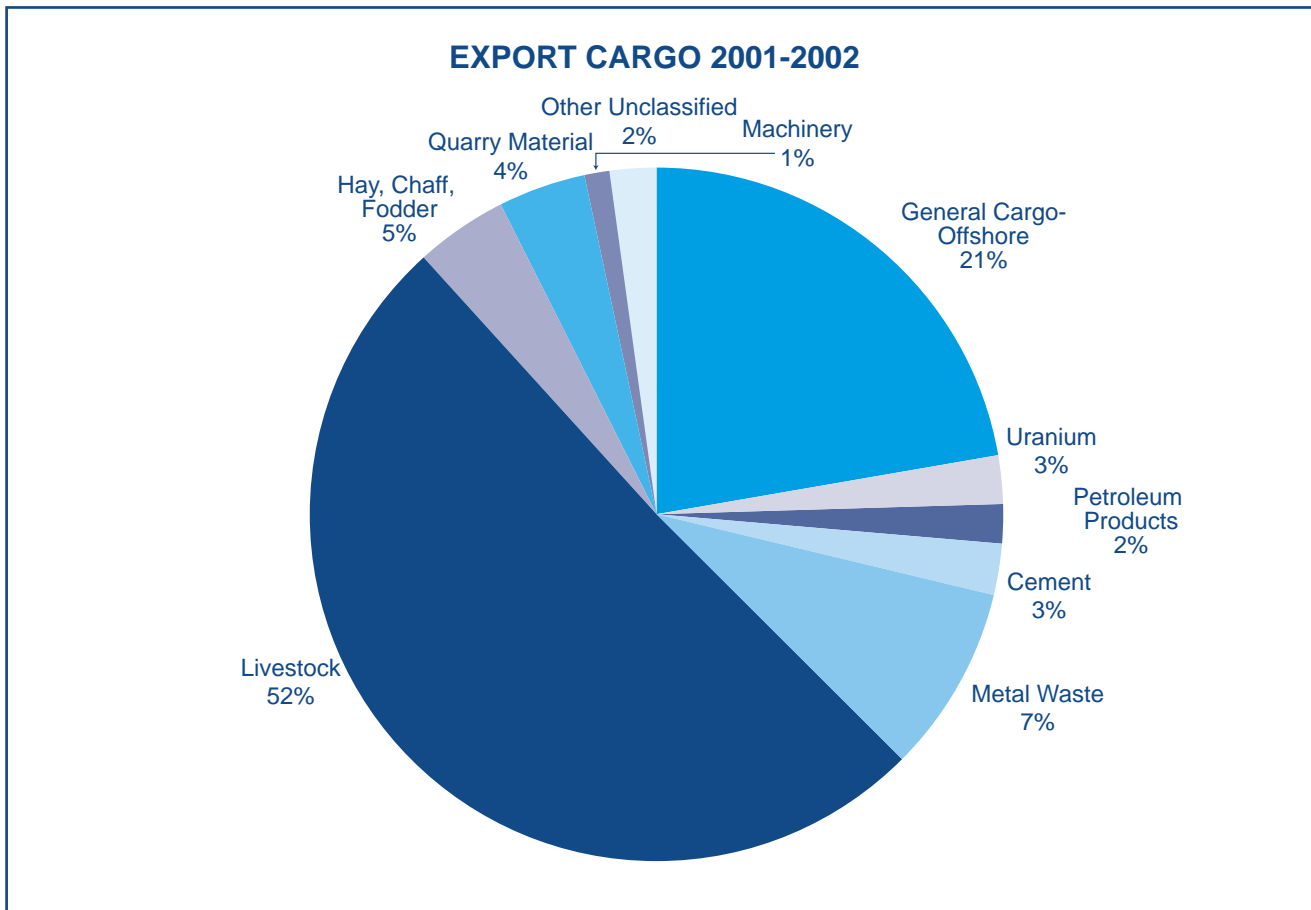
Total trade across Darwin Port Corporation facilities in 2001/02 reduced by 0.87% from 904716 tonnes to 896876 tonnes. Imports reduced by 1.7% from 741828 tonnes to 729256 tonnes and exports increased by 2.9% from 162888 tonnes to 167622 tonnes.

4.1-Trade and Operations Review CONT.



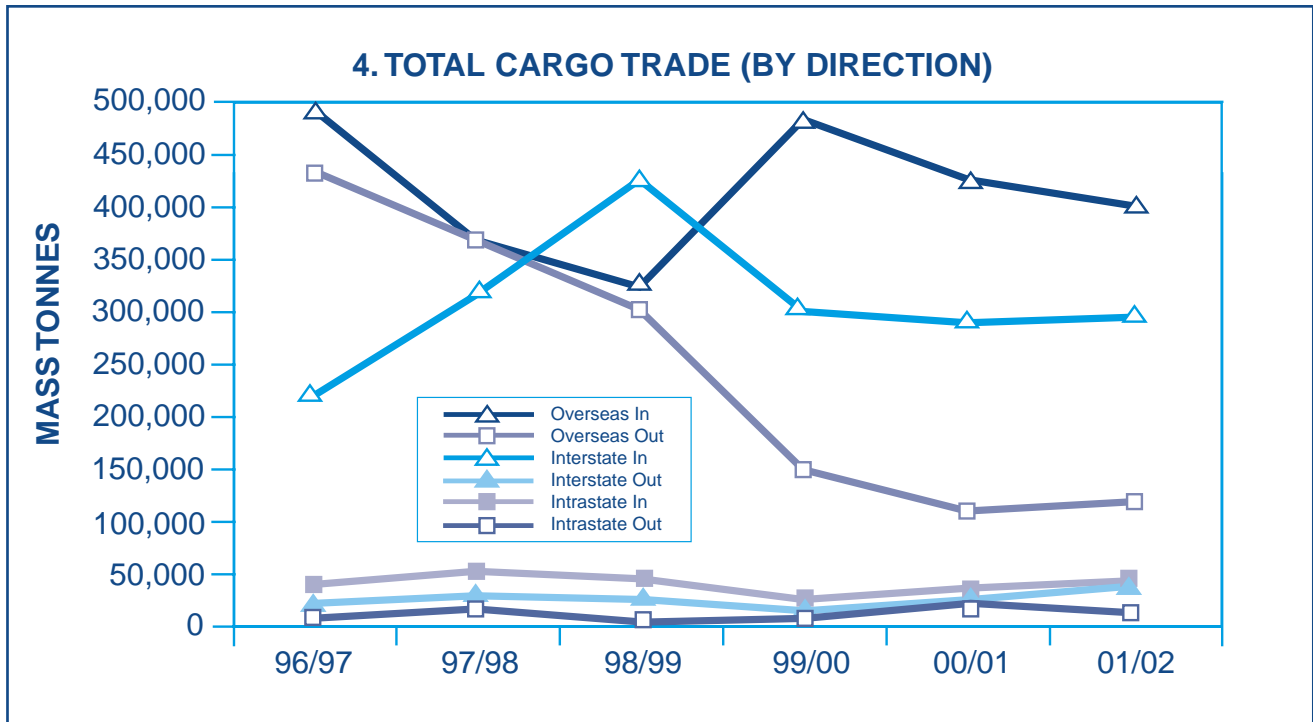
Petroleum products remain the predominant import cargoes, accounting for 78% of the Port's import tonnage. The total tonnage of petroleum products imported improved marginally from 539351 tonnes to 540511 tonnes. Dry bulk tonnages were up for clinker by 9399 tonnes to 79086 tonnes due to the increased demand for cement from construction of the AustralAsia Railway and the offshore exploration and drilling industry. However correspondingly the Port did not receive a sulphur shipment during the year with the decrease in mining activity at Rio Tinto's Jabiru Uranium mine. Containerised imports recorded minor reductions in tonnage with the transfer during the year of the Crocodile Line shipping service from DPC facilities to private facilities. General cargo import levels increased towards the end of the year in conjunction with the ramp up in offshore activity at the Phillips Bayu Undan field.

4.1-Trade and Operations Review CONT.



The livestock export industry remains the Port's predominant exports sector with 52% of the total trade. The level of livestock exports has remained comparatively static compared to last year. General cargo exports for the offshore oil and gas industry increased by more than 14,000 tonnes during the year in line with a ramp up in activity in this sector. Container export tonnages started to decrease slightly towards the end of the year with the transfer of the Crocodile Line Service to private facilities. Mining machinery and steel products being transhipped and repositioned ex Darwin have also contributed to the increase in general cargo tonnages.

4.1-Trade and Operations Review CONT.



A change in the import of a majority of the cement clinker from international to domestic manufacturers accounted for the decline in overseas imports and increase in interstate imports.

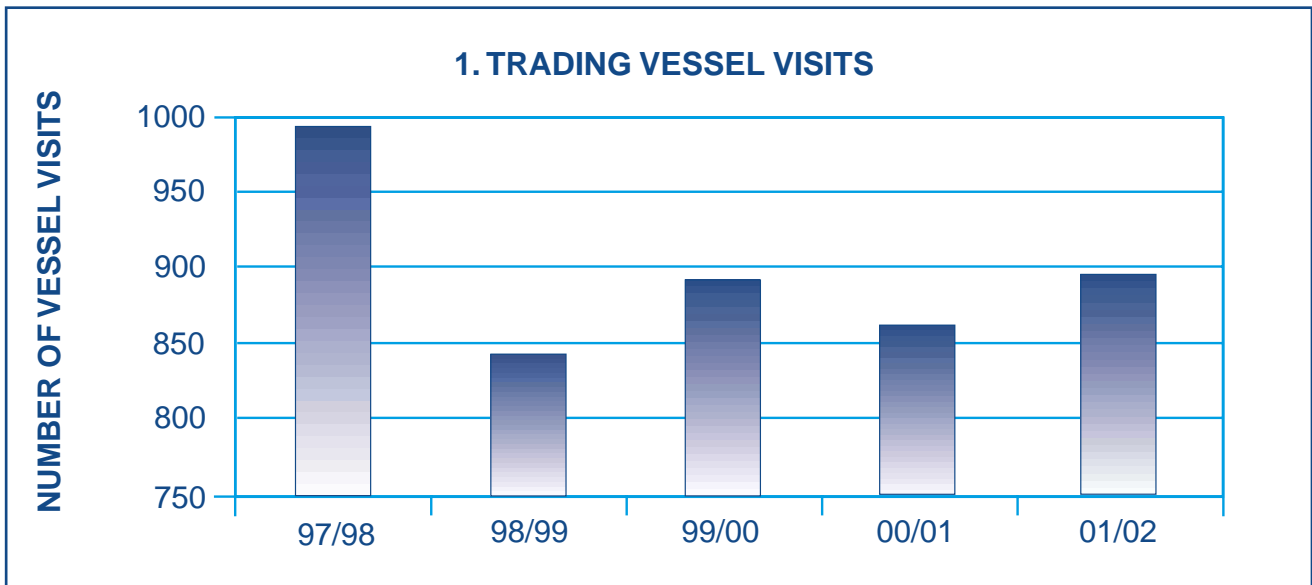
Overseas exports remained relatively static in line with the level of activity in the livestock export industry.

Interstate cargo trade activity displayed marginal increases in tonnage with imports but a marked decline in exports due to the lower level of activity on the Australian West Coast service.

Intrastate cargo both import and export increased in line with the increased activity in the offshore oil and gas sector.

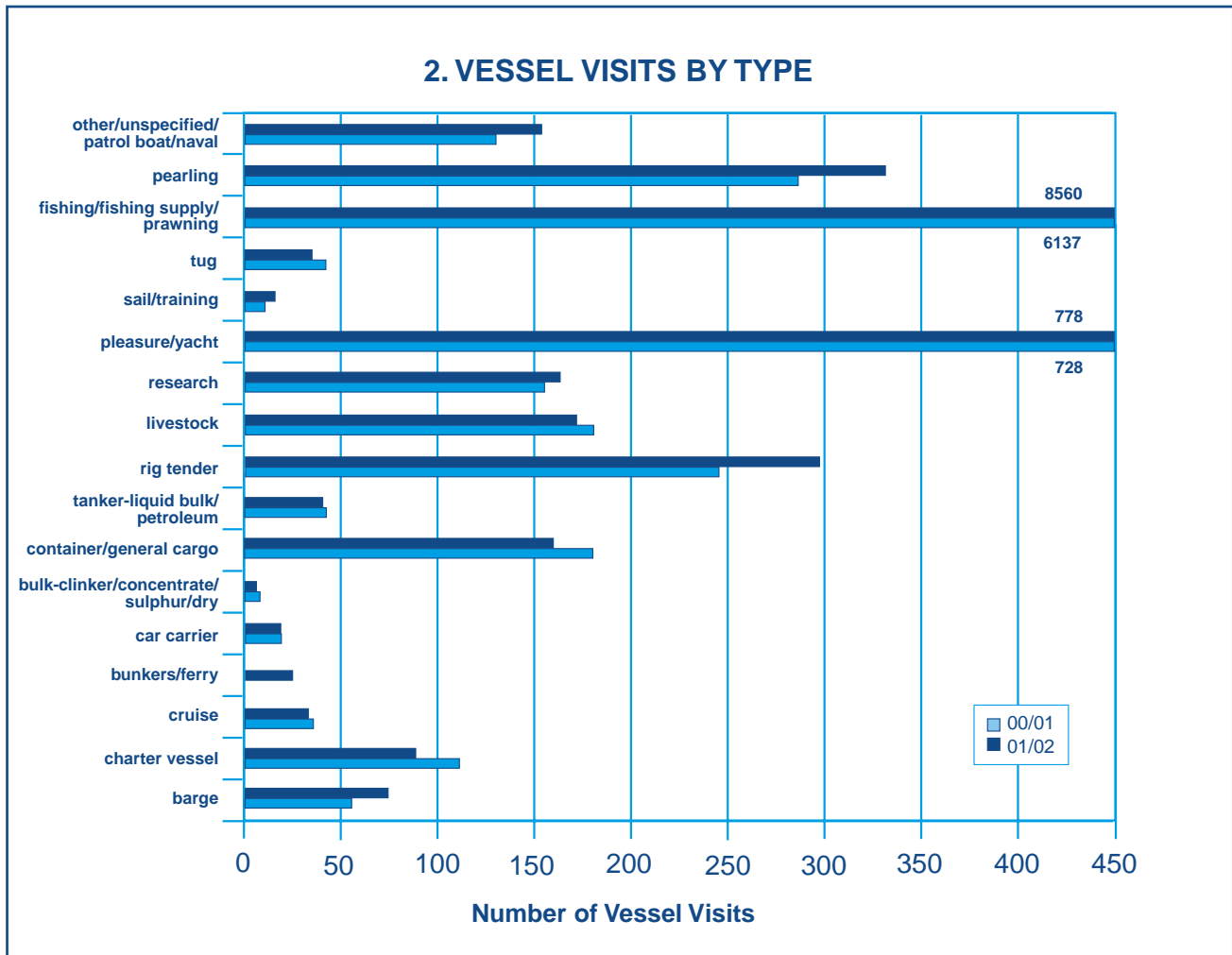
4.1-Trade and Operations Review CONT.

