

# Darwin Port Corporation

Business Line	2005-06	2006-07
	Estimate	Budget
	\$000	\$000
<b>Revenue</b>	<b>14 989</b>	<b>18 975</b>
Commercial Wharves	8 312	8 938
Pilotage	1 564	2 314
Navigation and Safety	1 081	1 964
Small Craft Services	1 153	2 259
Cruise and Defence Facilities	2 009	2 623
Tourism Real Estate Development	870	877
<b>Expenses</b>	<b>21 198</b>	<b>23 211</b>
Commercial Wharves	12 968	13 999
Pilotage	1 378	1 580
Navigation and Safety	897	1 052
Small Craft Services	1 733	1 742
Cruise and Defence Facilities	2 955	3 565
Tourism Real Estate Development	1 267	1 273
<b>SURPLUS/DEFICIT BEFORE INCOME TAX</b>	<b>-6 209</b>	<b>-4 236</b>
Commercial Wharves	-4 656	-5 061
Pilotage	186	734
Navigation and Safety	184	912
Small Craft Services	- 580	517
Cruise and Defence Facilities	- 946	- 942
Tourism Real Estate Development	- 397	- 396

**2006-07 Staffing: 69**

## Profile

The Darwin Port Corporation facilitates the movement of goods and vessels into and out of northern Australia by sea and provides a safe haven for the local fishing fleet and small craft industry. The corporation manages facilities within the Port of Darwin at East Arm and Frances Bay and tourism and recreational facilities on, and adjacent to, Stokes Hill Wharf.

The corporation has a key role in the Government's vision for the further development of Darwin as a transport hub and regional supply and service centre for the defence, mining, and oil and gas sectors.

The corporation provides essential infrastructure for dry bulk, bulk liquids, livestock and general cargo, and for activities associated with Timor Sea oil and gas development. It is responsible for ongoing asset condition monitoring and maintenance of port infrastructure.

The corporation aims to promote tourism and recreational use of the Wharf Precinct, as well as maintaining overflow berth capacity for commercial port operations. Both reception facilities and fuel bunkering arrangements are provided to encourage increased visits by cruise ships, naval and other vessels.

The corporation supports the small craft marine industry by providing a safe haven for vessels to dock and product handling facilities.

Strategic issues facing the corporation in 2006-07 include:

- developing and promoting port activities, in particular the establishment of bulk liquids and bulk solids trades at East Arm;

- completion of East Arm stage 1 tie rod repairs including determining the need for repair and strategies required to achieve the wharf's design life of 50 years;
- maximising trade across the corporation's wharves by facilitating and processing applications and proposals by various proponents to develop trade and operate in the Port of Darwin; and
- promoting Darwin as a port of call or home base for cruise and fishing vessels.

## Budget Highlights

- Continued establishment of bulk materials handling infrastructure to facilitate export of ore from the developing minerals sector commencing in the June quarter 2006.
- Establishment of bulk palm oil import and bio-diesel export across the bulk liquids berth by Natural Fuels Australia in association with the construction of the bio-diesel manufacturing facility at East Arm.
- Allocation of \$1 million for upgrading of the container crane electrical control system.
- Continued establishment of a port security system to meet International Ship and Port Facility Security code requirements.
- Establishment of an interim quarantine waste disposal facility at East Arm Wharf to replace the existing Fort Hill Wharf facility at a cost of \$0.35 million.
- The following table shows the approved new capital works projects for 2006-07. For further details of these and other projects, see *Budget Paper No.4*.

2006-07 Major Capital Works	\$M
East Arm Wharf – container crane – upgrade control systems	1.0
Fishermans Wharf – remedial works to sheet pile wall	1.1

## Performance

Continued infrastructure development is being undertaken to establish the Darwin Industry Fuel Terminal. Increasing shipping activity is associated with Timor Sea gas.

Revenue is expected to increase by \$4 million in 2006-07 due to the commencement of bulk solids export and liquefied natural gas (LNG) shipping, and increased community service obligation revenue for maintenance to both Fishermans Wharf and naval support facilities at Fort Hill Wharf.

