

# 2023-2024 Statement of Corporate Intent

Kimberley Ports Authority



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## Contact Information

### Broome Office

Lot 549 Port Drive, BROOME WA 6725

Telephone: 61 8 9194 3100

Operations Fax: 61 8 9194 3188

Email: [info@kimberleyports.wa.gov.au](mailto:info@kimberleyports.wa.gov.au)

Emergency after hours contact: 0419 044 765

### Postal Address

PO Box 46, BROOME WA 6725

## Disclaimer

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

- KPA has finalised a port master plan for the Port of Broome and will develop a consolidated port master plan in 2024/25 incorporating all the Kimberley ports. Consequently this document has been prepared without the benefit of a long term master plan for ports other than the Port of Broome.
- This document has been prepared in good faith on the basis of information available at the date of publication without any independent verification. KPA does not guarantee or warrant the accuracy, reliability, completeness or currency of the information in this publication nor its usefulness in achieving any purpose. Readers are responsible for assessing the relevance and accuracy of the content of this publication. KPA, its directors, officers and employees will not be liable for any loss, damage, cost or expense incurred or arising by reason of any person using or relying on information in this publication. Where applicable law does not permit such exclusion of liability, the liability of KPA its directors, officers and employees (in any class or for any formulation of liability whatsoever, including for negligence or any other tort) shall be limited to the amount (if any) you paid to access the information.

# Being a Primary Driver for Economic Development in the Kimberley

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

The long term viability of ports in the Kimberley is dependent on efficient port operation, understanding all facets of the supply chain, facilitating appropriate development opportunities, and meeting the changing needs of KPA's customers and community expectations, whilst protecting environmental and heritage values.

KPA's key strategy of "Being a Primary Driver for Economic Development in the Kimberley" spans the whole organisation by ensuring KPA has the capability to deliver on the State Government's mandate to facilitate the development of trade and commerce generally for the economic benefit of the State and strategies to foster new developments in the Kimberley region. This approach is designed to enable KPA to identify opportunities that lead to better outcomes for port users and the State, while providing a rate of return.

This one year Statement of Corporate Intent (**SCI**) incorporates the actions surrounding KPA's strategy. All actions proposed in the SCI are designed to support KPA's continued development across the Kimberley, and are consistent with the actions required to manage responsibilities along the Kimberley coastline.

The Kimberley ports amalgamation came into effect on 1 July 2021, and it should be noted that this SCI considers the future of:

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

In addition, it should be acknowledged that this SCI, and the associated financial information, may alter in the future in response to a range of factors beyond KPA's control, including unforeseen growth opportunities, and/or trade reductions.

*Figure 1 Port of Broome - onshore*





# 1. Introduction

The KPA is a Government Trading Enterprise (**GTE**) responsible for managing the Port of Broome, the greenfields site of the Port of Browse, and marine security and safety at the Port of Yampi Sound. The Ports of Derby and Wyndham have leaseholder and management agreements with the Shire of Derby West Kimberley and Cambridge Gulf Ltd, respectively. The Kimberley ports are strategically positioned to service the growing demand for food and resources in Asia, and India; and to assist in the development of the onshore and offshore hydrocarbon reserves.

In drafting this SCI, KPA has assumed that:

- Progress has been made in finalising commitment notice actions required by Kimberley Marine Support Base Pty Ltd's (**KMSB**) so that a Final Investment Decision can be reached to construct a Kimberley Marine Material Offloading Facility at the Port of Broome;
- Demand for agricultural commodities (primarily cattle), and general cargo will continue at similar rates during 2023 / 2024, though supply may be affected by the extensive flooding event in early 2023;
- There will be a recovery in global demand for oil and gas as countries improve management of the COVID-19 pandemic, and due to the war between Russia and the Ukraine, which has changed the oil and gas supply landscape in Europe;
- INPEX is expected to continue a drilling campaign, which commenced in October 2020, through to Q2 2024 and, after a one year break, will recommence the next phase until 2030. A separate two exploration well drilling campaign will commence in early 2024 from the Port of Broome;
- Shell Australia will commence their Crux drilling campaign in the Browse Basin in Q2 2024 for a duration of approximately two years;
- The primary base in the Kimberley for the support of the Browse Basin exploration and to a lesser degree development will continue to be the Port of Broome. However, it should be noted that the Ports of Derby and Yampi Sound may also develop support capacity for this industry;
- Kimberley Mineral Sands Pty Ltd's logistics tender process has been completed and KMS are intending to commence exports in Q1 2024;
- The International and large cruise vessel tourism will be slow to return to pre COVID-19 pandemic levels;

- Mt Gibson Iron Ltd continue exporting high grade iron ore from Koolan Island,
- Port of Derby remains the barge supply base for Yampi Sound and receival point for Barramundi, and
- Port of Wyndham maintains a modest level of resource and agriculture exports, fuel imports and work continues on future projects that could significantly change the future development of the port, in the long term.

A range of agricultural projects have been trialled in the Kimberley with varying degrees of success, however corn is exported from Wyndham to South Korea on an adhoc basis. The Kimberley Cotton Company has been successful in raising funds and has received a \$32M NAIF loan to establish a cotton gin in the East Kimberley, along with infrastructure support provided by the State Government. The steady investment and expansion of agriculture and aquaculture industries across the Kimberley could contribute to the introduction of a liner service to Asia into the future.

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

KPA has embarked on the exciting challenge of working directly with Kimberley port managers, customers and relevant stakeholders, augmenting KPA's understanding of the supply chain and developing innovative responses to the freight task in the Kimberley region. The Port of Broome will continue to be a central hub for many customers and KPA will provide the leadership necessary to play its part in diversifying trade and developing opportunities for the Kimberley such as facilitating the KMSB project.

The Board and management are focused on building a resilient KPA able to effectively meet and respond to cyclical changes to trade and port related activities over the life of this SCI. KPA will strive to capitalise on the opportunities which are evolving in the Kimberley. This SCI incorporates all the requirements necessary for KPA to fulfil its obligations under Part 5, Division 1, of the Port Authorities Act 1999 (**PAA**).

## 2. Strategic Framework

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

### Vision

KPA's vision is:

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

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

### Mission

KPA's mission is:

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

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

### Values

KPA's values continue to define how the organisation will conduct its activities, and are based on respect for employees and all who come in contact with KPA.

**Safety** - We make safety our number one priority;

**Respect** - We treat our customers, our community and each other with respect;

**Excellence** - We take pride in doing our jobs to the highest professional standard;

**Teamwork** - We work as a team to achieve our common goals;

**Service** - We seek to understand and serve the needs of our customers and community, and

**Environment** - We care for our environment.

*Figure 2 McDermott's DLV 2000 – offshore construction vessel*



## 3. Statutory Framework

### *Port Authorities Act 1999*

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

- To facilitate trade within and through the Ports, and plan for future growth and development of the Ports;
- To undertake or arrange for activities that will encourage and facilitate the development of trade and commerce generally, for the economic benefit of the State through the use of the Ports and related facilities;
- To control business and other activities in the ports or in connection with the operation of the Ports;
- To be responsible for the safe and efficient operation of the Ports;
- To be responsible for maintaining Ports' property;
- To be responsible for Port security; and
- To protect the environment of the Ports and minimise the impact of Port operations on that environment.

These statutory obligations underpin the thrust and outcomes of this Statement of Corporate Intent. From July 2023 it is expected the GTE Act 2022 will be promulgated to be read in conjunction with PAA in governing port authorities.

### Compliance with other Legislation

KPA will comply with all relevant legislation, including the *Environmental Protection Act 1986* and the *Corruption, Crime and Misconduct Act 2003* in going about its business. KPA is committed to continuing to improve its compliance systems, and monitor legislative changes that may impact KPA activities.

