Darwin Port Corporation

Business Line	2006-07 Estimate	2007-08 Budget
	$000	$000
Income	**18 835**	**20 544**
Commercial Wharves	8 141	12 928
Pilotage	2 301	2 536
Navigation and Safety	2 006	1 396
Small Craft Services	2 010	898
Cruise and Defence Facilities	3 514	1 931
Tourism Real Estate Development	863	855
Expenses	**23 102**	**25 004**
Commercial Wharves	13 525	13 781
Pilotage	1 524	2 032
Navigation and Safety	1 101	2 478
Small Craft Services	1 769	1 819
Cruise and Defence Facilities	3 870	3 669
Tourism Real Estate Development	1 313	1 225
SURPLUS/DEFICIT BEFORE INCOME TAX	**-4 267**	**-4 460**
Commercial Wharves	-5 384	- 853
Pilotage	777	504
Navigation and Safety	905	-1 082
Small Craft Services	241	- 921
Cruise and Defence Facilities	- 356	-1 738
Tourism Real Estate Development	- 450	- 370

2007-08 Staffing: 73

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.

Key functional responsibilities are:

- providing essential infrastructure for dry bulk, bulk liquids, livestock and general cargo and for activities associated with Timor Sea oil and gas developments;
- ongoing asset condition monitoring and maintenance of port infrastructure;
- promoting tourism and recreational use of the Wharf Precinct;
- maintaining overflow berth capacity for commercial port operations;
- providing reception facilities and fuel bunkering arrangements to encourage increased visits by cruise ships, naval and other vessels; and

- supporting the small craft marine industry by providing product handling facilities and a safe haven for vessels to dock.

Strategic issues facing the corporation in 2007-08 include:

- developing and promoting port activities, in particular the establishment of bulk liquids and bulk solids trades at East Arm Wharf;
- maximising trade across the wharves by facilitating and processing applications and proposals by various proponents to develop trade and operate in the Port of Darwin;
- promoting Darwin as a port of call or home base for cruise shipping and fishing industries; and
- improving Government's return on investment.

Budget Highlights

- Continued establishment of bulk materials handling infrastructure and support to facilitate export of ore from the developing minerals sector.
- Facilitation of sulphuric acid import across the bulk liquids berth.
- Completion of the container crane electrical control system upgrade.
- Continued upgrade of the port security system to meet international ship and port facility security code requirements.
- Expansion of clearance depth at Fort Hill Wharf to berth deep draft vessels.

	$M
2007-08 New Capital Works	
Dredging Charles Point Patches/East Arm land reclamation	0.8
Fort Hill Wharf dredging	1.0
Port Security Plan	0.7

Performance

Continued infrastructure development is being undertaken to establish further bulk materials handling. These developments are expected to realise substantial revenue increases for the corporation over the next few years.

Income is expected to increase by $1.7 million in 2007-08, primarily due to increased bulk products being exported, and increasing liquefied natural gas (LNG) vessel movements and petroleum cargoes. These increases are negating the effect of some declines in areas such as sulphur and container handling.

Total expenses will also rise as a result of repairs and maintenance and operating costs incurred for the $23.9 million bulk material handling system. There will also be some smaller rises in personnel and general operational areas as a result of this continued development.

The overall result is forecast to decline slightly on the 2006-07 estimate. However, this is expected to improve in future years with full year operations of additional bulk solids exports.

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 handling. All commercial bulk petroleum activities have been transferred to East Arm. The Iron Ore Wharf continues to be used to discharge defence products. Fort Hill Wharf will continue to be available as an overflow berth to ensure stakeholders are not delayed. Bulk solids will be imported and exported through East Arm Wharf.

Performance Measures		2006-07 Estimate	2007-08 Estimate
Quantity	Trading vessel visits[1]	733	770
	Container vessel visits[2]	70	48
	Trade volume (MTPA)[3]	1.78	2.54
	Revenue growth[4]	9%	59%
Quality	Accident frequency	0	0
	Incident frequency	0	0
Cost	Cost recovery[5]	60%	94%
	Cost/total revenue[6]	72%	67%
	Level of staff training[7]	0.88%	2.02%

1 Trading vessel numbers expected to increase with more LNG movements and bulk solids exports.

2 Expected to decrease as one of the Port's major vessel callers has reduced number of visits.

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

4 Revenue growth due to increased bulk solids being exported.

5 Calculated as revenue divided by expenses and indicative of business line profitability. Increasing substantially due to bulk solid exports.