The number of vessels using the main Port berths has increased by 110% over the 5 years to 1997/98. Corresponding with the decline in cargo volumes the number of trading vessel calls fluctuated from 97/98 to 00/01 declining overall by 13.5% from 996 calls to 862 calls.



The total number of trading vessel visits increased by 34 calls from 862 vessels to 896 vessels mainly due to an increase in the number of rig tender calls. Container and general cargo vessel calls were down 21 calls to 159 vessels as this trade sector returns to normal patterns as East Timor winds back and the subsequent transfer of the Crocodile service to private facilities. Livestock vessel calls reduced by 11 to 169 calls as a consequence of vessels entering the trade with a greater capacity.

4.1-Trade and Operations Review CONT.



Vessels calling at the Darwin Port Corporation facilities are categorised into “Trading” and “Non-Trading” vessels. Trading vessels are normally commercial vessels carrying cargo or passengers including rig tenders, tankers, livestock carriers, bulk cargo vessels, car carriers, container and general cargo vessels, barges and cruise vessels. The non-trading vessels normally include naval vessels, research and pleasure craft, fishing and fishing supply and the pearling industry support vessels. Again this year the fishing and fishing supply industry has increased by 1874 calls to 10434 calls, maintaining the growth in this sector for the 6th consecutive year. The pearling industry also increased its vessel calls by 50 to a total of 332 calls for the year. The number of visiting international naval vessels stabilised during the year with 161 calls at a similar level to the previous year.

4.1-Trade and Operations Review CONT.

Trade Development and Marketing

The Darwin Port Corporation, in association with the Office of Territory Development (OTD) and the Austral Asia Railway Corporation, developed a common marketing brand during the year. The brand "Australia's Asian Gateway" was developed as a marketing and promotional vehicle to promote Darwin as a one-stop logistics centre with the advent of the new AustralAsia Railway. The group developed a draft strategy, formulated and circulated a discussion paper, identified an exhibit strategy and obtained Cabinet endorsement of the strategy. A portable exhibit and multi-media presentation was developed and was part of a soft launch of the "Australia's Asian Gateway" brand at selected exhibitions and conferences in Singapore and Melbourne during September 2001 and Sydney during October 2001.

The first of the exhibits was Asia Pacific Maritime Singapore – 5-7 September 2001. This is the 4th time the Port of Darwin has exhibited at this exhibition (formerly Singaport) and the first public soft launch of "Australia's Asian Gateway". Some useful contacts were made and the marketing brand was generally well received and generated a good level of interest. The brand continued to be well received and gained a greater acceptance at exhibitions at AusIntermodal Sydney in September 2001 and the Australian Freight Congress – 2001 Transport and Logistics Expo in Melbourne in October 2001. As part of the "Australia's Asian Gateway" strategy a delegation comprising representatives from OTD, Freightlink and the DPC attended the Marus Evans – Supply Chain Asia Pacific – Summit in Perth – 5-7 June 2002. The delegation participated in 24 formal interviews with Asia Pacific's leading companies requiring logistics services. Additional briefings and informal discussions were also undertaken with other delegates.

As well as attending the trade shows and exhibitions the delegates took the opportunity to call on shipping lines, ports and logistics providers in each of the areas to brief them on developments in the Northern Territory.

During January 2002 the Port of Darwin contacted 14 of the world's leading liner company's head or regional offices as part of a campaign to update the relevant trade managers on the Port and rail project. A number of positive responses were received and follow-up is being undertaken.

The railway and oil and gas developments continue to stimulate a high level of interest in the Port of Darwin. The DPC hosted in excess of 60 delegations and visitations from industry, government and trade organisations, providing visitors with briefings on Port developments and tours of the Port facilities.

The DPC worked with prospective Port clients including Pechiney, Phillips, Baker Hughes Inteq, EMC/Saipem and Bio-Diesel Australia to develop proposals for the provision and operation of Port facilities, together with trade logistics solutions for the movement of cargo and equipment.

4.1-Trade and Operations Review CONT.

Pilotage

The Corporation's pilotage service continues to provide its customers with a 24 hour service throughout the year. The pilotage service's goals are to provide a safe and efficient service to protect all users of the harbour, infrastructure and environment.

Some of the highlights of the service have been the docking of the jack up rig, the 'Ron Tapmeyer', alongside East Arm Wharf; assisting with the turning over of the 900 tonne Roll on Roll off pontoon in the harbour, enabling hull repairs to be completed; stacking the two semi submersible oil rigs, the 'Ocean General' and 'Sedco 703' in the harbour and deploying a three legged mooring buoy, which has the capability of mooring a 40,000 tonne displacement vessel. The Corporation wishes to acknowledge the assistance of the Woodside Petroleum Company, and the officers and crew of the 'Swan Tide', with this deployment. The Royal Australian Navy is also acknowledged for donating the mooring buoy.



4 -- PERFORMANCE REPORTING CONT.

DARWIN CARGO MOVEMENTS 2001/2002

CARGO	TOTAL EXPORTS	TOTAL IMPORTS	TOTAL TRADED	OVERSEAS EXPORTS	OVERSEAS IMPORTS	INTERSTATE EXPORTS	INTERSTATE IMPORTS	INTRASTATE EXPORTS	INTRASTATE IMPORTS
Livestock	86,974	0	86,974	86,974	0	0	0	0	0
Foodstuffs	295	739	1,034	273	94	12	360	10	285
Hay, Chaff, Fodder	7,557	6,149	13,706	7,557	0	0	6,149	0	0
Beverages	7	28,195	28,202	1	0	7	28,195	0	0
Timber	14	392	406	0	153	14	239	0	0
Uranium & Thorium	4,332	0	4,332	4,332	0	0	0	0	0
Quarry Materials	7,477	3,873	11,350	5,331	2,267	1,504	1,606	642	0
Metal Waste	7,842	0	7,842	4,775	0	3,067	0	0	0
Automotive Distillates	0	291,127	291,127	0	208,989	0	82,138	0	0
Motor Spirit	3,956	114,095	118,051	3,956	61,867	0	52,228	0	0
Aviation Gasoline	4	41,935	41,939	4	25,739	0	16,196	0	0
Aviation Kerosene	0	83,651	83,651	0	37,644	0	46,007	0	0
Tobacco	34	0	34	34	0	0	0	0	0
Other Petroleum	0	127	127	0	0	0	127	0	0
Bitumen & Bituminous Material	0	9,305	9,305	0	9,305	0	0	0	0
LPGas	0	271	271	0	0	0	271	0	0
Chemicals	4,827	7,232	12,059	507	4,183	1,104	3,010	3,216	39
Fertilizer	321	335	656	0	0	321	335	0	0
Tyres	22	411	433	22	180	0	231	0	0
Paper	165	2,151	2,316	165	461	0	1,690	0	0
Cement Clinker	0	79,086	79,086	0	25,000	0	54,086	0	0
Bricks & Tiles	167	2,964	3,131	146	2,167	21	797	0	0
Sulphur	0	0	0	0	0	0	0	0	0
Metal Manufacturers	344	20,232	20,576	344	12,591	0	7,641	0	31
General Cargo - Offshore	35,500	21,660	57,160	2,193	1,107	534	15	32,783	20,538
Machinery & Equipment	1,691	1,988	3,679	954	653	737	1,335	0	0
Motor Vehicles & Parts	185	5,720	5,905	114	5,188	71	532	0	0
Cement	4,213	238	4,451	0	238	0	0	4,213	0
Furniture	129	195	324	129	89	0	106	0	0
Military Equipment	0	3,183	3,183	0	201	0	2,982	0	0
Explosives	275	1,965	2,240	275	567	0	1,398	0	0
Other	1,291	2,035	3,326	647	1,167	423	837	220	0
	167,622	729,254	896,876	118,723	399,850	7,815	308,511	41,084	20,893

4.2-Achievements Against Objectives

--Corporate Business Plan

For 2001/02 the Corporation's reporting on activities has been re-aligned into lines of business according to cargo types as part of the move to reflect a more commercial approach to its business. This is seen as an ongoing process, which will continue to be refined with time as business activities change.

BULK LIQUIDS/SOLIDS

Objectives

- add 3% annual volume increments and maintain profitability
- successfully secure at least one major gas related cargo
- successfully secure at least one additional dry bulk related cargo

The Corporation continues to operate bulk petroleum product unloading facilities at Iron Ore Wharf. In line with the general activity within the Territory, total bulk liquids cargo remained relatively static.

With increased activity in the development of Timor Sea oil and gas reserves, the Corporation has experienced an increase in oil rig tender operations, with the number of tenders increasing from 12 to a peak of 16. Operations continue to the Laminaria and Buffalo fields with services being established to the new Phillips Petroleum Bayu-Undan field.

A small increase in bulk trade has been established with the construction of the Baker Hughes Intec mud plant facilities on an occupational licence at East Arm Wharf. This facility services the oil and gas industry in terms of drilling mud and dry bulk supplies to the offshore facilities.

As part of the Northern Territory Government's strategy to relocate the petroleum industry from the City Port to East Arm, a contract was awarded to Thiess Contractors Pty Ltd for the construction of a bulk liquids wharf in conjunction with negotiation of a new joint user terminal facility at East Arm. The wharf is due to be completed during the third quarter of 2003.

GENERAL CARGO

Objectives

- 100% increase in general cargo volumes
- capture all oil and gas general cargo trade
- successful development of dedicated international landbridge capacity on the railway

The Corporation experienced a 20.5% increase in general cargo volumes primarily associated with developments in the oil and gas industry. This increased activity is expected to continue to increase as this industry continues to grow.

4.2-Achievements Against Objectives

--Corporate Business Plan CONT.

The Corporation's focus on East Arm continues with the progressive transfer of operations to East Arm Wharf. During the course of the year the East Arm Stage 2 development works commenced with a \$38.9M civil works contract being awarded to Henry Walker Eltin for the construction of the railway access causeway and 4 hectare container terminal.

A \$42.0M contract was also awarded to Thiess Contractors Pty Ltd for a 110m extension to the existing solid fill wharf and construction of a 156m concrete deck on steel piles (and associated dolphin) to form a bulk liquids wharf as noted above. Tenders for the relocation of the IHI container crane from the City Port to East Arm will also be called in the first quarter of 2002/03. The stage 2 civil works are scheduled to be completed by the end of 2002 and the wharf works by the end of 2003, all of which will enable commencement of railway landbridging operations.

The Corporation is actively involved in conjunction with other Government agencies in promoting the Port of Darwin and landbridging capabilities in association with the common marketing brand 'Australia's Asian Gateway'.

CONTAINERS

Objectives

- growth in TEUs - 10,000 to 35,000 TEUs by 2005
- target IRR of 12%

Container numbers through the Port of Darwin decreased marginally with one shipping line's transfer of its Singapore to Darwin service to a private operator within the Port of Darwin. With the establishment of railway operations in 2004, it is expected that this downturn in container numbers will be reversed.

The Corporation is currently undertaking a Port Pricing Review to establish a rigour to Port pricing and to ensure acceptable rates of return.

LIVESTOCK

Objectives

- increase market share by 10% overall to 2005
- double fodder exports to 2005

Livestock and fodder export levels remained relatively static during the year. It is encouraging to note that Darwin has held its market share in this industry in view of increased competition from neighbouring Ports.