Total expenses will be affected by increased personnel costs, increased depreciation expense for the Commercial Wharves business line following the revaluation of assets under International Financial Reporting Standards (IFRS), and increased maintenance costs associated with Fisherman's and Fort Hill Wharves as outlined above.

The overall result is forecast to improve by \$1.97 million in 2006-07.

The corporation's estimated revenue is approximately \$1 million less than the original 2005-06 budget, primarily due to lower than expected trading vessel numbers.

The corporation's expenditure has increased by just over \$5 million from the original 2005-06 budget due to the adoption of IFRS. These new standards required the corporation to revalue its asset base on the basis of written down replacement cost. This resultant increase in asset base by approximately \$120 million has resulted in an increased depreciation charge of just over \$5 million.

## Business Line: Commercial Wharves

Functions associated with East Arm Wharf, Fort Hill Wharf and the Iron Ore Wharf, including facilitation of container cargo and general bulk liquids and bulk solids handling. All commercial bulk petroleum activities have been transferred to East Arm. The Iron Ore Wharf continues to be used to discharge defence products. Due to restrictions at East Arm Wharf, Fort Hill Wharf will continue to be used as an alternative facility to ensure stakeholders are not delayed.

Performance Measures		2005-06 Estimate	2006-07 Estimate
<i>Quantity</i>	Trading vessel visits <sup>1</sup>	890	750
	Container vessel visits <sup>2</sup>	95	70
	Trade volume (MTPA) <sup>3</sup>	1.3	2.02
	Revenue growth <sup>4</sup>	-33%	8%
<i>Quality</i>	Accident frequency	0	0
	Incident frequency	0	0
<i>Cost</i>	Cost recovery <sup>5</sup>	64%	64%
	Cost/total revenue <sup>6</sup>	86%	74%
	Level of staff training <sup>7</sup>	0.9%	0.9%

1 Trading vessel numbers are expected to decrease, however vessels are generally becoming larger in order to obtain greater economies with freight movement.

2 Container vessel visits expected to decrease.

3 MTPA – million tonnes per annum. Expected to increase with bulk solids export.

4 Revenue growth is anticipated due to bulk solids export.

5 Calculated as business line revenue divided by business line expenses and is indicative of business line profitability.

6 Calculated as business line cost divided by total corporation revenue. Indicates size of business line relative to others.

7 As a percentage of total wages.

## Business Line: Pilotage

Provision of pilotage services to commercial and non-commercial vessels. Pilotage services guide large vessels in and out of Darwin Harbour.

Performance Measures		2005-06 Estimate	2006-07 Estimate
<i>Quantity</i>	Vessels provided with pilotage services <sup>1</sup>	1 400	1 125
	Revenue growth <sup>2</sup>	35%	48%
<i>Quality</i>	Accident frequency	0	0
	Incident frequency	0	0
<i>Timeliness</i>	Vessels berthed/unberthed within 20 minutes of nominated time	100%	100%
<i>Cost</i>	Cost recovery <sup>3</sup>	114%	146%
	Cost/total revenue <sup>4</sup>	9%	8%
	Level of staff training <sup>5</sup>	5.8%	4.5%

1 Pilotage vessels numbers expected to decrease as offshore vessels have markedly decreased.

2 Pilotage revenue is expected to increase due to liquefied natural gas vessels, which have a larger gross registered tonnage.

3 Calculated as business line revenue divided by business line expenses and is indicative of business line profitability.

4 Calculated as business line cost divided by total corporation revenue. Indicates size of business line relative to others.

5 As a percentage of total wages.

## Business Line: Navigation and Safety

Control of berthage arrangements, provision of moorings and anchorages, navigational aids, safe channels and incineration services to commercial and non-commercial vessels.