6 Calculated as business line cost divided by total revenue. Indicates size of business line relative to others. Decreasing as security matters within the Port of Darwin has resulted in a reallocation of revenue and expenditure, and the Navigation and Safety business line has a corresponding increase in size.

7 Percentage of total wages.

Business Line: Pilotage

Provision of pilotage services to commercial and non-commercial vessels.

Performance Measures		2006-07 Estimate	2007-08 Estimate
Quantity	Vessels provided with pilotage services[1]	1 125	1 162
	Revenue growth[2]	64%	10%
Quality	Accident frequency	0	0
	Incident frequency	0	0
Timeliness	Vessels berthed/unberthed within 20 minutes of nominated time	100%	100%
Cost	Cost recovery[3]	151%	125%
	Cost/total revenue[4]	8%	10%
	Level of staff training	4.48%	2.86%

1 Expected to increase in line with LNG traffic and bulk solids exports.

2 Pilotage growth is still increasing but down on 2006-07, which largely reflects the LNG sector as a new service for the Port.

3 Calculated as revenue divided by expenses and indicative of business line profitability. Still recovering costs, but down on 2006-07 due to increasing personnel costs.

4 Calculated as business line cost divided by total revenue. Indicates size of business line relative to others. Slight rise on 2006-07 with increased personnel costs.

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		2006-07 Estimate	2007-08 Estimate
Quantity	Vessels using services	4 600	4 637
	Revenue growth[1]	69%	-30%
Quality	Accident frequency	0	0
	Incident frequency (safe vessel passage)	0	0
Cost	Cost recovery[2]	182%	56%
	Cost/total revenue[3]	6%	12%
	Level of staff training[4]	0.54%	0.18%

1 Decrease in revenue is due to a change in revenue allocation methodology, which transferred revenue to Commercial Wharves.

2 Calculated as revenue divided by expenses and indicative of business line profitability. Decreasing in 2007-08 as security costs and reallocation of personnel costs increase markedly in this line of business.

3 Calculated as business line cost divided by total revenue. Indicates size of business line relative to others. Relative size increased with extra security requirements of the Port.

4 Percentage of total wages. Decreasing as wages costs increase for this function.

Business Line: Small Craft Services

Management and operation of the Frances Bay Mooring Basin, Fishermans Wharf and Hornibrooks 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		2006-07 Estimate	2007-08 Estimate
Quantity	Small craft visits	3 900	3 900
	Revenue growth[1]	- 27%	- 2%
Quality	Accident frequency	0	0
	Incident frequency	0	0
Cost	Cost recovery[2]	114%	49%
	Cost/total revenue[3]	9%	9%
	Level of staff training[4]	1.80%	1.91%

1 Decrease in 2006-07 attributable to less rental revenue for the mooring basin, due to customers taking out annual rentals rather than week to week. Slight decrease in 2007-08 reflecting less interest revenue from cash at bank.

2 Calculated as revenue divided by expenses and is indicative of business line profitability. Decreased markedly between years as specific CSO funding for Fishermans Wharf only applies in 2006-07.

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

4 Percentage of total wages. Slight increase on 2006-07 as wages are reallocated to Navigation and Safety to reflect security activities.

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		2006-07 Estimate	2007-08 Estimate
Quantity	National market share of cruise visits	3%	3%
	Cruise vessel visits	40	44
	Defence vessel visits	80	80
	Cruise Ship Terminal facility patronage[1]	60	60
	Revenue growth[2]	-4%	-2%
Quality	Accident frequency	0	0
	Incident frequency	0	0
Cost	Cost recovery[3]	91%	53%
	Cost/total revenue[4]	21%	18%
	Level of staff training[5]	0.40%	1.46%

1 Measured as the number of functions.

2 Slightly decreasing as interest revenue from cash at bank declines.

3 Calculated as revenue divided by expenses and is indicative of business line profitability. Decreasing markedly as specific CSO funding for roll-on roll-off wharf maintenance only applies in 2006-07.

4 Calculated as business line cost divided by total revenue. Indicates size of business line relative to others. Size slightly decreasing relative to others as items like security play a larger role.

5 Percentage of total wages. Increasing as wages are reallocated to Navigation and Safety to reflect security activities.