As a corporatised entity, KPA is not specifically required to comply with legislation such as the *Financial Management Act 2006*, or parts of the *Public Sector Management Act 1994*. However, KPA is committed to the tenet of such legislation and models its internal procedures to reflect prudent management practices.

## 4. Kimberley Ports Characteristics

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

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

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

Climate Change and sustainability planning will change future resource sector investment and trade, which will have varying degrees of impact on Kimberley ports future planning and potential trade. The West Australian whole-of-government 2030 greenhouse gas emissions reduction target of 80 percent, below 2020 levels, will require a review and adoption of energy efficient and renewable energy technologies in the first instance.

### Community Service Obligations

Under PAA section 60(k & l) Community Service Obligations are to be reported. The Port of Broome has legacy non-commercial leases with the Department of Primary Industry and Regional Development for the aquaculture park and community service groups; and organisations such as the Broome Volunteer Sea Rescue Group and Broome Fishing Club. KPA funds these community service obligations which amounts to ~ \$600,000 pa in forgone lease revenue. The Port of Derby supports the Mary Island Fishing Club and the Derby Marine Rescue with discounted rent amounting to ~ \$20,000 pa.

## Community Support

Along with commercial aspects of the Ports of Broome and Derby KPA and Shire of Derby West Kimberley (**SDWK**) self-fund recreational and small craft activities:

- a) Maintaining the slipway area for small craft maintenance and dry docking in Broome;
- b) Maintaining the Entrance Point and Derby boat ramps;
- c) Provision public carparking, and the maintenance and cleaning of public toilets, and gardens of public access areas surrounding the Ports of Broome and Derby;
- d) Provision, maintenance and cleaning of the public walkway adjacent the Broome wharf, and
- e) Maintenance of pedestrian beach access in Broome.

The Shire of Broome, Nyamba Buru Yawuru, DoT's Coastal Infrastructure Business Unit (**CIBU**), KPA identified a suitable location for a small boat launching facility at Entrance Point. The State Government has committed \$36.3M to construct the facility and DoT is currently seeking project approvals including those associated with Environment and Heritage.

## Port of Broome Operating Environment

The operating model for the Port of Broome consists of areas that are operated as a Service Port and areas that are operated as a Landlord Port. The Port of Broome is a mix of both models with land leased to private companies, though the port authority is also responsible for executing cargo handling operations through the use of stevedores that are employed by KPA.

Operations and services, such as pilotage, provision of towage, and fuel bunkering, are licenced to third party operators. KPA's Board of Directors regularly consider its strategy in relation to arrangements to facilitate the participation of potential suppliers in the provision of port services, with a view to complying with KPA's statutory obligations and progressing the interests of the State of Western Australia.

Business has returned to pre-pandemic trade levels, however until proposed import/export projects proceed KPA's trade projections are based on an environment of cautiousness due to:

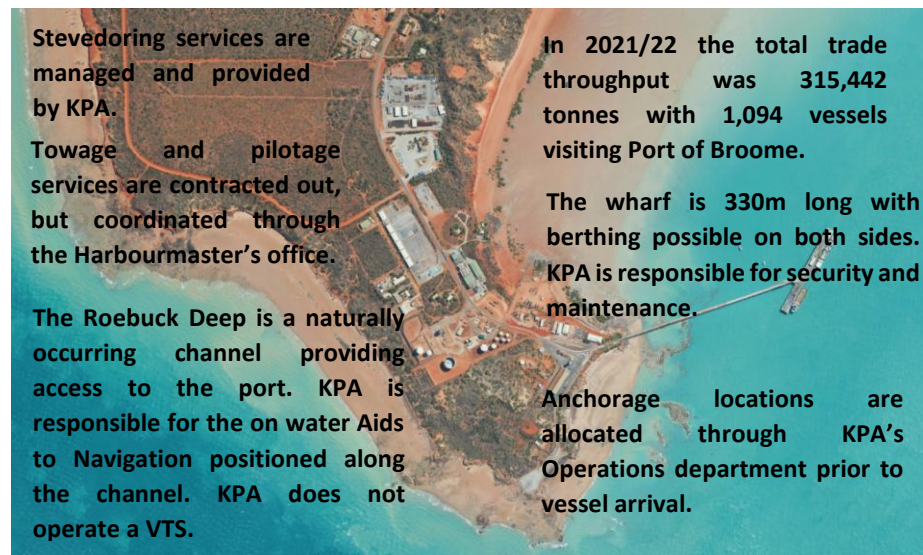
- a) Woodside Energy Ltd delaying their Browse Basin final investment decision (**FID**) to approximately mid 2024. While the gas will be piped and processed in the Pilbara; Broome is being considered for support work, but KPA will face competition from the Pilbara. Separately, Woodside are planning a decommissioning project (in-situ capping) for seven historical exploration wells with activity/support that could be conducted from Broome.
- b) The sensitivity of the livestock export industry to political decisions, including Australia's relationship with Indonesia. In recent years some livestock exports have been delivered to Vietnam, and to a lesser extent Malaysia, Thailand and the Philippines. The major West Kimberley flood event in early 2023 will affect cattle supply for the next few years;
- c) The Federal Department of Home Affairs possible impost of security compliance costs under the auspices of the *Security of Critical Infrastructure Act 2018*;
- d) In compliance with the *Biosecurity Act 2015* KPA has submitted an application to the Department of Infrastructure, Transport Regional Development, Communications and the Arts for a revised First Point of Entry Determination to include containers, vehicles, cruise vessels and non-commercial vessels;
- e) The only significant onshore resource export project nearing completion that KPA is aware of is the Kimberley Mineral Sands Pty Ltd's (**KMS**) mineral sands project. KMS have approvals to export from both the Ports of Derby and Broome, however KMS have finalised their logistics tender process and identified Port of Broome as the preferred export location. Some wharf works will need to be completed including removal of the wharf shed, deck reinstatement, and the re-establishment of storage and amenity facilities to facilitate this logistics task;
- f) Buru Energy Ltd while producing crude oil have not been in a position to export large quantities but continue drilling programs to increase knowledge of further reserves;
- g) A continuing global environment of economic uncertainty, for example the continuing trade tensions between China and Australia, and the war between Russia and the Ukraine; and
- h) High costs of establishing an export business in the Kimberley.



The Kimberley region is heavily reliant on the import of petroleum products delivered by sea. The growth or decline in regional mining and transport sectors are important factors in determining future demand for fuel.

KPA widened and deepened the approach channel at Port of Broome, in 2019, to accommodate the increase in large and medium sized cruise vessel visits. Large cruise vessel visits did not return to Australian shores until the end of 2022 and near future forecasts have not returned to pre-pandemic levels.

*Figure 3 Visualisation of Port of Broome operating model*



The Port of Broome will carefully monitor trade fluctuations associated with the oil and gas industry due to this trade being a major revenue base which includes associated fuel imports and bunkering. The State Government has financially supported a \$52M Marine Services Hub development proposal for Broome, and a proponent decision is expected in Q2 2023.

KPA continues to concentrate on increasing efficiencies and reducing costs, while still maintaining the ability to scale up again when demand increases.

Kimberley Marine Support Base Pty Ltd (**KMSB**) has been provided land assurance through the signing of lease documents with KPA, with endorsement of the State Government, which has enabled KMSB to proceed with the next steps to establish a multi-user material

loading and offloading facility near the existing Port of Broome wharf. KPA has been working closely with KMSB to facilitate the project by providing timely approvals and assistance as required.

KMSB have secured heritage approval from Nyamba Buru Yawuru, environmental approval by the Federal Department of Water, Agriculture and the Environment and the WA Environmental Protection Agency. KMSB have progressed the selection of an Operator Petersons for the facility and selected TAMS for the final design and construction of the marine facility. This project will alleviate the need to provide more berth space, which the current KPA Port Master Plan identified as a requirement by approximately 2025.