Performance Measures		2005-06 Estimate	2006-07 Estimate
Quantity	Vessels using services	4 800	4 600
	Revenue growth <sup>1</sup>	0%	82%
Quality	Accident frequency	0	0
	Incident frequency (safe vessel passage)	0	0
Cost	Cost recovery <sup>2</sup>	121%	187%
	Cost/total revenue <sup>3</sup>	6%	6%
	Level of staff training <sup>4</sup>	0.7%	0.5%

1 Increase in revenue is due to increasing number of large vessels using the service despite the overall number of vessels declining.

2 Calculated as business line revenue divided by business line expenses and is indicative of business line profitability.

3 Calculated as business line cost divided by total corporation revenue. Indicates size of business line relative to others.

4 As a percentage of total wages.

## Business Line: Small Craft Services

Management and operation of the Frances Bay Mooring Basin, Fishermans Wharf and Hornibrook's Wharf, including maintenance of a tidal-free facility that provides a safe haven for the fishing fleet of northern Australia. Services are also provided to the seafood industry and small pleasure craft vessels.

Performance Measures		2005-06 Estimate	2006-07 Estimate
Quantity	Small craft visits	3 900	3 900
	Revenue growth <sup>1</sup>	-7%	0%
Quality	Accident frequency	0	0
	Incident frequency	0	0
Cost	Cost recovery <sup>2</sup>	67%	130%
	Cost/total revenue <sup>3</sup>	12%	9%
	Level of staff training <sup>4</sup>	1.9%	1.8%

1 Measure of revenue growth excluding community service obligation funding.

2 Calculated as business line revenue divided by business line expenses and is indicative of business line profitability.

3 Calculated as business line cost divided by total corporation revenue. Indicates size of business line relative to others.

4 As a percentage of total wages.

## Business Line: Cruise and Defence Facilities

Activities that support the provision of a cruise shipping and naval presence in the Northern Territory. These include the facilities of Stokes Hill Wharf, the roll-on roll-off facility and the Cruise Ship Terminal.

Performance Measures		2005-06 Estimate	2006-07 Estimate
<i>Quantity</i>	National market share of cruise visits	2.8%	2.8%
	Cruise vessel visits	30	40
	Defence vessel visits	80	80
	Cruise Ship Terminal facility patronage <sup>1</sup>	60	60
	Revenue growth <sup>2</sup>	5%	0%
<i>Quality</i>	Accident frequency	0	0
	Incident frequency	0	0
<i>Cost</i>	Cost recovery <sup>3</sup>	68%	74%
	Cost/total revenue <sup>4</sup>	20%	19%
	Level of staff training <sup>5</sup>	0.4%	0.4%

1 Measured as the number of functions.

2 Measure of revenue growth excluding community service obligation funding.

3 Calculated as business line revenue divided by business line expenses and is indicative of business line profitability.

4 Calculated as business line cost divided by total corporation revenue. Indicates size of business line relative to others.

5 As a percentage of total wages.

## Business Line: Tourism Real Estate Development

Management of the Wharf Precinct which provides retail outlets and associated facilities, entertainment, infrastructure and services on Stokes Hill Wharf, in support of general tourism activities.

Performance Measures		2005-06 Estimate	2006-07 Estimate
<i>Quantity</i>	Shop occupancy	100%	100%
	Revenue growth <sup>1</sup>	-11%	0%
<i>Quality</i>	Accident frequency	0	0
	Incident frequency	0	0
<i>Cost</i>	Cost recovery <sup>2</sup>	69%	69%
	Cost/total revenue <sup>3</sup>	8%	7%
	Level of staff training <sup>4</sup>	0.8%	0.7%

1 Measure of revenue growth excluding community services obligation funding.

2 Calculated as business line revenue divided by business line expenses and is indicative of business line profitability.

3 Calculated as business line cost divided by total corporation revenue. Indicates size of business line relative to others.

