



# **BUNBURY PORT AUTHORITY**

## **- Statement of Corporate Intent -**

**2005-2006**

# Contents

<b>1. INTRODUCTION .....</b>	<b>3</b>
<b>2. MISSION STATEMENT .....</b>	<b>4</b>
<b>3. CORPORATE OBJECTIVES .....</b>	<b>5</b>
Customer Focus .....	5
Financial Performance .....	5
Environmental Focus.....	6
Productivity Improvements .....	6
Community Relations .....	6
Corporate Values .....	7
<b>4. MANAGEMENT OF THE PORT .....</b>	<b>8</b>
4.1 Functions and Responsibilities of the Authority are to: .....	8
4.2 Infrastructure and Service Provision .....	10
4.3 Dividend.....	11
<b>5. 2005/2006 PLANNED ACHIEVEMENTS .....</b>	<b>12</b>
5.1 Key Performance Target 1 - Trade .....	12
5.2 Key Performance Target 2 – Management.....	12
5.3 Key Performance Target 3 – Infrastructure/Operations .....	13
5.5 Trade Facilitation .....	14
5.7 Community Service Obligations.....	15
5.8 Prices.....	15
<b>6. OPERATING BUDGET .....</b>	<b>16</b>
6.1 Coal Exports .....	17
<b>7. CAPITAL WORKS PROGRAM.....</b>	<b>18</b>
<b>8. ACCOUNTING POLICIES .....</b>	<b>19</b>
<b>9. PERFORMANCE MEASUREMENT .....</b>	<b>19</b>
9.1 KPI's for the Budget Year ending 30 June 2006.....	20
9.2 Rate of Return .....	21
<b>10. PERFORMANCE REPORTING TO THE MINISTER FOR PLANNING AND INFRASTRUCTURE .....</b>	<b>21</b>
Corporate Legislation.....	21

## 1. INTRODUCTION

The Bunbury Port Authority manages and operates the Bunbury Port for the benefit of the South West Region and the Western Australian Community. For the purpose of the SCI the South West Region and the Port's influence is in accordance with the definition used by the Australian Bureau of Statistics for the South West Statistical Region (see below).

Division 2 section 58 of the Port Authorities Act (1999) requires the Board of a Port Authority in each year to prepare and submit to the Minister for the Minister's agreement a draft Statement of Corporate Intent (SCI) for the Port Authority and any subsidiary. The Bunbury Port Authority does not currently have any subsidiaries.

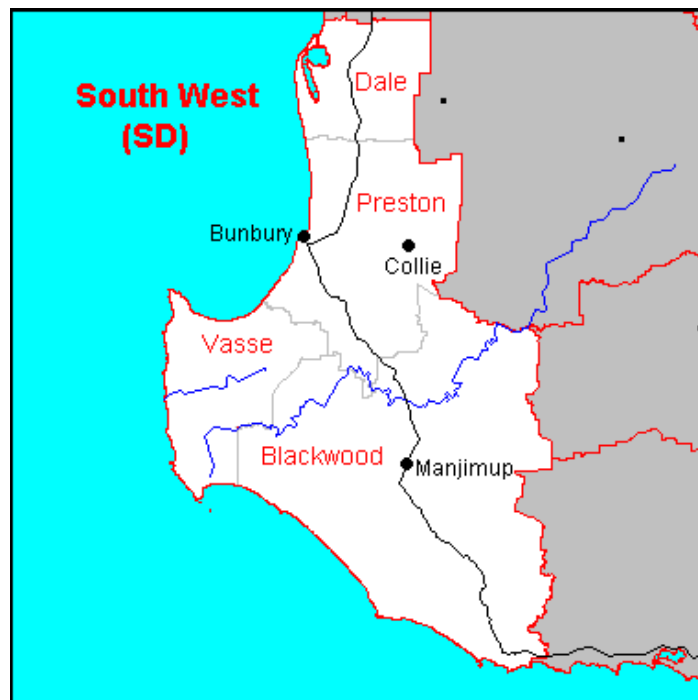
Section 66 of the Act requires the concurrence of the Treasurer before the SCI can be agreed.