KPA is directing effort towards land development to facilitate KMSB and other interested parties; expanding the secured port area and separating operational traffic from recreational traffic as Entrance Point facilities expand.

## Port of Derby Operating Environment

KPA's Port of Derby is a Landlord model port operated by the SDWK with a Lease and Management Agreement in place until 2040.

It should be noted that SDWK:

- has entered into Access Agreement with a three party consortium for the Thunderbird Project over the bulk handling facility at the Port of Derby for the export of mineral sands;
- has entered into a sub-lease, ending in December 2023 unless a further 1 year term is granted, for approximately 115 hectares to develop a proposal for a loch basin facility at the Port,
- manages minor trade through the Port of Derby including small charter vessels and fishing vessels and fuel loading for Horizontal Falls Seaplane Adventures, and
- continues to facilitate barge operations to Koolan Island, and vessel movements to and from Cone Bay Barramundi farms.

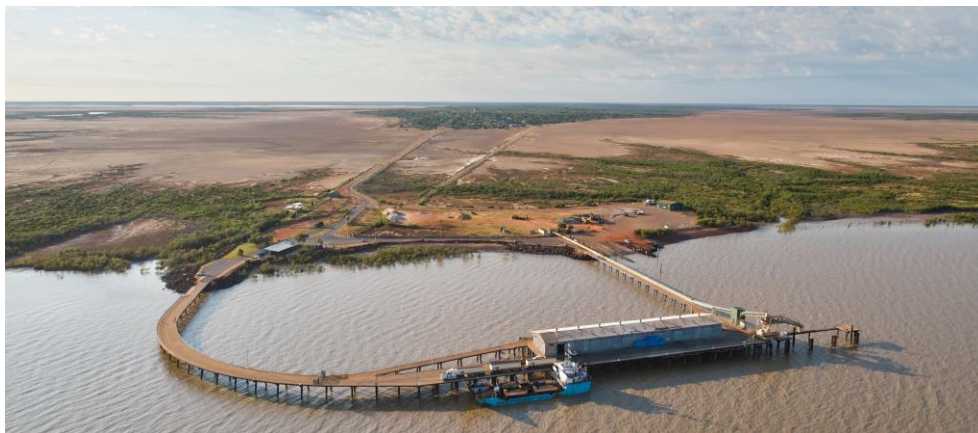
It is estimated that up to \$12 million will be required, over the life of the existing lease, for wharf maintenance and upgrades. KPA will assist SDWK to source funds to maintain / upgrade the Derby wharf as current revenue is unable to fund these works. Current use of the wharf includes offloading barramundi for road transport and fuel supply.



KPA is assisting SDWK with asset planning and engineering advice to maintain infrastructure to a safe and usable condition. KPA and SDWK jointly funded a section of wharf repairs during 2022, amounting to \$500,000. Discussions with SDWK have focused on the wharf but will be expanded to include other items such as provision of utilities, roads, and drainage.

While SDWK has difficulty funding port improvements or major capital works, the Port is strategically located and given its ability to handle bulk commodity exports through barging operations and transshipment, the port may become viable at some time in the future.

Figure 4 Aerial view of Port of Derby



### Future Growth Opportunities

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

- KMS, through Sheffield Resources Ltd, have an Access Agreement with the SDWK over the bulk handling facility at the Derby wharf. This project is referred to as the Thunderbird Mineral Sands project. Sheffield Resources 50:50 joint venture partners Yansteel will take 100% of the ilmenite produced in Stage One of the project. A Final Investment Decision has been made, and post the logistics tender process product will be exported from Port of Broome.
- Marine Produce Australia (MPA) are now part of the Barramundi Group and land barramundi from their Cone Bay operations at the Port of Derby and undertake reprovisioning including fuel. MPA lease the Derby wharf sheds. MPA have been in operation for over eight years and have a 21 year aquaculture lease over 669

hectares, with a 21 year renewal option. MPA have been granted an increase in its production licence from 2,000 tonne to 6,990 tonne per annum. The increased barramundi production could be exported directly to Singapore if a regular liner service was established to Asia from the Kimberley. In May 2023 Barramundi Group announced placing the MPA operations into the hands of Administrators to consider future options of recapitalisation or selling the operations.