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		2006-07 Estimate	2007-08 Estimate
Quantity	Shop occupancy	100%	100%
	Revenue growth[1]	-3%	-2%
Quality	Accident frequency	0	0
	Incident frequency	0	0
Cost	Cost recovery[2]	66%	70%
	Cost/total revenue[3]	7%	6%
	Level of staff training[4]	0.73%	n/a

1 Slightly decreasing as interest revenue from cash at bank declines.

2 Calculated as revenue divided by expenses and indicative of business line profitability. Slight increase as wages have been reallocated to other lines of business.

3 Calculated as business line cost divided by total revenue. Indicates size of business line relative to others. Size slightly decreasing relative to others as items such as security play a larger role.

4 Percentage of total wages. Not applicable in 2007-08 as staff reallocated to Cruise and Defence Facilities business line.

Operating Statement

	2006-07 Estimate	2007-08 Budget
	$000	$000
INCOME		
Grants and subsidies revenue		
Current		
Capital		
Community service obligations	4 981	2 306
Sales of goods and services	12 224	16 738
Interest revenue	280	100
Rent and dividends		
Gain(+)/loss(-) on disposal of assets		
Other revenue	1 350	1 400
TOTAL INCOME	**18 835**	**20 544**
EXPENSES		
Employee expenses	6 662	6 944
Administrative expenses		
Purchases of goods and services	5 700	6 974
Repairs and maintenance	2 125	2 281
Depreciation and amortisation	6 500	6 500
Other administrative expenses		
Grants and subsidies expenses		
Current		
Capital		
Interest expense	2 115	2 305
TOTAL EXPENSES	**23 102**	**25 004**
SURPLUS(+)/DEFICIT(-) BEFORE INCOME TAX	**- 4 267**	**- 4 460**
Income tax expense		
NET SURPLUS(+)/DEFICIT(-)	**- 4 267**	**- 4 460**

Balance Sheet

	2006-07 Estimate	2007-08 Budget
	$000	$000
ASSETS		
Cash and deposits	6 468	2 252
Receivables	2 292	2 292
Prepayments	718	718
Inventories		
Advances and investments		
Property, plant and equipment	187 651	187 245
Other assets	12 694	12 694
TOTAL ASSETS	**209 823**	**205 201**
LIABILITIES		
Deposits held		
Creditors and accruals	2 160	2 163
Borrowings and advances	38 652	38 487
Provisions	893	893
Other liabilities	161	161
TOTAL LIABILITIES	**41 866**	**41 704**
NET ASSETS	**167 957**	**163 497**
EQUITY		
Capital		
Opening balance	158 202	159 039
Equity injections/withdrawals	837	
Reserves	13 177	13 177
Accumulated funds		
Opening balance	8	- 4 259
Current year surplus(+)/deficit(-)	- 4 267	- 4 460
Dividends paid/payable		
Accounting policy changes and corrections		
TOTAL EQUITY	**167 957**	**163 497**

Cash Flow Statement

	2006-07 Estimate	2007-08 Budget
	$000	$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating receipts		
Grants and subsidies received		
Current		
Capital		
Community service obligations	4 981	2 306
Receipts from sales of goods and services	13 574	18 138
Interest received	280	100
Total operating receipts	**18 835**	**20 544**
Operating payments		
Payments to employees	7 499	6 944
Payments for goods and services	7 823	9 231
Grants and subsidies paid		
Current		
Capital		
Interest paid	2 055	2 326
Income tax paid		
Total operating payments	**17 377**	**18 501**
NET CASH FROM OPERATING ACTIVITIES	**1 458**	**2 043**
CASH FLOWS FROM INVESTING ACTIVITIES		
Investing receipts		
Proceeds from asset sales		
Repayment of advances		
Sales of investments		
Total investing receipts		
Investing payments		
Purchases of assets	8 233	6 094
Advances and investing payments		
Total investing payments	**8 233**	**6 094**
NET CASH FROM INVESTING ACTIVITIES	**- 8 233**	**- 6 094**
CASH FLOWS FROM FINANCING ACTIVITIES		
Financing receipts		
Proceeds of borrowings	9 000	1 000
Deposits received		
Equity injections	837	
Total financing receipts	**9 837**	**1 000**
Financing payments		
Repayment of borrowings	1 102	1 165
Finance lease payments		
Dividends paid		
Equity withdrawals		
Total financing payments	**1 102**	**1 165**
NET CASH FROM FINANCING ACTIVITIES	**8 735**	**- 165**
Net increase(+)/decrease(-) in cash held	1 960	- 4 216
Cash at beginning of financial year	4 508	6 468
CASH AT END OF FINANCIAL YEAR	**6 468**	**2 252**