Section 30 of the Act defines the functions of the Bunbury Port Authority, which includes to facilitate trade within and through the port, and plan for the future growth and development of the port.

To allow the pursuit of these and the other functions, as shown in Section 4, the Act gives the Bunbury Port Authority exclusive control of the port.

The objectives, strategies and targets for the coming financial year are outlined in this SCI and summarised in the following corporate statements.

Directors of the Bunbury Port Authority met on 6 December 2004 to discuss this SCI. The SCI was approved at the Board meeting of 21 December 2004.



Map: South West Statistical Division (Source ABS)

## **2. MISSION STATEMENT**

### Mission Statement

*“To contribute to the economic growth and development of the South West region of Western Australia by facilitating trade in a commercial, efficient and sustainable manner”.*

Within the focus of sustainable development the role of the Bunbury Port is to operate an efficient and competitive port and to ensure that goods are moved reliably, efficiently and effectively between sea and land transport.

### **3. CORPORATE OBJECTIVES**

#### Corporate Objectives

The corporate objectives of the Authority are categorized into five main activity areas, which are;

- Customer Focus
- Financial Performance
- Environmental Focus
- Productivity Improvement
- Community Relations

#### Customer Focus

- Ensure the provision of efficient port facilities and services to meet customer needs.
- Establish partnerships and alliances in response to customer needs.
- Ensure Government and community expectations are considered in port planning and development.
- Manage and monitor service provision contracts for the benefit of customers.
- Competitive and benchmarked port charges, which are clearly understood by users and stakeholders.
- Improve two way communication with our users, community and stakeholders including Government agencies.

#### Financial Performance

- Be financially self sufficient and viable on a commercial basis over the long term.
- Ensure that capital expenditure and major maintenance is properly planned and funded.
- Earn a rate of return while keeping customer costs to a minimum.
- Ensure financial management of the port is aligned with the State's budgetary policies.

### Environmental Focus

- Promote, plan and develop the port in an environmentally responsible manner for the benefit of the region, industry and customers.
- Improve environmental research and monitoring to pro actively manage, plan and develop the port in an environmentally sustainable manner.
- Improve consultation and communication with key stakeholders in the preparation of the port's environmental management strategy.

### Productivity Improvements

- Create a safe working environment and provide training and development for employees to enhance productivity and efficiency.
- Improve partnering and working relations with suppliers and encourage through contract negotiation the implementation of cost efficient service providers.
- Maintain a continual improvement approach to operational performance.
- Improve productivity where possible to minimize ship and cargo costs.
- Encourage responsible Authorities to provide an efficient land transport system to and from the port.
- Maintain and sustain harmonious workplace relations.
- Acquire land for port expansion.

### Community Relations

- Work through the Port Community Liaison Committee to address and improve Port/Community communication in port planning and development.
- Respond to genuine community concerns to address impacts from port operations.
- Within budget limitations provide regional sponsorship for eligible community projects.
- Recognise that the Port serves the regional community and that the opportunity for community feedback is provided at a regional level.

## Corporate Values

To support the Authority's objectives the Board has also approved the following ethos and values for the organization.

- Safety and environment (continuous improvement within the workplace, within the port environment)
- Respect (for our staff, our customers, our fellow Board members, our shareholder and the communities within which we operate).
- Honesty (integrity, trust and fairness)
- Adding value to the sustainable economic development of the State in particular the South West.
- Progress through partnering (with our shareholder, staff, customers, service providers and communities within which we operate).

## **4. MANAGEMENT OF THE PORT**

The Board of the Bunbury Port is the body responsible and accountable to the Minister for Planning and Infrastructure for the performance of functions, establishment of policies and generally controlling the affairs of the Authority. A code of conduct has been developed and applied to Directors and all employees of the Authority. In addition Corporate Governance principles which include assessment on Board effectiveness have been implemented as Board policy.