- The Port of Derby is well positioned to support further barge operations to Koolan and Cockatoo Islands when required.

There are a number of mining companies with tenements in the vicinity of Derby and KPA is monitoring the ongoing exploration and investment in these ventures for export potential.

### Port of Wyndham Operating Environment

KPA's Port of Wyndham is a landlord model port and is operated by Cambridge Gulf Ltd (CGL), with Kimberley Metals Group Logistics Pty (KMG) operating an iron ore export facility to the North of the Port. CGL have a 10 year lease and management agreement to operate the port, commencing from 1 July 2021.

Figure 5 Aerial view Port of Wyndham



KPA meets regularly with CGL regarding the current trade environment at the Port of Wyndham, prospective trade opportunities and maintenance and capital works programming.

### Future growth opportunities

There are a number of proponents which have expressed interest in utilising the Port of Wyndham, including those set out below. KPA has been monitoring these projects and where appropriate fostering the use of the Port. The projects include:

- Buru Energy's export of crude oil is gradually decreasing, until new reserves can be identified, from the Port of Wyndham.
- The Ord irrigation projects with the potential for the export of a range of products including chia, sugar, sorghum, timber, corn and cotton. The successful establishment of these industries is likely to result in imports of fertiliser, fuel and other inputs. Corn exports continue from Wyndham Port heading to South Korea.
- Seafarms announced the Sea Dragon project, located at Legune Station in the Northern Territory near the WA border, in its current form is not viable. During a project review Seafarms identified a number of challenges and risks with such a large scale project and will now move to a pilot phase to prove up the ability to successfully farm black tiger prawns within this environment.
- Ridges Iron Ore Pty Ltd / Habrok Mining Pty Ltd are the tenement holders at the Ridges Mine. INDUS Mining was facilitating operations from pit to port with five shipments during 2021/22 amounting to 267,0341 tonnes of iron ore being exported before closing operations in 2021, in response to the declining iron ore price. Exports may resume when the nearby Matsu deposit is fully operational.
- Panoramic Resources owns and operates the Savannah underground nickel sulphide mine. Mining operations were suspended in 2020 due to operational uncertainties. Panoramic recommenced mining in July 2021 and exports in December 2021 with four ship movements in 21/22 FY exporting 41,100 tonnes, and 10 ship movements YTD 22/23FY exporting 80,800 tonnes.
- Agrimin have an option on land adjacent to the Port of Wyndham and aim to construct a fully integrated logistics facility including product storage and a barge loading facility to export potash. Agrimin's Final Investment Decision is still pending. Sulphate of Potash (**SOP**) is a premium form of potash fertilizer that is vital for high value agricultural crops. Lake Mackay is the world's largest undeveloped potash bearing salt lake with the current potash resource expected

to support at least 20 years of production. Agrimin are looking to establish a large scale fertilizer finishing plant in Wyndham which would be a significant economic boost to the region. Agrimin have achieved Major Project status with the Federal Government and Lead Agency status by the State Government.

There are a number of companies throughout the East Kimberley who are undertaking exploration and small scale development activities, which KPA will continue to monitor including:

- Boab Metals Group's lead and silver mine;
- Hexagon Resources' graphite mine;
- Northern Minerals' dysprosium rare earth mine, and
- RareX's rare earth project.

### Port of Yampi Sound

The islands that form the Yampi Sound area of responsibility are Koolan and Cockatoo Island. These islands are operated under Mining Act tenancies and KPA has a reduced role on these islands being jetty licensing and marine side security, safety and environment.