COMMUNITY SERVICE OBLIGATIONS - CSO'S

Objectives

- resolve the basis of community service obligations with NT Government
- provision of services on commercial terms
- reduce cost to DPC of providing CSO's

CSO activities have been undertaken for Government in the areas of Stokes Hill Wharf, Wharf Precinct and Marine Industry facilities. Funding is negotiated annually with Treasury on a profit and loss assessment basis in accordance with Community Service Obligation Policy. The Corporation manages expenditure levels in accordance with the funding allocation received from Government.

Stokes Hill Wharf continues to be the focus for tourism, cruise line passenger and naval activities. There has been however, a growing use of Fort Hill Wharf due to the increasing size of cruise and defence vessels. With the pending final transfer of commercial activities from Fort Hill Wharf to East Arm Wharf, it has been flagged with Treasury that Fort Hill Wharf will become non-commercial and should be funded on a similar CSO basis.

The Wharf Precinct continues to be a popular evening dining venue with in excess of 500 diners being accommodated each evening during the dry season. The Brolga Award wining facility continues to achieve a high level of visitation during the wet season with visiting patrons enjoying a wide and varied dining experience.

The Corporation continues to provide services to the fishing industry with the Mooring Basin and Fisherman's Wharf areas being maintained in accordance with industry needs.



4.3-Achievements Against Budget --Programs

EAST ARM WHARF

This business unit will contribute significantly to the economic development of the Northern Territory as modern intermodal cargo handling facilities are constructed.

Outcome:

Provision of an appropriate range of world class Port services to facilitate cargo transfer.

Measures:

-- *Total cargo trade*

The progressive transfer of commercial cargo operations from the City Port to the new facility at East Arm realised at total of 254,529 tonnes of cargo across the wharf. The cargo tonnage was a mixture of general cargo, livestock, dry and liquid bulk and motor vehicles. The development of Port facilities continued at East Arm during the year with the opening of the BHI drilling fluids plant, commencement of construction of the railway access embankment and intermodal container terminal for the Adelaide to Darwin railway and the 256m berth extension including the new bulk liquids berth.

-- *Productivity – real revenue per employee*

\$3,025,399 revenue / 5.1 employees = \$593,215 real revenue per employee.

This is up 28% on the previous year in line with the transfer of activity from the City Port to East Arm and the subsequent increase in activity at the East Arm facility.

-- *Productivity – trading vessel visits per employee*

428 trading vessels / 5.1 employees = 83.92 trading vessel visits per employee.

The number of trading vessel visits per employee is up 28% on last year in line with the increased activity at the facility.

-- *Days lost to industrial disputes*

Nil

4.3-Achievements Against Budget

--Programs CONT.

-- *Berth occupancy*

Berth occupancy is measured by the number of vessels and the length of berth they occupy over the period of their Port stay. The East Arm berths occupancy was 35% during the year. As commercial cargo operations are completely transferred from the City Port to East Arm and increased traffic from the railway operations commences it is expected the berth occupancy rate will increase significantly.

-- *Vessel turnaround*

428 vessels called at East Arm during the year spending an average time in berth of 42.76 hours. Due to the multi-purpose trade nature across East Arm some vessels like rig tenders can spend as little as a few hours in berth, whilst a vessel discharging dry bulk cargo can spend 7-10 days in berth.

IRON ORE WHARF

This bulk liquids cargo handling facility provides loading and discharge services to the petroleum industry. Its operations will eventually transfer to East Arm Wharf.

Outcome:

Provision of an efficient bulk liquids handling facility.

Measures:-- *Total cargo trade*

The Iron Ore Wharf is the predominant berth in the Port of Darwin for the import of petroleum products and doubles as a lay-up berth, particularly for visiting naval vessels. A total of 544,118.1 tonnes of cargo moved across the berth during the year. All but 50 tonnes was domestic petroleum products. Tonnage wise this berth handled more than half of the Port's total tonnage throughput for the year.

-- *Productivity – real revenue per employee*

\$5,529,382 revenue / 1.5 employees = \$3,686,254 real revenue per employee.

This is up 1.5% on last year, the relatively static level of petroleum imports is reflected in this figure.

4.3-Achievements Against Budget

--Programs CONT.

-- *Productivity – trading vessel visits per employee*

60 trading vessels / 1.5 employees = 40 trading vessel visits per employee.

The number of trading vessel visits has increased by 9% on last year in line with a minor increase in the number of vessels utilising the berth.

-- *Days lost to industrial disputes*

Nil

-- *Berth occupancy*

The berth was utilised by 60 vessels during the year giving a berth occupancy rate of 16%.

-- *Vessel turnaround*

Of the 60 vessels utilising the berth the majority were tankers that stayed on average 48-72 hours in berth. Visiting international naval vessels stayed on average 3-5 days whilst one livestock vessel layed-up alongside for 13 days. The average time in berth was 50.41 hours.

FORT HILL WHARF

Fort Hill Wharf remains the base of operational control regulating shipping movements, pilotage and handling of shipping containers. These operations will be phased across to the new wharf at East Arm as development proceeds.

Outcome:

Provision of a range of Port services to facilitate cargo transfers.

Measures:

-- *Total cargo trade*

Fort Hill Wharf remained the main berth for the Port's general cargo and container operations during the year. This will change in mid 2003 when the container crane on Fort Hill Wharf is relocated to East Arm and the container trade is transferred with it. The majority of the cargo across the berth was containerised or general cargo, with some livestock vessels being transferred back from East Arm due to congestion. The total cargo trade across the berth was 97,248.8 tonnes.

4.3-Achievements Against Budget

--Programs CONT.

-- ***Productivity – real revenue per employee***

\$932,853 revenue / 2.45 employees = \$380,756 real revenue per employee.

This figure is down 9.8% on last year and reflects the transfer of cargo operations from Fort Hill to East Arm.

-- ***Productivity – trading vessel visits per employee***

159 trading vessels / 2.45 employees = 64.89 trading vessel visits per employee.

The trading vessel visits per employee is down by 10.7% on last year as vessels are allocated a berth at East Arm instead of Fort Hill as part of the transfer of operations.

-- ***Days lost to industrial disputes***

Nil

-- ***Berth occupancy***

The berths received 159 vessels during the year ranging from cruise vessels, naval vessels, car carriers, livestock vessels, container and general cargo vessels and rig tenders. This resulted in berth occupancy of 26% across the 2 berths with a total length of 300m.

-- ***Vessel turnaround***

The average time in berth was 43 hours. Given the diversity of the vessel types using Fort Hill Wharf there was a wide range of time in berth, with some vessels staying as little as 6-12 hours and others occupying the berth for 7-10 days.

STOKES HILL WHARF/WHARF PRECINCT

Stokes Hill Wharf provides cruise ship facilities, landside services and a ship terminal servicing naval and cruise vessels.

The Wharf Precinct provides retail outlets and associated facilities, entertainment, infrastructure and services on the wharf in support of the cruise shipping industry and general tourism activities.

4.3-Achievements Against Budget

--Programs CONT.

Outcome:

Delivery of Port terminal services and facilities, for naval vessels and cruise shipping operating in the Australasian region

Measures:-- ***Total cargo trade***

Stokes Hill Wharf was not used for cargo operations during the reporting period. The wharf is becoming an essential part of Darwin's tourism infrastructure operating as a terminal facility for visiting cruise and naval vessels as well as supporting the Broлга Award winning Darwin Wharf Precinct. 8 Cruise vessels and 48 naval vessels utilised the berth facilities during the year.

-- ***Productivity – real revenue per employee***

\$2,973,666 revenue / 4.25 employees = \$699,686 real revenue per employee.

The increased Community Service Obligation funding in this area and the subsequent increase in activity has realised an increase of 34.96% in real revenue per employee for the year.

-- ***Productivity – vessel visits per employee***

105 vessel visits / 4.25 employees = 24.70 vessel visits per employee.

Vessel visits per employee increased marginally on last year by 4.8% as the number of vessel visits remained relatively static.

-- ***Days lost to industrial disputes***

Nil

-- ***Berth occupancy***

The berth was utilised by 105 vessels in total ranging from cruise and naval vessels to barges and commercial fishing and prawning vessels. The berth utilisation rate was 23%.

-- ***Vessel turnaround***

The average time in berth was 61.45 hours. Cruise vessels stayed on average 12-24 hours with visiting international naval vessels staying 4-10 days.

4.3-Achievements Against Budget

--Programs CONT.

MARINE INDUSTRY

This business unit comprises all activities associated with the management and operation of the Frances Bay Mooring Basin, Fisherman's Wharf and Hornibrook's Wharf. The operations include the maintenance of a tidal-free facility that provides a safe haven for the fishing fleet and small craft of Northern Australia.

Outcome:

Delivery of harbour services and facilities for the Northern Australian fishing industry, small vessel operators and associated industry.

Measures:**-- *Total cargo trade***

Cargo trade statistics are not collected by the Darwin Port Corporation on the marine industry in Darwin. For the sixth consecutive year the number of fishing and fishing supply vessels, pearling vessels and associated small vessel numbers have increased. The total number of vessel calls at the facilities in Frances Bay during the year grew to 11,708.

-- *Productivity – real revenue per employee*

\$1,841,102 revenue / 4.65 employees = \$395,936 real revenue per employee.

The real revenue per employee increased by 86.3% over last year with an increase in Community Service Obligation funding for this area.

-- *Productivity – trading vessel visits per employee*

11,708 vessel visits / 4.65 employees = 2517.85 vessel visits per employee.

This area has experienced its sixth consecutive year of growth in the number of vessel visits, up 1953 vessel visits on last year. Trading vessel visits per employee has increased by 20% in line with the increased number of visits.

-- *Days lost to industrial disputes*

Nil

Port Profile

The Port of Darwin is strategically placed in terms of capturing significant trade growth over the next decade. It is geographically close to northern ports in the ASEAN region and is poised to become 'Australia's Natural Northern Gateway Port'.

The pending establishment of international landbridging arrangements associated with the construction of the Adelaide to Darwin Railway will further cement Government's vision of establishing Darwin as a regional hub Port.

The Port is also the supply, service and distribution centre for the rich Timor Sea oil and gas reserves. Significant exploration and production activity in this region will see increased cargo volumes through the Port of Darwin.

The Port handles approximately 1 million tonnes per annum of cargo and with Stage 1 of East Arm Wharf operational, offers world class facilities and services to its existing and potential customers. The Port of Darwin is still Australia's pre-eminent port for live cattle exports. Through a regime of Community Service Obligations the Corporation is also responsible for provision of Marine industry support services, development and management of the Wharf Precinct for tourism and recreation and provision of Port and reception facilities for cruise and naval vessel visitations.

Charter and Mission Statement

In November 1999 an expanded Commercial Charter and Mission Statement was adopted by the Corporation that better reflected the greater commercial approach by the Corporation to its operations and functions. The new Commercial Charter highlighted the Corporation's strategic intent, defined the core business and the core capabilities required for the commercial development of the Port of Darwin.

Our corporate mission is: -

- To facilitate the efficient movement of trade through the Port of Darwin in a commercial manner and to continue the development of the Port of Darwin as a strategic element of a multi-modal transport hub for the benefit of the Northern Territory community.
- To deliver specific community service obligations as required by Government.

Commercial Charter

In order to provide clarity of the Corporation's functions, a Commercial Charter has been developed and approved by the Minister. The Charter includes the mission statement.

Statement of Values

1. Operate in a responsible, ethical, honest manner in all dealings and negotiations.
2. Create an open, encouraging, motivating work environment that gives employees the opportunities to develop and work to their maximum potential and to be rewarded accordingly.
3. Meet customer and stakeholder expectations by adopting a high commitment to quality customer service at all levels.
4. Adopt continual enhancement of technical and communications skills and capability.
5. Adopt a responsible and pro-active approach towards safety and environmental management of all Port operations.

Legislation

Legislative Responsibilities

The Darwin Port Corporation was formally established and gazetted on 20th September 1999 and involved the establishment of a Board of Directors.

The Agency was previously the Darwin Port Authority.