To allow Directors to fulfil the corporate and statutory responsibilities, three committees are in operation, which include; the Remuneration Committee, Audit Committee and Corporate Governance Committee.

In addition to the corporate governance, code of conduct and this SCI the Authority has medium term (5 years) and long term (20 years) strategic development plans. These documents provide the basis for the future planning and development of the port and synchronise day to day decisions with long term directions and customer needs.

The long term strategic plan for the port was reviewed by Directors and Senior Management in the first quarter of 2004 and is currently being finalised.

Importantly the short, medium and long term directions will be in accordance with the functions established in the Port Authorities Act (1999) with planning focused on the long term needs of the region and the need to protect the Port for future growth while minimising the impact on the community.

The Board has also developed and agreed on a risk profile which will be used to assess all major projects. The risk matrix will among others consider operational, financial, social, community and environmental risk.

### **4.1 Functions and Responsibilities of the Authority are to:**

The Port Authorities Act (1999) outlines the general functions and responsibilities of the Port which include:

- (a) Be responsible for the safe and efficient operation of the port.
- (b) Facilitate trade within and through the port and plan for future growth and development of the port.
- (c) Undertake or arrange for activities that will encourage and facilitate the development of trade and commerce generally for the economic benefit of the State through the use of the port and related facilities.
- (d) Be responsible for the maintenance and preservation of vested property and other property held by the Authority; and
- (e) Protect the environment of the port and minimise the impact of port activities on that environment.



**In performing these functions, the Authority will;**

- Lead, plan and manage the development of the port within the context of Government and the Authority's sustainability strategy.
- Market and promote the port and the South West region locally, nationally and internationally to increase awareness and diversify trade.
- Ensure all current and future port users have equality of access to port infrastructure, facilities and services.
- Ensure that financial returns are sufficient to maintain financial viability and earn an acceptable rate of return.
- Facilitate improvements in port security, productivity, efficiency and reliability.
- Develop a land use plan for the Port.
- Continue to develop good working relationships with the community, customers and other stakeholders.
- Liaise with service providers to ensure that contractual obligations are achieved and that a trained and skilled workforce is maintained.
- Implement strategies to ensure that port charges are competitive.
- Implement noise and dust minimisation strategies.
- Identify and develop appropriate commercial opportunities within the state or elsewhere.
- Obtain input on port operations and developments from the Port Community Liaison Committee, Port User's and other stakeholders.
- Continue to promote and develop safe work practices and procedures.
- Develop a closer working relationship with the City of Bunbury.
- Assess all major projects against the agreed risk profile and minimise risk to "as low as reasonably practicable".

## **4.2 Infrastructure and Service Provision**

While the Authority will endeavour to meet the needs of port customers by ensuring the availability of services and infrastructure at competitive prices, it must be recognised that this provision must be managed within the overall government financial framework and policies. The practice will be to encourage provision of infrastructure and services by industry with the Authority being directly responsible where there is no private provider.

Infrastructure programmed for 2005/2006 is that which is necessary to meet the growth and development needs of the Port and the region that it serves. Projects are planned based on best information available at the time, however projects may eventuate during the year which were not expected at budget preparation time.

Port development will consider the compatibility issues of different cargoes and wherever possible will implement strategies to minimise the risk of product contamination and the protection of export markets. However this position does not mean that one exporter will be given priority as port infrastructure is available on a common use basis.

To allow the Authority and Port users to benefit from these commercial opportunities the flexibility must exist to allow the Authority to pursue these opportunities or risk losing the project.

Ministerial approval will be sought for capital projects in excess of \$1 million.

A port service currently under discussion with ship operators is the possible introduction of container handling in the Bunbury Port. To date many discussions have ensued on this possibility.