#### Cockatoo Island

Cockatoo Island Mining Pty Ltd (**Cockatoo**) in late October 2020 confirmed that it was the new owner of tenements previously held by Pluton Resources Limited with respect to Cockatoo and Irvine Islands. Cockatoo has subsumed significant environmental issues / obligations on the island. Other activities on Cockatoo Island include:

- Cockatoo Island Pty Ltd ceased managing the resort and tourism activities since the commencement of the COVID-19 pandemic;
- Pearl Gull Iron Ltd hold tenement on Cockatoo Island and have undertaken a short drilling program during 2021/22, and
- Kimberley Technology Solutions Pty Ltd are proposing to establish Cockatoo Island Multi-User Supply Base inclusive of accommodation, vessel servicing and a deep water berth. If this proposal is successful the number and range of vessels able to access this Port will increase.

#### Koolan Island

The Koolan Island hematite mining operation is located 140km north of Derby in Yampi Sound. Iron ore from the island is very high quality and low in impurities. Production and sales of high-grade hematite recommenced in April 2019, following a two-year seawall

reconstruction and mine refurbishment program. Mount Gibson exported 1,512,698 tonnes during 2021/22, with 19 vessel visits. The mine has an estimated five year life before current known reserves are depleted.

The islands are currently serviced by barge from the Port of Derby with ore exported directly to overseas destinations.

Figure 6 Koolan Island ship loading



In considering the current trade environment and future growth opportunities KPA has produced the following trade forecast for vessel visits and tonnages throughput at the ports.

#### KPA Vessel Visit Forecast 2023/24

VESSELS VISITS	PORT OF BROOME	PORT OF DERBY	PORT OF WYNDHAM	PORT OF YAMPI SOUND	KPA
Bulk Products	12			20	32
Oil and Gas	358				358
General Cargo	6		14		20
Pearling	104				104
Petroleum	24		10		34
Cruise	200	8	70		278
Charter/Private/Barges	148	313	30		491
Fishing	100	79			179
Naval & other	99				99
Livestock	31		11		42
<b>Total Vessels</b>	<b>1,082</b>	<b>400</b>	<b>135</b>	<b>20</b>	<b>1,637</b>

#### KPA Trade Throughput Forecast 2023/24

TRADE THROUGHPUT (TONNES) – 2023-24 TARGET					
TRADE TYPE	PORT OF BROOME	PORT OF DERBY	PORT OF WYNDHAM	PORT OF YAMPI SOUND	KPA
<b>EXPORTS</b>					
Bulk products	360,000		120,000	1,500,000	5,849,722
Livestock	34,553		13,895		48,448
Water	41,148				41,148
Fuel Bunkers	37,376		1,000		38,376
Other*	41,750	60,000	40,000		141,750
<b>TOTAL EXPORTS</b>	<b>514,827</b>	<b>60,000</b>	<b>174,895</b>	<b>1,500,000</b>	<b>2,249,722</b>
<b>IMPORTS</b>					
Fuel and oils	140,165		41,122		181,287
Building materials	4,013				4,013
Other*	25,413	5,161			30,574
<b>TOTAL IMPORTS</b>	<b>169,591</b>	<b>5,161</b>	<b>41,122</b>		<b>215,714</b>
<b>TOTAL TRADE</b>	<b>684,418</b>	<b>65,161</b>	<b>216,017</b>	<b>1,500,000</b>	<b>2,456,596</b>



## 5. Core Strategies and Vision

### Being a Primary Driver for Economic Development in the Kimberley

To pursue this core strategy KPA will;

- Meet its statutory obligations including endeavouring to operate profitably;
- Optimise the operating model and capability to respond to fluctuating revenue and also potential increases in demand which may develop on short notice;
- Identify and facilitate new trade and revenue sources;
- Maintain assets and plan for infrastructure that will meet trade demand;
- Drive productivity gains through adopting new technology and processes;
- Prioritise stakeholder management to bring benefits to the community, and
- Ensure safety first by building new capability and managing the environment.