The Corporation is responsible for the following legislation:

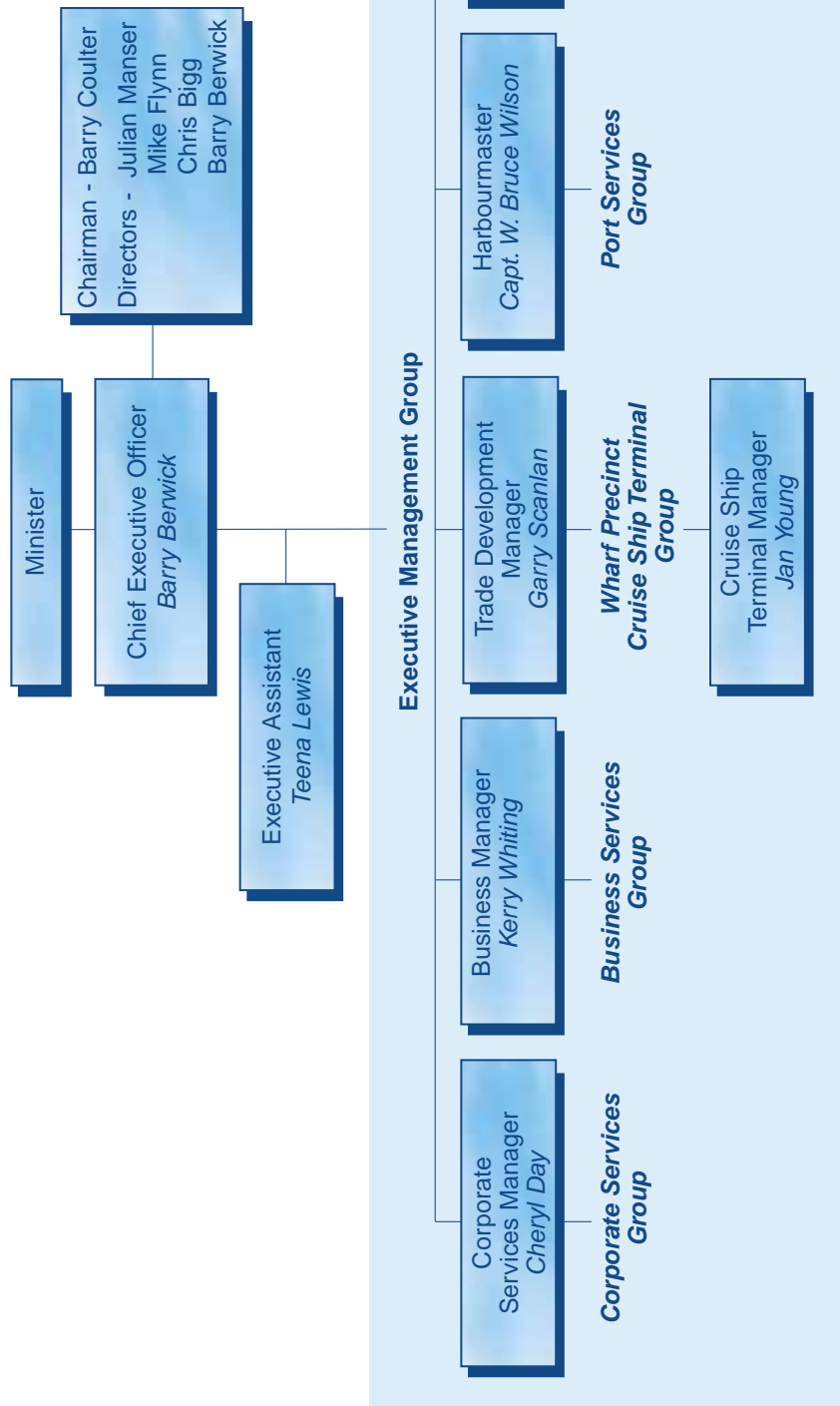
- (i) Darwin Port Corporation Act
- (ii) Port By Laws
- (iii) Harbour Craft By Laws

The following legislation impacts on the Corporation's functions:

- (i) Marine Act
- (ii) Waste Management and Pollution Control Act
- (iii) Protection of the Sea Act 1981

Organisation Overview

DARWIN PORT CORPORATION ORGANISATIONAL CHART



Board Of Directors

Under the *Darwin Port Corporation Act*, a Board of Directors has been established to bring outside expertise to the Corporation's management and to ensure that the Corporation undertakes its functions in accordance with the Act and, in particular, to act in a commercial manner.

The Board of Directors is appointed by the Minister for Transport and Infrastructure with each Director appointed for a period of 3 years.

The Board of Directors conducted a performance assessment and succession planning workshop on 21st March 2002.

Meetings

A total of 9 Board meetings were held during the course of the 2001/02 year which included 4 special Board meetings.

Attendance of members was as follows:

Board Member	Meetings Attended
Mr Barry Coulter	9
Mr Mike Flynn	9
Mr Julian Manser	4
Mr Chris Bigg	8
Mr Barry Berwick	9

Board Members

Chairman – Mr Barry Coulter

Barry Coulter is the inaugural Chairman of the Darwin Port Corporation and was appointed in September 1999.



Mr Coulter is a former MLA and Deputy Chief Minister of the Northern Territory. He has a wealth of experience in the transport industry, spearheaded the SA NT rail project, has spent an extensive period in Southeast Asia fostering business alliance with the Northern Territory and spent a number of years as the Northern Territory's Tourism Minister promoting cruise shipping to and from Darwin. He has been involved in the oil and gas industry since 1986 as a Minister and Consultant. Barry operates a cattle property south east of Darwin and is involved in the horticulture industry.

Director – Mike Flynn

Mr Flynn, Managing Director of Northern Property Group and a Director of local IT company, CSM, was appointed to the Board at its inception in September 1999.

He was previously Managing Director of several Northern Territory companies including Flynn Petroleum and Road Trains of Australia.

He is Past Chair of the Northern Territory Road Transport Association and National Director of the Road Transport Forum, a Fellow of the Chartered Institute of Transport and a Past Chair of the NT section thereof.



Director – Julian Manser

Mr Manser, Chief Executive of the Perkins Shipping Group, was appointed to the Board in September 1999.

He is currently Deputy Chairman of the Australian Maritime Safety Authority and a Director of the Shipowners Protection Ltd based in London.

He has previously been a Director of National Terminal Ltd, Melbourne Port Authority and ANL Cargo Operations.



Director – Chris Bigg

Prior to his appointment as Deputy Secretary of the Department of the Chief Minister in December 1999, Mr Bigg was Deputy Secretary, Transport in the Department of Transport and Works. He holds a Masters Degree in Transport Economics and is a Fellow of the Chartered Institute of Transport.

Mr Bigg was appointed to the Board in September 1999.



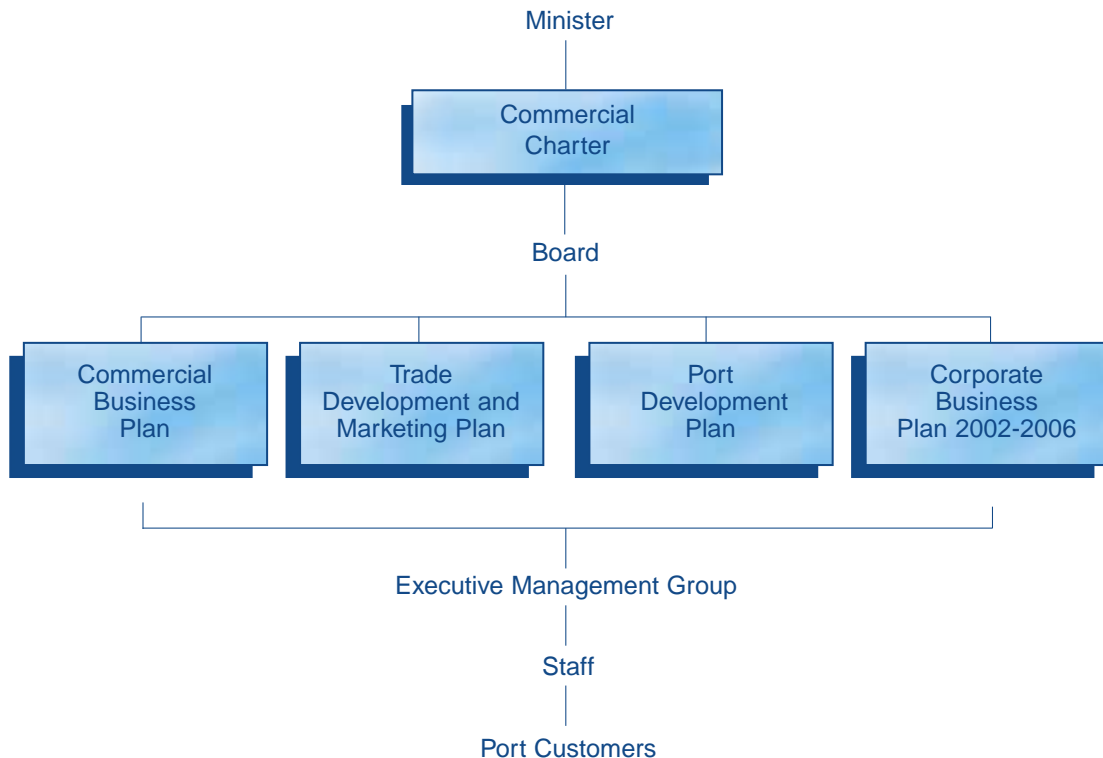
Director – Barry Berwick

Mr Berwick, Chief Executive Officer of the Darwin Port Corporation, has over 30 years experience in Australian ports and was appointed to the Board in September 1999. In addition to his professional civil engineering qualifications, Mr Berwick holds a Graduate Diploma in Professional Management, is a graduate of the Australian Institute of Company Directors and is a member of the Institution of Engineers and the Chartered Institute of Transport. He is currently a member of the executive committee of the Australian Association of Port and Marine Authorities (AAPMA).



Planning and Review Process

Planning Documents - The Corporation has a suite of planning documents.



Corporate Business Plan

One of the main functions of the Board is to ensure that the Corporation has clearly established goals, objectives and strategies appropriate to the operation of the Port and that they are documented and used as management tools.

The Board and senior management staff reviewed the DPC's Corporate Business Plan during a one day workshop. The workshop focussed on reviewing the objectives and strategies set by the Corporation in the Corporate Plan through 2002 to 2006. The statement of corporate values was reaffirmed and included in the Corporate Plan.

Development Plan

The Board of Directors approved the draft Development Plan (Updated June 2002). The Development Plan has been developed through a combination of various workshops, management group meetings, consultation with the Minister and input from various Port users.

The Plan reflects current Government strategic development planning for both the City and East Arm wharves, published development proposals by prospective Port users and knowledge obtained by staff through participation on various working groups and committees.

The Development Plan is intended to be complimentary to strategic Government development proposals.

Environmental Management System

The Corporation is committed to the implementation of the Environmental Management System consistent with the approach outlined in the internationally accepted standard ISO 14001. The first step toward this commitment was taken this year, with the development and implementation of both an Environmental Policy and Management System. These include all facets of the Corporation's activities, services and products, over which it has direct control or a reasonable level of influence.

A manual has been produced outlining the basic requirements and procedures of the Environmental Management System, and while not fully compliant with ISO 14001, it is intended that the document be expanded over time to more fully reflect the requirements of the standard. Members of the Corporation's staff will implement the procedures outlined in the manual, with assistance and audit services being provided by Environmental Consultants.

Quality Assurance

The Corporation's Pilotage services achieved Quality Assurance, ISO 9001:2000 in December 2001. The Corporation will be undertaking a phased implementation of QA throughout the other areas of the Port over the coming years.

IT Systems Review

The Corporation undertook a review of its existing Port Operations system, PortCAM in 2001 and decided to continue to use it for its port operations and invoicing until such time there is a significant change in business requirements. The PortCAM system will be upgraded to include 7 new features.

The Corporation deferred a review of its Financial Management System in 2001/2002 while other options were considered. This review will now be undertaken in 2002/2003.

Risk Assessment

The Corporation is progressing issues identified in a risk management audit which was undertaken in January 2001. The audit has been used to identify areas where potential risk to the Corporation's business may exist and has identified actions to be implemented to reduce the risks.

To ensure the safe movement of explosives within the wharves and the Port, the Corporation has undertaken Dangerous Goods Risk assessment at East Arm Wharf. This has involved a risk assessment workshop with major stakeholders and the establishment of blast area parameters to obtain maximum amount of explosives that the Port can safely handle. The risk assessment was extended to include investigation into petroleum cargo handling at East Arm Wharf.

Audit

The external audits conducted during the year were as follows:

Audit Title	Audit Agency	Authorised Auditor
Financial Statements 00/01	Auditor-General for the NT	Ernst & Young
Interim Audit – Financial Statements 01/02	Auditor-General for the NT	Ernst & Young

Internal Audit:-

The terms of reference for the Review of the Corporation's Invoicing and Receipting practices were approved in June 2002 with the actual review commencing in July 2002.