Benefits and opportunities that such a service creates for the region are significant. For instance, handling 7,000 containers in Bunbury will create 44 full time jobs and generate \$13.2 million in economic benefit.

The Authority's preference is for a complainer shipping company to handle containers in the port as it will minimise the Authority's risk.

Making greater use of regional infrastructure such as ports contributes to the allocative efficiency of Government resources and minimises societal costs.

To respond to growth in the port and the requirement by the community for sustainable development, the Authority has initiated the following projects:

- ◆ Investigation for deepening the channel and basin to 15 metres (subject to financial feasibility);
- ◆ Investigation for two (2) new berths 7 and 10;
- ◆ Prefeasibility for the diversion of the Preston River, road, rail and services;
- ◆ As part of Government policy relocation of Outer Harbour facilities to the Inner Harbour;
- ◆ Assess major projects against the agreed risk criteria;

- ◆ Enhance security arrangements in the Port as necessary;
- ◆ Develop the capability of the Port Community Liaison Committee;
- ◆ Initiate a land use plan for the Port;
- ◆ Commence environmental assessment of the Inner Harbour expansion.

Hansol and the Japanese buyers of Hansol woodchips have advised that if coal is handled over the Authority's Berth 8 facilities that the company will cease operations due to the total non-compatibility of the two products. As the company expects to export between 2-10 million tonnes per annum of coal in the near future the Authority in the short term (12 months) will modify the mobile shiploader to increase capacity to 1,000 tonnes per hour but beyond that Berth 10 will need to be fast tracked as there are no other options other than precluding the trade from the Port. To rail elsewhere is cost prohibitive and will kill the project.

### **4.3 Dividend**

Competitive neutrality principles require that the Authority operate on the same basis as any private organisation which includes payment of dividends and other rates, taxes and charges.

Dividend payments to government will be based on the long term needs of the port after considering the following;

- Projected capital requirements.
- Dividend policy
- Trade facilitator role and the maintenance of prices as low as commercially practicable.
- Government as the Shareholder requirement for a return.

Currently, the policy is for dividend payments to be a maximum of 50% of after tax profits plus the required Government efficiency dividend if the recommended dividend is equal to or less than provided for in this SCI.

Taxes and other charges are paid in accordance with relevant legislation or as otherwise agreed.

## **5. 2005/2006 PLANNED ACHIEVEMENTS**

In accordance with the long term vision and plans for the Port, the following outcomes are planned for the year under review.

### **5.1 Key Performance Target 1 - Trade**

- Continue to promote container handling through Bunbury to a hub port such as Singapore or as part of a coastal shipping service.
- Dependant on the above outcome eventuating, establish a container storage facility in the Bunbury Port in accordance with Government policy of making Bunbury the second container port for Western Australia.
- Continue investigations for:
  1. the possible deepening of the harbour to 15 metres;
  2. construction of Berths 7 and 10
  3. Relocation of Outer Harbour facilities to the Inner Harbour
  4. Realignment of infrastructure including the Preston River;
  5. Facilitate the export of coal.
- Construct new storage facilities in the inner harbour.
- Continue discussions for the future relocation of Outer Harbour facilities and the Naval Cadets.
- Enhance the loading capability of the mobile shiploader for the loading of coal.
- If planning approval is obtained, work with WAPRES and the Government to encourage log transport by train.

### **5.2 Key Performance Target 2 – Management**

- Continue to investigate the future of relocation of Leschenault Homestead.
- Develop a land use plan.
- Implement, manage and monitor service contracts to ensure that they meet customer needs and are efficient and competitive.
- Continue with noise, dust and water monitoring and minimise impacts where reasonably possible.
- Operate security requirements to comply with Federal and International requirements.
- Hold a community forum, at least annually.