4 As a percentage of total wages.

## Operating Statement

	2005-06 Estimate	2006-07 Budget
	\$000	\$000
<b>INCOME</b>		
Grants and subsidies revenue		
Current		
Capital		
Community service obligations	2 284	3 981
Sales of goods and services	10 905	13 544
Interest revenue	500	100
Rent and dividends		
Gain(+)/loss(-) on disposal of assets		
Other revenue	1 300	1 350
<b>TOTAL INCOME</b>	<b>14 989</b>	<b>18 975</b>
<b>EXPENSES</b>		
Employee expenses	5 897	6 662
Administrative expenses		
Purchases of goods and services	5 500	5 700
Repairs and maintenance	1 550	2 125
Depreciation and amortisation	6 430	6 500
Other administrative expenses		
Grants and subsidies expenses		
Current		
Capital		
Interest expense	1 821	2 224
<b>TOTAL EXPENSES</b>	<b>21 198</b>	<b>23 211</b>
<b>SURPLUS(+)/DEFICIT(-) BEFORE INCOMETAX</b>	<b>- 6 209</b>	<b>- 4 236</b>
Income tax expense		
<b>NET SURPLUS(+)/DEFICIT(-)</b>	<b>- 6 209</b>	<b>- 4 236</b>

## Balance Sheet

	2005-06 Estimate	2006-07 Budget
	\$000	\$000
<b>ASSETS</b>		
Cash and deposits	4 281	4 431
Receivables	2 252	2 252
Prepayments	627	627
Inventories		
Advances and investments		
Property, plant and equipment	160 824	159 336
Other assets	11 120	11 120
<b>TOTAL ASSETS</b>	<b>179 104</b>	<b>177 766</b>
<b>LIABILITIES</b>		
Deposits held		
Creditors and accruals	1 456	1 456
Borrowings and advances	35 844	38 742
Provisions	1 713	1 713
Other liabilities	190	190
<b>TOTAL LIABILITIES</b>	<b>39 203</b>	<b>42 101</b>
<b>NET ASSETS</b>	<b>139 901</b>	<b>135 665</b>
<b>EQUITY</b>		
Capital		
Opening balance	146 866	151 406
Equity injections/withdrawals	4 540	
Reserves	10 137	10 137
Accumulated funds		
Opening balance	- 15 433	- 21 642
Current year surplus(+)/deficit(-)	- 6 209	- 4 236
Dividends paid/payable		
Accounting policy changes and corrections		
<b>TOTAL EQUITY</b>	<b>139 901</b>	<b>135 665</b>

## Cash Flow Statement

	2005-06 Estimate	2006-07 Budget
	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Operating receipts</b>		
Grants and subsidies received		
Current		
Capital		
Community service obligations	2 284	3 981
Receipts from sales of goods and services	12 298	14 894
Interest received	500	100
<b>Total operating receipts</b>	<b>15 082</b>	<b>18 975</b>
<b>Operating payments</b>		
Payments to employees	5 847	6 662
Payments for goods and services	7 102	7 823
Grants and subsidies paid		
Current		
Capital		
Interest paid	1 786	2 226
Income tax paid		
<b>Total operating payments</b>	<b>14 735</b>	<b>16 711</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>347</b>	<b>2 264</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Investing receipts</b>		
Proceeds from asset sales		
Repayment of advances		
Sales of investments		
<b>Total investing receipts</b>		
<b>Investing payments</b>		
Purchases of assets	19 080	5 012
Advances and investing payments		
<b>Total investing payments</b>	<b>19 080</b>	<b>5 012</b>
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>- 19 080</b>	<b>- 5 012</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Financing receipts</b>		
Proceeds of borrowings	5 000	4 000
Deposits received		
Equity injections	5 000	
<b>Total financing receipts</b>	<b>10 000</b>	<b>4 000</b>
<b>Financing payments</b>		
Repayment of borrowings	1 041	1 102
Finance lease payments		
Dividends paid		
Equity withdrawals		
<b>Total financing payments</b>	<b>1 041</b>	<b>1 102</b>
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>8 959</b>	<b>2 898</b>
Net increase(+)/decrease(-) in cash held	- 9 774	150
Cash at beginning of financial year	14 055	4 281
<b>CASH AT END OF FINANCIAL YEAR</b>	<b>4 281</b>	<b>4 431</b>