Audit Committee

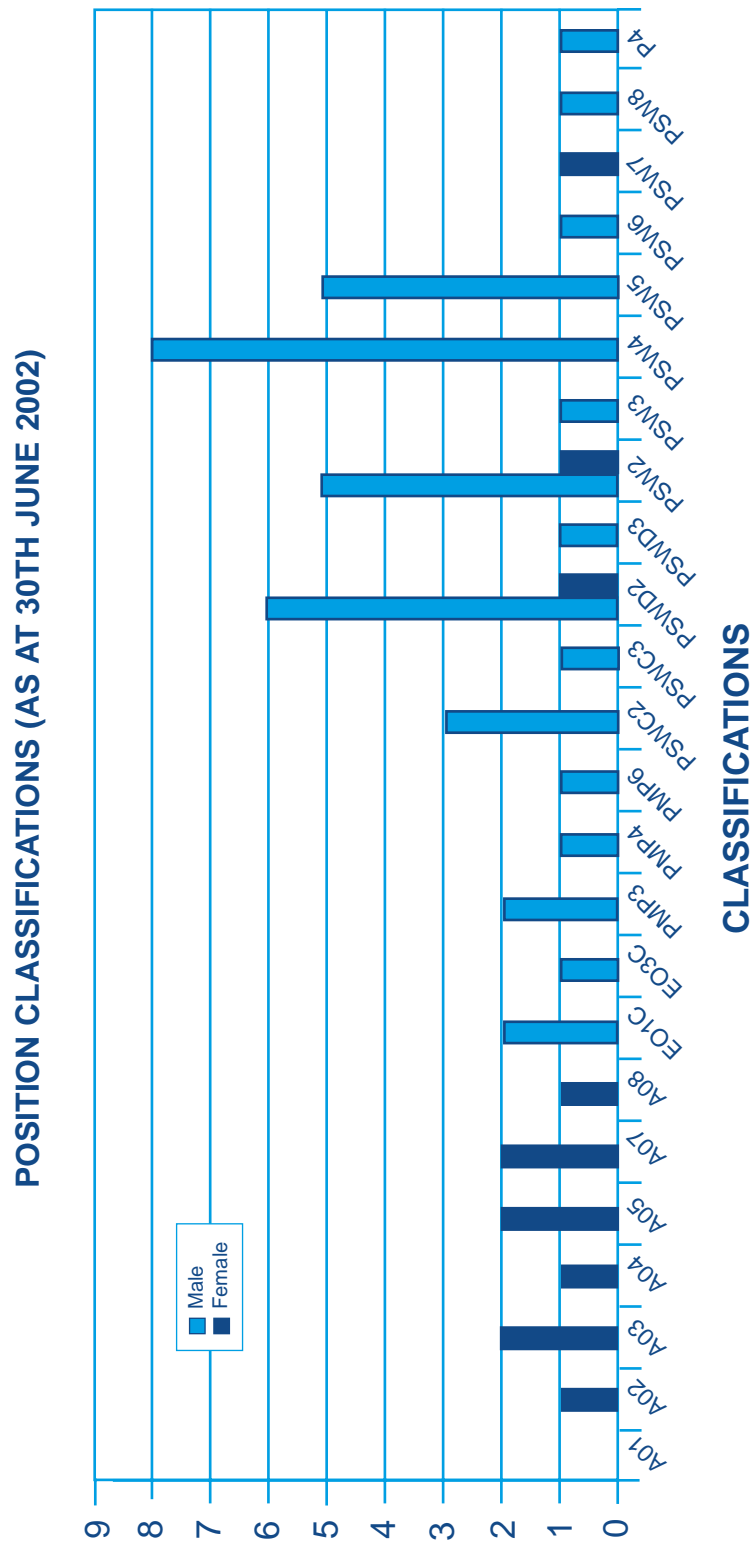
The Corporation's Audit Committee consists of a Board Director as Chairman, Chief Executive Officer and Senior Managers of the Corporation. The Department of the Chief Minister – Risk Management Services representative attends the meeting on an as required basis. The Audit Committee met four times during 2001/2002.

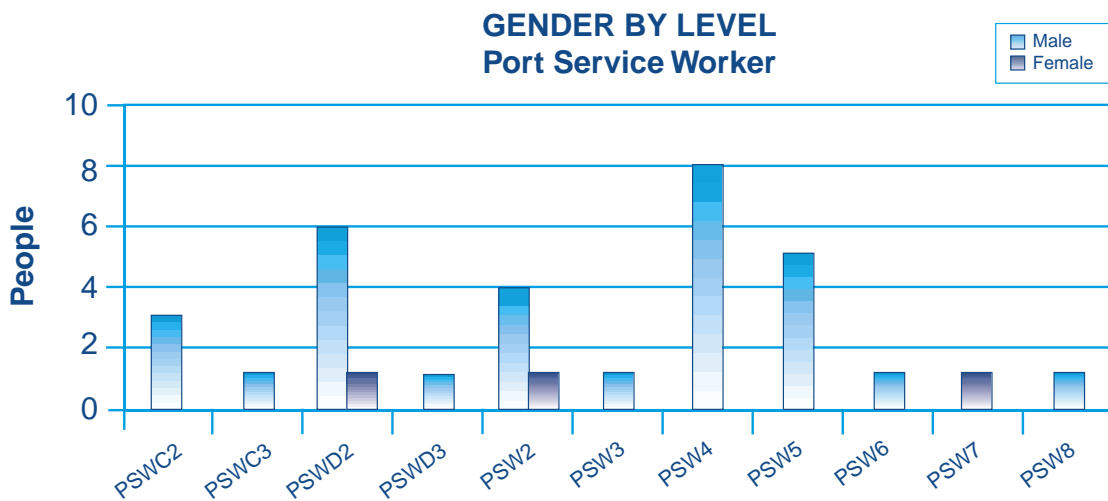
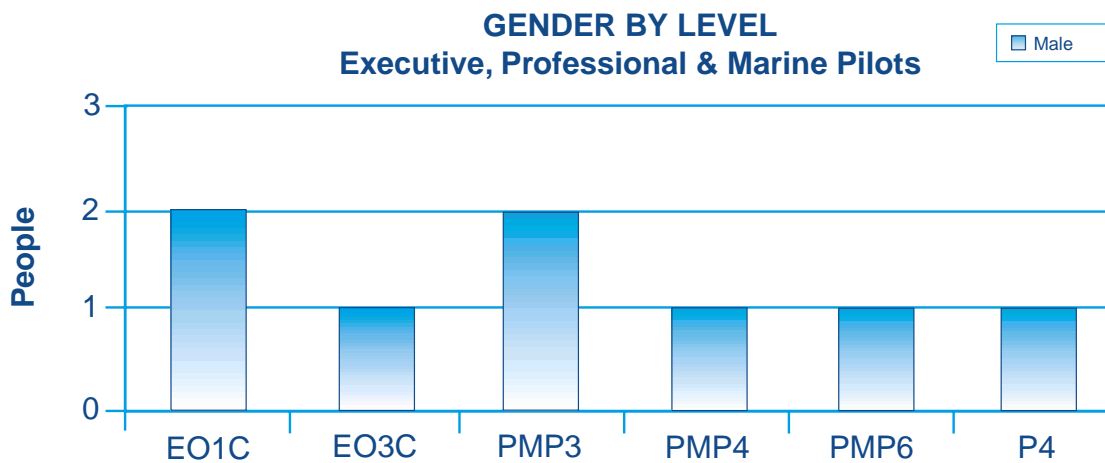
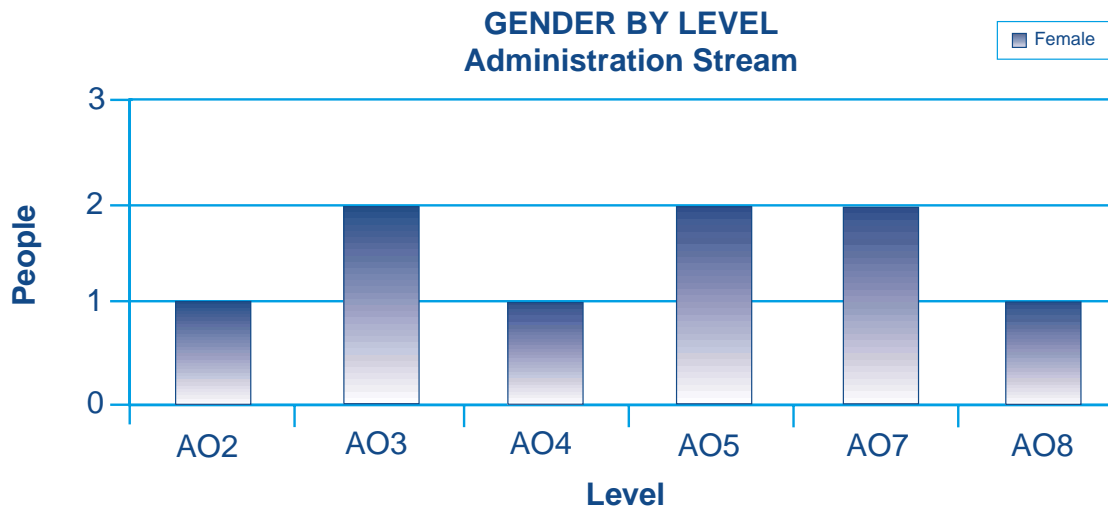
An Audit Committee Charter has been developed and endorsed by the Board of Directors.

The Corporation has documented its Internal Audit programs for 2001/2002 and 2002/2003.

6 -- PORT PEOPLE

As at 30 June 2002, the equivalent of 51 full time staff were employed in the Darwin Port Corporation. The numbers, classifications and gender mix is detailed on the following graphs.





Training and Development Policies and Achievements

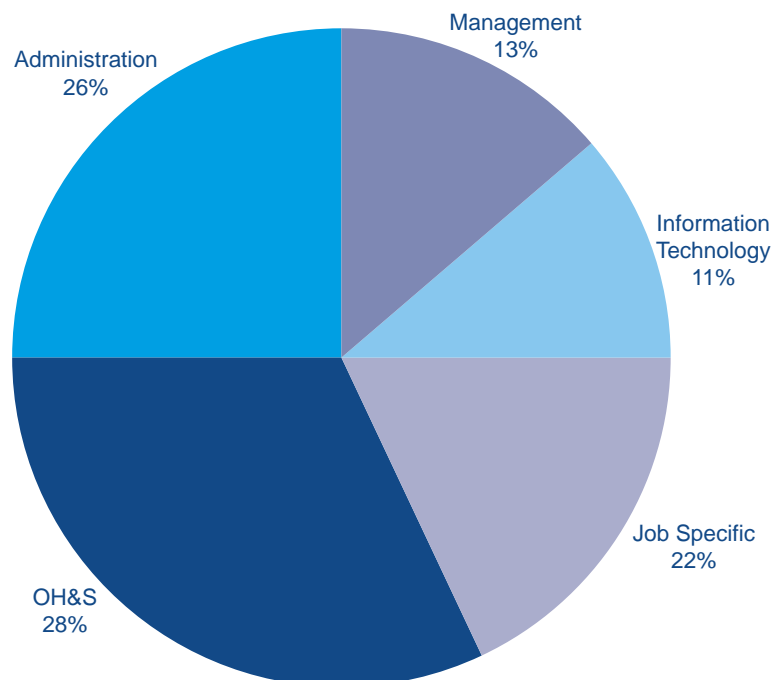
The Corporation continues to develop its human resource capabilities in accordance with business needs and skills requirements.

80% of all employees attended some form of training or accreditation throughout the year. Courses attended during the year included First Aid, Shipboard Safety, Quality, Safety and Internal Auditing, TRIM Thesaurus Training, Word and Excel training.

Pilots continue to be trained to the highest standard and have attended the following courses:

- Advanced Pilot Training
- Simulator Training
- STCW 95 Revalidation
- Fire Fighting Course
- Exercise Management Course
- Ship Manned Model Course

TRAINING COURSES BY TYPE



Performance Management

The Corporation recognises that improved performance is dependent on the individual skills and attitudes of its employees. The Corporation implemented a Performance Management System in February 2001. 43% of staff have completed a Performance Management review.

EEO - Equal Employment Opportunity

The Equal Employment Opportunity Plan that the Corporation has previously adopted is under review and the Corporation has drafted a new, and broader encompassing plan for review by the Corporation's Joint Consultative Committee.

The Darwin Port Corporation has three workplace harassment contact officers.

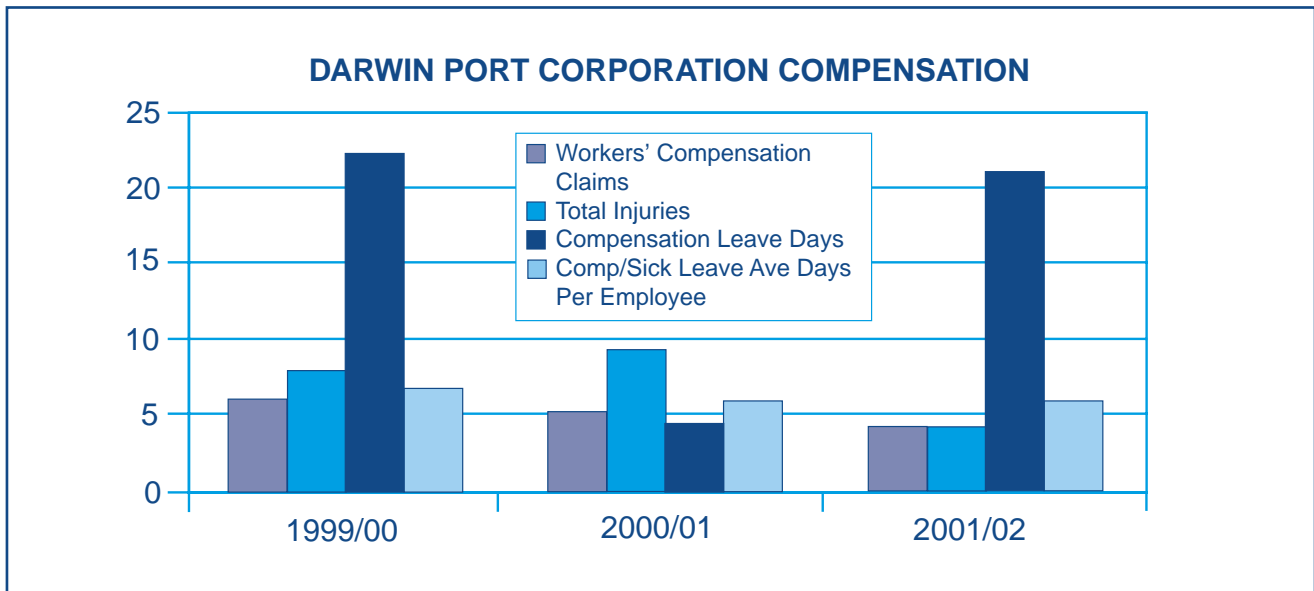
OH&S – Occupational Health and Safety

The Darwin Port Corporation is committed to provide a safe workplace for all its employees and contractors, and a safe environment for the public. Its safety philosophy is that all tasks can be conducted safely and efficiently. The Corporation introduced an Occupational Health & Safety Management Plan, and will seek to obtain Quality Assurance for this area in the coming year.