- Provide administrative support to the Port Users and Security Committee and Port Community Liaison Committee.
- Implement safety audits and risk management reviews to provide a safe working environment and to minimise risk.
- Seek quality endorsement if agreed by Directors for:
  - Quality Management System
  - Environmental Management System
  - Safety Management System
- Negotiate with Outer Harbor lessees on the basis for relocation.
- Attract new and or growth trade.
- Obtain a commercial return for the disposal of Outer Harbour land.

### **5.3 Key Performance Target 3 – Infrastructure/Operations**

- Work with Local, State and Federal government for construction of the Port Access Road.
- Realign the road to Turkey Point to coincide with provision of the Port Access Road.
- Once the Port Access Road is constructed review security and, port access arrangements and vessel communication procedures to provide a single point of access with 24 x 7 navigation communication.
- If financially viable and/or required to service liner shipping, provide a container storage facility including reefer points.
- Work with Worsley and Alcoa to facilitate growth in Alumina exports.
- Work with Griffin and Premier Coal to assist with the possible export of coal from the Port.

### **5.4 Key Performance Target 4 – Financial**

- Achieve net profits before tax of \$ \_\_\_\_ million.
- Achieve a rate of return on the deprival asset valuation methodology, of approximately ??%.
- Make dividend payments at a maximum of 50% of after tax profit.
- Increase lease revenue from 2004/2005 levels by 2%.

- Comply with reporting requirements.

## **5.5 Trade Facilitation**

Trade will be facilitated through a variety of means and will include;

- Maintain ship and cargo price increases at or below CPI.
- Apply sustainability practices in port operations and port development.
- Work with stakeholders to promote and develop the Kemerton, Collie and Regional Industrial Parks.
- Ensure appropriate water depths are maintained to allow optimum cargo carrying.
- Retain sufficient after tax profits to provide funds for future port growth.
- Make infrastructure, facilities and services available in a timely manner.
- Encourage value adding wherever possible.
- Apply the requirements of the Greater Bunbury Region Scheme, as it applies to the Port.
- Market and promote the Port nationally and internationally.

## **5.6 Environmental/Community**

- Continue to monitor and minimise dust and noise impact on the community.
- Ensure that operations are in accordance with environmental licences and permits.
- Allow community access to port operational areas where port operations and security are not compromised.
- Liaise with the Community and other key stakeholders regarding port operations and port development.
- Commence relocation of Leschenault Homestead.

## **5.7 Community Service Obligations**

No Treasury funding for community service obligations is envisaged in the 2005/2006 financial year. Obligations will be in accordance with those normally undertaken by a commercial organization unless specifically required by Government.

The Authority's relationship with the regional community, but importantly the immediate community, is a key factor in ensuring a stable and efficient operating environment. To this end the Authority will seek feedback from the community on specific port issues either through the Port Community Liaison Committee, questionnaires or other medium as agreed by the Board of the Authority.

The Authority will continue to make non-operational areas of the port available for community use, however the need to comply with national and international security arrangements means that berths required for ship to shore interface will not be accessible for recreational or other non port related pursuits.

To do otherwise may result in penalties being imposed on the Authority and South West importers/exporters.

## **5.8 Prices**

Prices will be reviewed regularly to ensure that they accurately reflect costs and asset utilisation. For 2005/06 Pilotage will increase by 3.1%, water by 4.5% and infrastructure by 3%.

## 6. OPERATING BUDGET

The Bunbury Port Authority's operating budget for 2005/2006 shows an operating profit of \$5.3 million (before tax) which is made up as follows:

**Table 1. (WITHOUT CONTAINER HANDLING)**

	<b>Forecast outturn 2004/2005 \$ million</b>	<b>Budget Estimate 1<sup>st</sup> 6 months \$ million</b>	<b>Budget Estimate 2<sup>nd</sup> 6 months \$ million</b>	<b>2005/2006 Total</b>
<b><u>Revenue</u></b>				
Revenue from ships/cargo	11.59	5.68	5.68	11.36
Revenue from utility sales	1.88	0.98	0.98	1.96
Leases	1.89	1.21	1.22	2.43
Other	1.07	0.65	0.66	1.31
Interest offset – DRD	0.09	0.04	0.05	0.09
	<b>16.52</b>	<b>8.56</b>	<b>8.59</b>	<b>17.15</b>
<b><u>Expenditure</u></b>				
Administration	1.95	1.06	1.06	2.12
Port Operations	2.04	1.19	1.20	2.39
Interest expense	0.83	0.42	0.43	0.85
Utility purchases	1.46	0.82	0.82	1.64
Amortisation	4.43	2.12	2.13	4.25
Other	0.75	0.30	0.30	0.60
	<b>11.46</b>	<b>5.91</b>	<b>5.94</b>	<b>11.85</b>
Operating profit before tax	5.06	2.65	2.65	5.30
Tax payable	1.67			1.75
Proposed dividend 50%	1.70			1.78
Efficiency dividend	0.04			-

Note: The interest offset relates to an agreement between the Department of Resources Development (DRD), Ampolex and the Bunbury Port Authority where DRD agreed to make a contribution of \$1.3 million to Ampolex for the casting basin with the Authority being the medium for the transaction.



## **6.1 Coal Exports**

Both Collie coal companies are currently exploring the possibility of exporting coal to the Asean and other regions.

Based on the work done to date it is unlikely that the existing Berth 8 facilities will be suitable due to the possible contamination by coal of woodchips and other products.

Handling of coal over these facilities will result in the export of woodchips ceasing. Use of other facilities such as the woodchip loader at Berth 3 is not possible due to the cost, market perceptions, location of infrastructure (stockpiling) and community issues.

The Authority supports the export of coal through the port on the basis that environmental requirements can be met. This support is for the following reasons:

- Coal exports will contribute to the survival of Collie as generation of power by gas increases;
- Job creation opportunities;
- Port facilities are available for all importers and exporters;
- The project will be financially viable to the Authority;
- Diversify the Authority's trade base;
- Result in significant economic benefit to the region and to government through royalty payments.

The financial viability has not been finalised at this stage and is not included in the Authority's results for 2005/2006. A detailed analysis will be provided as the project proceeds.

In the short term the Authority will need to modify the mobile shiploader to increase capacity to a minimum of 1,000 tonnes per hour, however as exports ramp up it will be necessary to provide additional facilities as the mobile shiploader will not be capable of handling the volume.

One company expects to export a minimum of 2 million tonnes per annum increasing to 10 million tonnes per annum. The Authority needs to cater for both Collie companies which could increase the volumes identified above.

The peak for coal is expected around 2006 after which it will plateau with a possible decrease in prices. However, it is critical that if coal exports are to take place that markets are accessed prior to the peak date.

The Authority expects to meet the coal export requirements by construction of Berth 10 and deepening the channel to 15 metres (if financially feasible). Berth 10 may need to be fast tracked to be available within the next 3-4 years.

Included in the 2005/06 SCI is approximately \$1 million for commencement of the necessary environmental investigations and approvals.

## 7. CAPITAL WORKS PROGRAM

The Bunbury Port Authority's capital works program for 2005/2006 is estimated at \$36.03 million and includes the following projects:

	<b>\$ Million</b>
Works in progress (carried over from 2004/2005)	1.83
Minor works	2.00
Dredging Berth 7	6.00
Relocation of Road/Rail Preston River	5.00
Relocation of Leschenault Homestead	0.70
New Storage Facilities	6.00
New Road to Turkey Point (Port Access Road)	1.50
Conveyor for new cargoes	3.00
Relocation of Outer Harbour Facilities	10.00
<b>Total</b>	<b>36.03</b>

Note: Capital expenditure will only be incurred on the basis that the expenditure is financially justified and there is a commitment to the service.

All investment decisions will be evaluated in accordance with accepted commercial principles and within the financial framework of the SCI. Projects, which are not financially justified or cannot be justified on environmental or security/safety grounds will not be undertaken.