The Corporation has maintained its good safety record, with four minor reported injuries. However, the Corporation's goal is always to achieve a zero target. The Directors have acknowledged safety as an important part of the Corporation's business and it continues to grow its safety culture throughout the organisation. Safety is also promoted through the Safety Committee, not only within the organisation, but to all stakeholders.

The Safety Committee meets quarterly and all employees are encouraged to attend should they need to raise an issue. All hazards or incidents that are reported are immediately addressed and reports are forwarded to the OH&S Branch, DCIS and the Safety Committee. OH&S reports are noted in the Port Management Group and Board papers.

Safety 'walkabouts', with members of the Committee and other employees, are held at regular intervals at different locations, where they are asked to identify hazards, poor housekeeping and suggest improvements. A worksheet is then completed and issued to the appropriate members to action within a time frame. This continues to be an excellent exercise in improving safety in the Port area and encouraging stakeholders to meet the Corporation's safety goals.



Selection Appeals and Grievances

The Corporation has advertised a total of two permanent positions during the year. From the advertising of these positions no selection appeal or grievance was lodged against the process.

The Corporation has no other grievances to report this year. Grievance procedures are also established under the Darwin Port Corporation's Enterprise Agreement, and Simplified Award.

Vacation Employment

The Corporation employed one vacation employment student during December 2001 for a three month period.

Industrial Relations/EBA

The Corporation's three year Enterprise Bargaining Agreement (EBA) continues and will be re-negotiated during 2003.

The implementation of the Corporation's EBA continues to be monitored by the Joint Consultative Committee (JCC) which consists of representatives from within the Corporation. After having met 4 times the previous year, the JCC only saw the need to meet once during the year to address submitted agenda items.



Five Year Comparison on Achieved Values

	01/02	00/01	99/00	98/99	97/98
Operating Performance					
Total Revenue (millions)	16.725	15.024	17.725	17.129	15.887
Total Expenditure (millions) (before abnormal items)	14.874	13.495	13.480	14.430	11.849
Profit before income tax equivalent (millions)	1.851	1.529	4.245	2.699	4.038
Dividends (millions)	0	0	0	1.374	1.064
Income Tax Expense (millions)	0.879	(0.362)	0.389	1.290	1.266
CSO Funding (millions)	4.743	3.400	5.436	5.273	3.602
Operating Position					
Total Assets (millions)	55.360	58.787	67.922	135.568	135.029
Total Liabilities (millions)	40.654	40.254	41.625	61.711	61.504
Net Assets (millions)	14.706	18.533	26.297	73.857	73.525

Pricing Performance

The following performance indicators are used by the Corporation to evaluate movements in prices.

Gross Revenue per Cargo Tonne

(includes wharfage, berthage, port dues and pilotage)

01/02	00/01	99/00	98/99	97/98
\$10.62	\$9.92	\$9.58	\$7.68	\$7.58

Comment:

Measures in dollars per cargo tonne. The indicator is calculated by dividing the total revenue from cargo and ship related Port Corporation charges by the total per unit throughput of the Port.

This indicator shows the average level of revenue per cargo tonne and provides information about the movement of Port charges to Port users on a total Port basis.

Gross Revenue per Ship Handled

(includes berthage, port dues and pilotage)

01/02	00/01	99/00	98/99	97/98
\$2,575.56	\$2,642.30	\$2,305.09	\$2,191.31	\$1,795.53

Comment:

Measures the gross revenue received from Port Corporation vessel charges only per trading vessel visiting the Port. The purpose of the indicator is to show the average level of revenue earned by the Corporation for each ship visit.

Productivity Performance

The following performance indicators are used by the Corporation to evaluate movements in productivity.

Total Real Revenue per Employee

01/02	00/01	99/00	98/99	97/98
\$315.57	288.92	354.50	349.57	330.97

Comment:

Measured in \$000's per employee, the indicator is calculated by dividing the total revenue by the average number of full time employees.

The indicator shows the productivity movement of the Corporation in terms of revenue and employees.

Total Number of Vessel Visits per Employee

01/02	00/01	99/00	98/99	97/98
16.91	16.57	17.86	17.28	20.80

Comment:

The indicator is calculated by dividing the total number of vessel visits by the average number of full time employees.

7 -- FINANCIAL PERFORMANCE CONT.



An indicator of the rate of return from all assets. The ratio provides a measure of the efficiency with which the Corporation uses the assets vested in it to produce operating profit before tax, interest and abnormal.



An indicator of the rate of return the Corporation is providing to shareholders. The ratio allows the rate of return achieved by the Corporation to be contrasted with that expected from alternative investments with a similar level of risk.



An indicator of the Corporation's ability to meet short term liabilities by realising short term assets. A current ratio greater than 1 (times) indicates that current assets exceed current liabilities, and if realised, their disposal would meet short term obligations.

7 -- FINANCIAL PERFORMANCE CONT.

DEBT TO EQUITY RATIO - LEVERAGE



An indicator of the risk of the Corporation's capital structure in terms of the amount sourced from borrowing and the amount from the shareholding government. The greater the debt to equity ratio, the more geared the Corporation.

INTEREST COVER



An indicator of the Corporation's ability to meet periodic interest payments from current profit (before interest expense and abnormals). The level of interest cover gives an indication of how much room there is for interest payments to be maintained in the face of interest rate increases or reduced profitability.

COST RECOVERY



An indicator of the ability of the Corporation to generate adequate revenue to meet operating expenses. A cost ratio of 100% indicates the Corporation is able to meet its operating expenses from operating revenue.

Auditor-General's Report to the Minister for Transport and Infrastructure on Darwin Port Corporation for the financial year ended 30 June 2002.

Scope

I have audited the accompanying financial report of the Darwin Port Corporation for the year ended 30 June 2002, comprising Statement by the Accountable Officer, Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows together with Notes to and forming part of the financial statements. The Darwin Port Corporation is responsible for the financial report. I have conducted an independent audit of the financial report in order to express an opinion upon it to the Minister for Transport and Infrastructure.

My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and the requirements of the Financial Management Act so as to present a view which is consistent with my understanding of the financial position of the Darwin Port Corporation, its financial performance and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial report presents fairly the financial position of the Darwin Port Corporation as at 30 June 2002, its financial performance and its cash flows for the year ended on that date in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Financial Management Act.



H M Blake
Auditor-General for the Northern Territory
Darwin, Northern Territory
16 October 2002

Statement by the Accountable Officer

In the opinion of the Accountable Officer:

- (i) The accompanying financial statements and notes are based on proper accounts and records and are in agreement with the accounts. They have been properly drawn up so as to present fairly the transactions of the Darwin Port Corporation for the year ended 30 June 2002 and its financial position at that date;
- (ii) The financial statements are in accordance with Australian Accounting Standards and other mandatory professional reporting requirements of the Financial Management Act.

Dated at Darwin in the Northern Territory

16 October 2002



Barry Berwick

CHIEF EXECUTIVE OFFICER



Barry Coulter

CHAIRMAN

Statement of Financial Performance for the year ended 30 June 2002

	NOTE	2002 \$'000	2001 \$'000
Revenue from rendering of services	2	11,606	11,092
Other revenues from ordinary activities	2	5,119	3,932
Total revenue		16,725	15,024
Employee expenses		4,210	4,433
Operational expenses		4,263	3,625
Repairs & maintenance expenses	3(b)	2,899	1,836
Depreciation expenses	3(b)	887	884
Borrowing expenses		2,616	2,717
Decrement in valuation of non-current assets	3(a), 7	34,664	6,725
(Loss) from ordinary activities before related income tax expense		(32,813)	(5,196)
Income tax (expense)/benefit relating to ordinary activities	17	(879)	362
Net (loss)	16	(33,692)	(4,834)
Increase/(decrease) in asset revaluation reserve	13	0	(2,776)
Total revenues, expenses and valuation adjustments recognised directly in Accumulated Funds		0	(2,776)
Total changes in Accumulated Funds from non-owner related transactions		(33,692)	(7,610)

The statement of financial performance is to be read in conjunction with the notes to the financial statements.

Statement of Financial Position as at 30 June 2002

	NOTE	2002 \$'000	2001 \$'000
CURRENT ASSETS			
Cash assets	4	11,602	9,871
Receivables	5	2,723	2,304
Other	6	4	7
Total current assets		14,329	12,182
NON-CURRENT ASSETS			
Property, plant & equipment	7	40,406	45,614
Other	6	625	991
Total non-current assets		41,031	46,605
Total assets		55,360	58,787
CURRENT LIABILITIES			
Payables	8	2,021	1,938
Interest bearing liabilities	9	0	252
Current tax liabilities	10	3,769	3,233
Provisions	11	1,113	1,119
Other	12	206	191
Total current liabilities		7,109	6,733
NON-CURRENT LIABILITIES			
Interest bearing liabilities	9	33,466	33,466
Provisions	11	79	54
Other	12	0	1
Total non-current liabilities		33,545	33,521
Total liabilities		40,654	40,254
NET ASSETS		14,706	18,533
EQUITY			
Accumulated (deficit)	14	(59,691)	(25,999)
Reserves	13	10,635	10,635
Contributed equity	15	63,762	33,897
Total accumulated funds		14,706	18,533

The statement of financial position is to be read in conjunction with the notes to the financial statements.

Statement of Cash Flows for the year ended 30 June 2002

	NOTE	2002 \$'000	2001 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		11,117	10,874
Cash payments in the course of operations		(11,247)	(8,188)
Community service obligations received		4,743	3,400
Interest received		471	497
Borrowing costs paid		(2,616)	(2,717)
Income taxes paid		0	(1,487)
Net cash provided by/(used in) operating activities	16	2,468	2,379
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on disposal of property, plant & equipment		25	44
Acquisition of property, plant & equipment		(29,865)	(135)
Payments for property, plant & equipment		(510)	(114)
Net cash provided by/(used in) investing activities		(30,350)	(205)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from new equity		29,865	(154)
Repayment of borrowings		(252)	(1,111)
Net cash provided by/(used in) financing activities		29,613	(1,265)
Net increase/(decrease) in cash held		1,731	909
Cash at the beginning of the year		9,871	8,962
Cash at the end of the year	4	11,602	9,871

The statement of cash flows is to be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements for the year ended 30 June 2002

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies, which have been adopted in the preparation of this financial report are:

(a) Basis of accounting

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issue Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Financial Management Act and Treasurer's Directions. It has been prepared on the basis of historical costs and, except where stated, does not take into account changing money values or fair values of non-current assets. These accounting policies have been consistently applied and, except where there is a change in accounting policy, are consistent with those of the previous year.

The Treasurer has determined that the Darwin Port Corporation is a Government Business Division as defined in Section 3(1) of the Financial Management Act. In accordance with Section 10 of the Financial Management Act, the financial statements of the Darwin Port Corporation have been prepared on commercial accounting principles.

The following is a summary of the material accounting policies, which have been adopted in the preparation of the financial statements.

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year.

(c) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST). Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Rendering of services

Revenue from rendering services is recognised upon the rendering of services to customers.

Interest revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Sale of non-current assets

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

(c) Revenue recognition (continued)***Community service obligation funding***

Community service obligation funding is generally received from the Northern Territory (NT) Government where the Darwin Port Corporation is required to carry out activities on a non-commercial basis. Revenue in respect of this funding is recognised in the period in which the Darwin Port Corporation incurs the expenditure.

Contribution of assets

Equity injections by the Northern Territory Government for the acquisition of non-current assets are not recorded as revenue. Movements in equity have been disclosed in the analysis of the Accumulated Funds.

(d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(e) Borrowing costs

Borrowing costs include interest and lease finance charges and are expenses as incurred.

(f) Taxation

The Darwin Port Corporation is required to pay income tax on its accounting profits, excluding extraordinary items, at the company tax rate of 30% (2001: 34%) in accordance with the requirements of the Treasurer's Directions and the National Tax Equivalents Regime.

(g) Cash

For the purpose of the statement of cash flows, cash includes cash on hand and cash held in the entity's Operating Account.

(h) Receivables

The collectibility of debts is assessed at balance date and specific provision is made for any doubtful debts.

Trade debtors to be settled within 150 days and other debtors to be settled within 150 days are carried at amounts due.

(i) Property, plant and equipment***Acquisitions***

Items of property, plant and equipment are initially recorded at cost and depreciated as outlined below.

The cost of property, plant and equipment constructed by the Darwin Port Corporation includes the cost of materials and direct labour, an appropriate proportion of fixed and variable overheads and capitalised interest.

Complex assets

Major items of plant and equipment comprising a number of components that have different useful lives, are accounted for as separate assets. The components may be replaced during the useful life of the complex asset.

Subsequent additional costs

Costs incurred on property, plant and equipment subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the entity in future years. Where these costs represent separate components of a complex asset, they are accounted for as separate assets and are separately depreciated over their useful lives.

Costs incurred on property, plant and equipment which do not meet the criteria for capitalisation are expensed as incurred.

Revaluations

The Darwin Port Corporation independently revalues property, plant and equipment every 3 to 5 years and these values are currently held at deprival value which equates to fair value.

In addition, the Directors perform a directors' revaluation of individual classes of assets when they consider there has been a material change in the value of those assets.

Potential capital gains tax is not taken into account in determining revaluation amounts of property, plant and equipment, as there is no current intention to realise the assets.

(i) Property, plant and equipment (continued)***Depreciation and amortisation***

Items of property, plant and equipment, including harbour improvements and buildings but excluding freehold land, have limited useful lives and are depreciated/amortised using the straight-line method over their useful lives.

The estimated useful lives for each class of asset, for the current and previous years, are as follows:

Classification	Period (Years)	Period (Years)
	2002	2001
Harbour Improvements	6 - 40	40
Land Improvements	5 - 40	5 - 40
Buildings	40	40
Utilities	5 - 10	7 - 40
Plant & Equipment	6 - 20	6 - 10
Furniture & Fittings	3 - 5	5 - 10

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

The change in depreciation rates on assets during the year has had the effect of increasing the depreciation charge this year by \$172,000.

(j) Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received. Trade accounts payable are normally settled within 30 days.

(k) Government loans

Government loans are carried on the statement of financial position at their principal amount. Interest expense is accrued at the contracted rate and included in "Other creditors and accruals".

(l) Employee entitlements

Provision is made for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will settle after one year have been measured at their nominal amount including related on-costs.

Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements. The provision is calculated using estimated future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using rates attaching to national government securities at balance date which most closely match the terms of maturity of the related liabilities.

(m) Superannuation

Employees' superannuation entitlements are (principally) provided through the NT Government and Public Authorities Superannuation Scheme (NTGPASS), Commonwealth Superannuation Scheme (CSS) and non government employee nominated schemes for those employees commencing on or after 10th August 1999.

The Darwin Port Corporation makes superannuation contributions on behalf of its employees. Any liability for superannuation is met directly by the NT Government and the entity has and will continue to have no other direct superannuation liability.

(n) Dividends

The Darwin Port Corporation calculates a dividend payable at the rate of 50% of the operating surplus after tax in any year in which an operating surplus occurs in accordance with the Northern Territory Government Dividend Policy.

7 -- FINANCIAL PERFORMANCE CONT.

	2002 \$'000	2001 \$'000
2 REVENUE FROM ORDINARY ACTIVITIES		
Rendering of services revenue from operating activities	11,606	11,092
Other revenues:		
<i>From operating activities</i>		
Community service obligations	4,743	3,400
Interest: NT Treasury	401	488
(Loss)/Profit from sale of non-current assets	(25)	44
Total other revenues	5,119	3,932
Total revenue from ordinary activities	16,725	15,024
3 PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		
(a) Individually significant items included in (loss) from ordinary activities before related income tax expense		
Decrement in valuation of non-current assets (refer note 7)	(34,664)	(6,725)
	(34,664)	(6,725)
(b) Loss from ordinary activities before related income tax expense has been arrived at after charging/(crediting) following items-		
Expenditure includes:		
Repairs and maintenance - NT Government Program	2,115	1,315
Repairs and maintenance - DPC Program	784	521
Repairs and maintenance - Program delivery fee	166	177
Audit fees	40	51
Bad debts	98	(42)
Insurance	565	525
Corporate support	51	60
Depreciation includes:		
Harbour improvements	500	509
Land improvements	69	69
Buildings	76	77
Utilities	43	40
Plant & equipment	165	160
Furniture & fittings	34	29
	887	884

7 -- FINANCIAL PERFORMANCE CONT.

	2002 \$'000	2001 \$'000
4 CASH ASSETS		
Operating account	11,598	9,868
Cash advances	4	3
	11,602	9,871
5 RECEIVABLES		
Current		
Trade debtors	2,370	2,384
Less: provision for doubtful trade debtors	(196)	(190)
	2,174	2,194
Other debtors		
Accrued revenue	509	0
Interest receivable	40	110
	2,723	2,304
Total receivables	2,723	2,304
Consisting of:		
NT Government Agencies	582	283
external bodies	2,141	2,021
	2,723	2,304
6 OTHER ASSETS		
Current		
Prepayments	4	7
	4	7
Non-current		
Capital works in progress at cost	92	114
Future income tax benefit	533	877
	625	991

7 -- FINANCIAL PERFORMANCE CONT.

	2002 \$'000	2001 \$'000
7(a) PROPERTY, PLANT AND EQUIPMENT		
Comprises		
Unimproved land		
At Valuation	18,619	18,619
	18,619	18,619
Harbour improvements		
At Valuation	14,383	19,830
At cost	0	4
Accumulated depreciation	0	(509)
	14,383	19,325
Land improvements		
At Valuation	2,733	2,733
At cost	49	4
Accumulated depreciation	(138)	(69)
	2,644	2,668
Buildings		
At Valuation	3,067	3,067
At cost	4	2
Accumulated depreciation	(153)	(77)
	2,918	2,992
Utilities		
At Valuation	240	240
At cost	21	9
Accumulated depreciation	(83)	(40)
	178	209
Plant & equipment		
At Valuation	1,805	1,805
At cost	95	49
Accumulated depreciation	(325)	(160)
	1,575	1,694
Furniture & fittings		
At Valuation	41	71
At cost	78	64
Accumulated depreciation	(30)	(28)
	89	107
Total Property, Plant and Equipment net book value	40,406	45,614

7 -- FINANCIAL PERFORMANCE CONT.

	NOTE	2002 \$'000	2001 \$'000
7(b) PROPERTY, PLANT AND EQUIPMENT (cont.)			
Movements in Property, Plant & Equipment:			
Unimproved land			
Carrying amount at beginning of year		18,619	16,135
Additions at cost		0	0
Net revaluation increment		0	2,484
Carrying amount at end of year		18,619	18,619
Harbour improvements			
Carrying amount at beginning of year		19,325	34,314
Additions at cost		9	5
Transfer from work in progress at cost	7(c)	30,213	275
Net revaluation (decrement)	7(c)	(34,664)	(14,760)
Depreciation		(500)	(509)
Carrying amount at end of year		14,383	19,325
Land improvements			
Carrying amount at beginning of year		2,668	564
Additions at cost		0	4
Transfer from work in progress at cost		45	0
Net revaluation increment		0	2,169
Depreciation		(69)	(69)
Carrying amount at end of year		2,644	2,668
Buildings			
Carrying amount at beginning of year		2,992	1,516
Additions at cost		2	2
Net revaluation increment		0	1,551
Depreciation		(76)	(77)
Carrying amount at end of year		2,918	2,992
Utilities			
Carrying amount at beginning of year		209	238
Additions at cost		12	9
Net revaluation increment		0	2
Depreciation		(43)	(40)
Carrying amount at end of year		178	209

	NOTE	2002 \$'000	2001 \$'000
7(b) PROPERTY, PLANT AND EQUIPMENT (cont.)			
Plant & equipment			
Carrying amount at beginning of year		1,694	2,634
Additions at cost		46	50
Net revaluation (decrement)		0	(830)
Depreciation		(165)	(160)
Carrying amount at end of year		1,575	1,694
Furniture & fittings			
Carrying amount at beginning of year		107	189
Additions at cost		48	65
Disposals		(64)	0
Net revaluation (decrement)		0	(119)
Depreciation Written Back On Disposals		32	0
Depreciation		(34)	(28)
Carrying amount at end of year		89	107
Total Property, Plant and Equipment net book value		40,406	45,614

7(c) (i) Harbour improvements

The Board of Directors of the Corporation has revalued the Stokes Hill Wharf assets totalling \$4,799,251 in 2001 to zero as at the 30th June 2002. This was done reflecting the Community Service Obligation (CSO) nature of these assets. In accordance with AASB1041 Revaluation of Non-Current Assets the entire asset class of Harbour improvements were revalued by the Directors as part of this process. All other harbour improvements with the exception of the two Stokes Hill Wharf assets stated above have been valued by the Directors at the equivalent of their written down value at 30 June 2002, being the deprival value established by the Edward Rushton Australia Pty Ltd valuation as at 1 July 2000 less two years of accumulated depreciation.

East Arm Wharf work in progress for Stage 2 of \$29,864,792 was transferred from the Department of Infrastructure, Planning & Environment to the Darwin Port Corporation as at the 30th June 2002. Subsequently this amount was revalued to zero to reflect that these additional works at East Arm Wharf will result in no additional income accruing to the Darwin Port Corporation.

(ii) Assets other than harbour improvements

The Corporation revalued its non-current assets, excluding work in progress, as at 1 July 2000 based upon an independent valuation undertaken by Edward Rushton Australia Pty Ltd.

Edward Rushton Australia Pty Ltd conducted the valuation on the basis of optimal deprival value for all operational assets using future net cash flows expected to be derived from these assets, discounted to their present value. Non-operational assets were based on market values. Amounts reported at cost relate to purchases since the last revaluation.

7 -- FINANCIAL PERFORMANCE CONT.

	2002 \$'000	2001 \$'000
8 PAYABLES		
Current		
Trade creditors	160	385
Other creditors and accruals	1,861	1,553
Total Payables	2,021	1,938
Consisting of:		
NT Government Agencies	1,330	1,349
external bodies	691	589
	2,021	1,938
9 INTEREST BEARING LIABILITIES		
Current		
Government loans	0	252
	0	252
Non-current		
Government loans	33,466	33,466
	33,466	33,466
10 INCOME TAX LIABILITIES		
Provision for deferred income tax	3,769	3,233
	3,769	3,233
11 PROVISIONS		
Employee entitlements		
Current		
Annual leave	476	509
Leave loading	72	65
Leave fares	58	0
Long service leave	507	545
	1,113	1,119
Non-current		
Long service leave	79	54
Total provisions	1,192	1,173

	2002 \$'000	2001 \$'000
12 OTHER LIABILITIES		
Current		
Prepayments from clients	206	191
	206	191
Non-current		
Other	0	1
	0	1
13 RESERVES		
Asset revaluation	10,135	10,135
Port blockage	500	500
	10,635	10,635
Movements during the year:		
Asset revaluation		
Balance at beginning of year	10,135	12,911
Revaluation (decrement) on property, plant and equipment	0	(2,776)
Balance at end of the year	10,135	10,135
Nature and purpose of reserves		
Asset revaluation		
The asset revaluation reserve includes the net revaluation increments and decrements arising from the revaluation of non-current assets in accordance with AASB1041.		
Port blockage		
The port blockage reserve is held to remedy any blockage of the Port of Darwin that may occur.		
14 ACCUMULATED (DEFICIT)		
Accumulated (deficit) at the beginning of the year	(25,999)	(21,165)
Net (loss)	(33,692)	(4,834)
Transfers (from) reserves	0	0
Accumulated (deficit) at the end of the year	(59,691)	(25,999)
15 CONTRIBUTED EQUITY		
Contributed equity at beginning of the year	33,897	34,051
Equity injections for the financial year - East Arm Wharf (refer note 7c)	29,865	(154)
Contributed equity at the end of the year	63,762	33,897

	2002 \$'000	2001 \$'000
16 NOTES TO THE STATEMENT OF CASH FLOWS		
<i>Reconciliation of net (loss) to net cash used in operations</i>		
Net (loss)	(33,692)	(4,834)
Depreciation	887	884
Net (profit)/loss on expected disposal of non-current assets	25	(44)
Loss on revaluation of assets	34,664	6,726
(Decrease)/Increase in income tax payable	0	(725)
Changes in assets and liabilities		
Decrease/(Increase) in receivables	(488)	(218)
Decrease/(Increase) in prepayments	73	613
(Decrease)/Increase in future income tax benefit	344	(514)
Decrease in provision for deferred income tax	535	152
Increase/(Decrease) in provision for employee entitlements	19	240
Increase/(Decrease) in payables	101	99
Net cash flows used in operations	2,468	2,379
17 INCOME TAX		
Total income tax expense is made up of:		
Future income tax benefit	(344)	514
Provision for deferred income tax	(535)	(152)
Provision for income tax	0	0
	(879)	362

A future income tax benefit of \$1,107,900 arising from tax losses of \$3,693,000 has not been brought to account at reporting date as realisation of the benefit is not regarded as virtually certain.

This future income tax benefit will only be obtained if:

- (a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- (b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
- (c) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

18 SERVICES RECEIVED FREE OF CHARGE

Internal audits and reviews	3	0
	3	0

The Department of Corporate and Information Services and NT Treasury also provide financial and human resource system support and banking facilities free of charge. It is not possible to reliably estimate the value of these services applicable to the entity as they provide at a whole of Government level and are not segregated by organisation.

19 FINANCIAL INSTRUMENTS

A financial instrument is any contract resulting in a financial asset of one entity and a financial liability of another entity. Financial assets and liabilities of Darwin Port Corporation include cash, receivables, creditors and borrowings.

The Darwin Port Corporation's operating account earns quarterly interest at a variable interest rate (NT Treasury Corporation's weighted average cash return less 50 basis points). Borrowings are through NT Treasury Corporation on the following terms and conditions.

Principal	Maturity Date	Interest Rate	Interest Due
\$32,899,320	14 Jan 2003	7.8%	Semi-Annually
\$566,821	14 Jan 2003	7.8%	Semi-Annually

The Darwin Port Corporation intends to renegotiate and roll over these Government loans before they mature on the 14th January 2003.

(a) Interest rate risk

The Darwin Port Corporation's exposure to interest rate risk and the average interest rate for classes of financial assets and financial liabilities is set out below. The average interest rate is based on the outstanding balance at the start of the year.