Details of projects in excess of \$1 million including financial evaluation information, cash flows and hurdle rates of return are currently required to be approved by the Minister for Planning and Infrastructure prior to the project being committed.

Note: Funding for the Capital expenditure for 2005/2006 will be met using a combination of internal funds, asset sales (Outer Harbour) and borrowings on the assumption that capital projects proceed as planned.

## **8. ACCOUNTING POLICIES**

Financial statements will be prepared on an accrual accounting basis in accordance with International and Australian Accounting Standards and corporate legislation using the historical cost convention.

Tax Equivalent Payments will be in accordance with the Treasurer's Directions and rulings recognising the State's tax equivalent regimes and in accordance with the National Taxation Equivalent Regime.

Rate of Return will be calculated using profit before tax and interest, but after depreciation based on the deprival value of the Authority's assets.

## **9. PERFORMANCE MEASUREMENT**

In conjunction with the Department of Planning and Infrastructure, a suite of performance indicators have been developed and adopted by the Bunbury Port as a basis of assessing the Authority's achievement of agreed goals and objectives. These are as follows:

## 9.1 KPI's for the Budget Year ending 30 June 2006

	<b>Forecast 2004/2005</b>	<b>Budget 2005/2006</b>
<u>EFFECTIVENESS INDICATORS(1)</u>		
1. Berth Utilisation % (Commercial and Naval vessels).	24.96	25.76
2. Average Ship turn-a-round Time (hours) Bulk	39.0	44.1
3. Average Ship Delay Time (hours)	0	0
<u>FINANCIAL INDICATORS</u>		
4. Gross Cargo Revenue Per Cargo Tonne	\$0.39	\$0.41
5. Gross Ship Revenue Per Ship	\$20,324	\$21,150
6. Aggregated Operating Port Authority Cost Per Cargo Tonne	\$0.92	\$0.98
7. Rate of Return (after maintenance dredging)	8.2%	8.1%
<u>EFFICIENCY INDICATORS</u>		
8. Total Tonnes throughput per Berth (million)	2.08	2.01
9. Cargo Tonnes Per Total Vessel Hour (Average all Berths) (Bulk)	951	892
10. Customer Satisfaction %	95	95

Note: An increase in ship size will affect average ship turn around time while an increase in productivity (cargo tonnes per vessel hour) will reduce berth utilisation. To address these anomalies it is proposed to vary the target by applying the actual dependent variable in lieu of the estimate.

- (1) The berth utilisation does not include time necessary to ready the berth for use such as washing of conveyors, changing of loading spout and berth clean up. This mainly occurs at Berth 8.

## **9.2 Rate of Return**

The rate of return is calculated in accordance with the deprival valuation method as required by the Port Authorities Financial Policy. For 2005/2006 the estimated rate of return is 8.2%.

## **10. PERFORMANCE REPORTING TO THE MINISTER FOR PLANNING AND INFRASTRUCTURE**

In accordance with the undertakings agreed to by the Board and the Minister the Bunbury Port Authority will on a six monthly basis report to the Minister on the financial performance of the port. Annual reporting will be in accordance with corporate legislation and include financial and operational reports.

### **Corporate Legislation**

#### **10.1 Six monthly reports will include:**

- \* Financial statements (Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Capital Expenditure).
- \* Actual versus target as agreed in the Statement of Corporate Intent.
- \* Any other information required by legislation or as directed by the Minister for Planning and Infrastructure.
- \* Explanations to major variations.
- \* Revised end of year forecasts.

#### **10.2 Annual Reporting will be in accordance with Clause 69 and Schedule 5 of the Port Authorities Act (1999).**

#### **10.3 Treasury Information**

Relevant annual information will be provided in accordance with the Government Financial Responsibility Act (2000) as it applies to Port Authorities. Such information will include forecasts of dividend and tax equivalent payments plus concise financial information for the budget year and the subsequent three out years.