	Weighted average interest rate %	Variable Interest \$'000	Fixed Interest Maturity			Non-interest bearing \$'000	Total \$'000
			Under 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000		
2002 financial assets							
Cash assets	4.5	11,598	0	0	0	4	11,602
Receivables		0	0	0	0	2,723	2,723
		11,598	0	0	0	2,727	14,325
Financial liabilities							
Payables		0	0	0	0	2,021	2,021
Government loans	7.8	0	33,466	0	0	0	33,466
Employee entitlements		0	0	0	0	1,192	1,192
		0	33,466	0	0	3,213	36,679
2001 financial assets							
Cash assets		9,868	0	0	0	3	9,871
Receivables		0	0	0	0	2,304	2,304
		9,868	0	0	0	2,307	12,175
Financial liabilities							
Payables		0	0	0	0	1,939	1,939
Government loans	10.9	0	0	33,718	0	0	33,718
Employee entitlements		0	0	0	0	1,173	1,173
		0	0	33,718	0	3,112	36,830

19 FINANCIAL INSTRUMENTS (continued)

(b) Credit risk

The Darwin Port Corporation principally deals with organisations external to NT Government Agencies. In respect to any dealings with organisations external to Government, the Corporation's Act allows for seizure of property to recover outstanding monies, and leases cover all rentals.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Darwin Port Corporation's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

(c) Net fair value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values with the exception of borrowing from NT Treasury Corporation. The market value of these borrowings at balance date amounted to \$35,016,993 compared to the amount of \$33,466,141 reported in the Statement of Financial Position.

	2002 \$'000	2001 \$'000
20 COMMITMENTS		
Capital expenditure commitments		
Estimated capital commitments to be undertaken on the Corporation's behalf by the Department of Infrastructure, Planning & Environment:		
Within one year	44,683	24,690
One year or no later than five years	5,372	0
	50,055	24,690
21 COMMUNITY SERVICE OBLIGATIONS		
Marine Industry support		
Community Service Obligation received	1,095	298
Net costs associated with the delivery of this service	1,095	298
CSO FUNDING SURPLUS/(DEFICIT)	0	0

The Community Service Obligation (CSO) provided to the Darwin Port Corporation by the Department of Infrastructure, Planning & Environment is for the Marine Industry Support.

Wharf Precinct

Community Service Obligation received	906	697
Net costs associated with the delivery of this service	906	697
CSO FUNDING SURPLUS/(DEFICIT)	0	0

The Department of Infrastructure, Planning & Environment for the Wharf Precinct operating expenses provide this CSO to the Darwin Port Corporation.

	2002 \$'000	2001 \$'000
21 COMMUNITY SERVICE OBLIGATIONS (continued)		
East Arm Wharf - additional operating & capital costs		
Community Service Obligation received	1,142	1,280
Net costs associated with the delivery of this service	1,142	1,280
CSO FUNDING SURPLUS/(DEFICIT)	<u>0</u>	<u>0</u>

This CSO has been provided to the Darwin Port Corporation by the Department of Infrastructure, Planning & Environment to provide support whilst it is necessary to provide duplicate services at its current operations and at the new wharf. The Corporation is not expecting any additional revenue associated with its partial move to the new facility. These duplicated costs will be funded for another two years.

Board Of Directors establishment support

Community Service Obligation received	0	140
Net costs associated with the delivery of this service	0	140
CSO FUNDING SURPLUS/(DEFICIT)	<u>0</u>	<u>0</u>

The Department of Infrastructure, Planning & Environment is providing this CSO to the Darwin Port Corporation to provide support for the re-structure of the Corporation's trading and management structure.

Cruise Shipping support

Community Service Obligation received	1600	973
Net costs associated with the delivery of this service	1600	973
Balance of fendering at beginning of year	217	319
Fendering costs for year 2001	(217)	(102)
Balance of fendering at end of year	0	217
CSO FUNDING SURPLUS/(DEFICIT)	<u>0</u>	<u>0</u>

The Department of Infrastructure, Planning & Environment is providing this CSO to the Darwin Port Corporation for cruise shipping support repairs and maintenance after approval was granted for the transfer of funding from the Northern Territory Tourist Commission. This repairs and maintenance funding transfer is ongoing.

Fort Hill Wharf

Community Service Obligation	0	12
Net costs associated with the delivery of this service	240	12
CSO FUNDING SURPLUS/(DEFICIT)	<u>(240)</u>	<u>0</u>

The Darwin Port Corporation provides this CSO for Cathodic Protection, which involves the prevention of corrosion on submerged steelworks. This CSO has not been invoiced to the Department of Infrastructure, Planning & Environment as at 30 June 2002 and will be invoiced in the next financial year.

22 CONTINGENT LIABILITIES

Wharf Precinct

As part of the Wharf Precinct development the Corporation has entered into a lease agreement with Crustaceans on the Wharf. Under the terms of this lease, due to expire in June 2003, the Corporation could become liable for reimbursement to the Lessor, for the written down value of its establishment costs. This could only happen if the Corporation withdrew the use of these premises on Stokes Hill Wharf.

East Arm Wharf Terminal

An agreement exists between the Darwin Port Corporation and Asia Pacific Transport Pty Limited to undertake the infrastructure works required for East Arm Wharf, for the Alice Springs to Darwin Railway Project. Under this agreement the Corporation could expose itself to substantial risks in being legally bound to contractual arrangements. The Darwin Port Corporation has sought indemnity from the Northern Territory Government in respect of the whole of the duties and obligations concerning the agreement with Asia Pacific Transport Pty Limited. The indemnity from the Northern Territory Government was provided on 23 October 2000.

23 SEGMENT INFORMATION

Industry Segment	Corporate Support & Marketing		Tourism & Real Estate		Cruise & Defence Facilities		Small Craft Services		Commercial Wharves		Pilotage		Navigation & Safety		Darwin Port Corporation	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000	2002 \$000	2001 \$000
Revenue outside the entity	1,041	1,405	1,172	1,003	1,711	1,114	1,786	948	9,150	8,683	1,020	1,047	845	824	16,725	15,024
Total Revenue	1,041	1,405	1,172	1,003	1,711	1,114	1,786	948	9,150	8,683	1,020	1,047	845	824	16,725	15,024
Segment operating surplus/(deficit)	(1,605)	(1,698)	121	132	(4,706)	(219)	134	(38)	(26,460)	(3,361)	(489)	76	652	637	(32,353)	(4,471)
Unallocated expenses	(1,339)	(363)													(1,339)	(363)
Surplus/(deficit) from ordinary activities after income tax	(2,944)	(2,061)	121	132	(4,706)	(219)	134	(38)	(26,460)	(3,361)	(489)	76	652	637	(33,692)	(4,834)
Segment assets	(3,171)	1,069	884	450	(2,158)	3,284	1,344	2,126	56,366	50,469	(174)	496	2,269	893	55,360	58,787
Unallocated assets																
Total Assets	(3,171)	1,069	884	450	(2,158)	3,284	1,344	2,126	56,366	50,469	(174)	496	2,269	893	55,360	58,787
The major services from which the above segments derive revenue are:																
Industry Segment	Service															
Corporate Support & Marketing	Trade Development, Public Relations, Administration, Finance, Properties, Workshop, Equipment & Vehicles															
Tourism & Real Estate	Wharf Precinct Retail															
Cruise & Defence Facilities	Stokes Hill Wharf															
Small Craft Services	Mooring Basin, Fisherman's Wharf															
Commercial Wharves	East Arm Wharf, Fort Hill Wharf, Iron Ore Wharf, Container Crane, Bulk Loader															
Pilotage	Pilotage															
Navigation & Safety	Incinerator, Moorings & Anchorages, Harbour Services, Navigational Aids															
The Darwin Port Corporation operates wholly within Australia.																

Additional Financial Information

In addition to the financial statements prepared in accordance with Part 2 section 6 of the Treasurer's Directions,

The Darwin Port Corporation is required to provide the following financial information in accordance with Part 2 section 5 of the Treasurer's Directions.

- a) Schedule of Expenditure by Functional Area
- b) Schedule of Expenditure by Standard Classification
- c) Schedule of Receipts by Account
- d) Reconciliation Schedule
- f) Schedule of Write Offs / Postponements and Waivers

Note: These schedules have not been audited

SCHEDULE OF EXPENDITURE BY FUNCTIONAL AREA FOR THE YEAR ENDED 30 JUNE 2002

Business Line	Final Allocation \$'000	Actual Expenditure \$'000
Darwin Port Corporation	15,723	50,416
Darwin Port Corporation	15,723	50,416
TOTAL EXPENDITURE	15,723	50,416

**SCHEDULE OF EXPENDITURE BY STANDARD CLASSIFICATION
FOR THE YEAR ENDED 30 JUNE 2002**

Category of Cost / Standard Classification	Actual Expenditure \$'000
PERSONNEL COSTS	3,221
Salaries	2,569
Payroll Tax by GBD	219
Fringe Benefits Tax	43
Superannuation	390
OTHER PERSONNEL COSTS	988
Higher Duties Allowance	15
Leave Loading	26
Northern Territory Allowance	22
Other Allowances	104
Overtime	288
Long Service Leave	46
Recreational Leave Fares	167
Annual Leave	308
Workers Compensation Benefits	(5)
Executive Contract Benefits	17
OPERATIONAL EXPENSES / EXPENDITURE	3,460
Repairs and Maintenance Program	2,164
Property Maintenance	426
General Property Management	5
Power	666
Water and Sewerage	199
OTHER OPERATIONAL COSTS	4,581
Accommodation	10
Advertising	42
Audit Fees	40
Clothing	24
Communications	110
Consultant Fees	82
Consumables/General Expenses	384
Corporate Support Services	51
Document Production	8
Entertainment/Hospitality	9

**EXPENDITURE BY STANDARD CLASSIFICATION
FOR THE YEAR ENDED 30 JUNE 2002**

Category of Cost / Standard Classification	Actual Expenditure \$'000
OTHER OPERATIONAL COSTS (continued)	
Fees & Other Charges	214
Information Technology Service	268
Insurance Premiums	565
Legal Expenses	116
Library Services	12
Marketing and Promotion	191
Memberships & Subscriptions	13
Motor Vehicle Expenses	334
Other Plant & Equipment	949
Office Requisites & Stationery	21
Postage	7
Recruitment Expenses	9
Training & Study Expenses	92
Travelling Allowance	4
Official Duty Fares	32
Bank Charges	8
Income Tax Expense	879
Other Expenses	105
ASSET EXPENDITURE	35,551
Depreciation	887
Asset Revaluation Writedown	34,664
INTEREST	2,616
Interest Paid to General Govt.	2,616
TOTAL EXPENDITURE	50,417

**SCHEDULE OF RECEIPTS BY ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2002**

Operating Account	Estimated Receipts \$'000	Actual Receipts \$'000
Charges for Services	14,541	11,564
Capital Receipts	30	(25)
Miscellaneous	28	42
Intrasector Receipts		
Interest	450	401
CSO / GSO	5,192	4,743
Total Receipts to Agency Operating Account	20,241	16,725

RECONCILIATION SCHEDULE FOR YEAR ENDED 30 JUNE 2002

PART 1: RECONCILIATION TO SCHEDULES OF RECEIPTS AND EXPENDITURE

Expenditure and Receipts	Cash Flow Statement	Adjustments		Expenditure and Receipts Schedule
	\$'000	\$'000	Note	\$'000
Expenditure				
Operating	13,864	36,553	16	50,417
Investing	30,375	(30,375)	1	0
Financing	252	(252)	1	0
Total Expenditure	44,491	5,926		50,417
Receipts				
Operating	16,331	394	16	16,725
Investing	25	(25)	1	0
Financing	29,865	(29,865)	1	0
Total Receipts	46,221	(29,496)		16,725
Use of Balances	(1,730)	35,422		33,692

PART 2: RECONCILIATION TO TREASURER'S ANNUAL FINANCIAL STATEMENT

Expenditure and Receipts	Expenditure and Receipts Schedules	Adjustments		Treasurer's Annual Financial Statement
	\$'000	\$'000	Note	\$'000
Expenditure by Functional Area				
Darwin Port Corporation	50,417			50,417
Total Expenditure	50,417	0		50,417
Receipts by Source				
Charges	16,307			16,307
Miscellaneous Receipts	42			42
Interest Received	401			401
Capital Receipts	(25)			(25)
Total Receipts	16,725	0		16,725
Use of Balances	33,692	0		33,692

**SCHEDULE OF WRITE OFFS / POSTPONEMENTS AND WAIVERS
FOR THE YEAR ENDED 30 JUNE 2002**

Category	\$
WRITE OFFS, POSTPONEMENTS AND WAIVERS UNDER THE ACT	
Amounts written off or waived by Delegated Officers	
Irrecoverable money written off	12,978
Losses or deficiencies of money written off	0
Value of public property written off	0
Waiver of right to receive or recover money	0
Amounts written off or waived by the Treasurer	
Irrecoverable money written off	0
Losses or deficiencies of money written off	0
Value of public property written off	0
Postponement of money owing	0
Waiver of right to receive or recover money	0
WRITE OFFS, POSTPONEMENTS AND WAIVERS UNDER OTHER LEGISLATION	
Losses or deficiencies of money written off	0
TOTAL	12,978



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