KPA will focus on improving business performance, enhancing corporate governance, attracting private sector investment, where appropriate, and extending economies of scale benefits for service provision in order to build a resilient organisation that drives economic activity.

KPA will work with its port managers and customers to ensure that innovative approaches to achieving better efficiency, productivity and value for money are identified and applied. The attraction of private sector investment, such as the KMSB project is essential to the growth and sustainable competitive advantage of the ports.

### COVID-19 Response

KPA has an Infectious Disease Preparedness and Response Plan as well as a specific COVID-19 Pandemic Response Plan which has informed activities at all Kimberley Ports during restrictions and beyond. A key aim of KPA's COVID-19 response is to ensure appropriate controls and actions are being taken to minimise risk to employees and the community while also maintaining essential port operations.

### Leading the Way in Safety

"Leading the way in safety" enables KPA to implement practical methods to continually improve and strengthen occupational health and safety (OHS) performance at KPA Ports, through proactive safety leadership and innovation. This is achieved through:

- Maintaining Port of Broome occupational health and safety management system (OHSMS) in line with ISO 45001: 2018 and continually improving this system;
- Auditing amalgamated ports to ensure their OHSMS's align with KPA's OHSMS, and fostering a strong safety culture in these ports;
- Ensuring compliance with all relevant legislation, including the Work, Health and Safety Act 2020, and
- Adopting a continuous improvement approach to drive a strong safety culture through safety leadership, ongoing training and support, and promoting safe behaviours in the workplace.

### Enhancing Kimberley Ports Competitive Advantage

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

- **Location / geography** – promoting the Kimberley ports' close proximity to the Browse and Bonaparte Basins and onshore oil and gas and resource reserves. Proximity to Asia to respond to developing agricultural and aquaculture industries of the Kimberley. Access to a reliable road network and domestic airports. Growth in tourism and capacity to become a gateway for cruise shipping;
- **Availability of land** – optimising and rationalising land availability to accommodate the needs of current and future customers;
- **Government support** – realising benefits of Government support through access to competitive loan arrangements / equity injections to give effect to capital projects and acquisitions, that deliver benefits to the economy of the Kimberley and the State;
- **Port infrastructure** – appropriately maintaining and upgrading assets in order to maintain and increase capacity or improve efficiencies and planning for required assets to facilitate future trade;

- **Industry support services** – further developing services through establishing and maintaining supportive and symbiotic strategic partners;
- **Maritime safety culture** – ensuring that current safety and environmental standards are maintained and improved across KPA ports, and
- **The entrepreneurial behaviours of Kimberley ports** – the existing networks at Derby and Wyndham ports are to be utilised, and relationships strengthened.

## Seeking the Balance between Sustainability and Economic Growth

This encompasses all facets of the organisation and environment in which it operates, including the port operations, workforce relationships, stakeholder needs (e.g. industry, government, community, traditional owners), planning and development needs, management and maintenance of assets, physical environment and heritage values of the Ports.

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

- Developing a master plan for all Kimberley Ports;
- Maintaining Port of Broome environmental management systems (**EMS**) in line with AS/NZS ISO 140001 and establishing a program for Kimberley ports to ensure their EMS's align with KPA's EMS;
- Aligning environmental baseline studies and monitoring programs to support commercial and operational future developments;
- Incorporating coastal vulnerability and climate change considerations into KPA development strategies and Master Plan, and
- Developing strong customer and stakeholder relationships.

## 6. Strategic Actions

This SCI documents KPA's strategic vision and priorities for the year ending in June 2024. The strategic actions outline the growth opportunities which can be pursued over the life of this plan to improve KPA's ability to facilitate trade and develop economic activity in the Kimberley Region.

The major projects for 2023/24 across the Kimberley ports will include trade development, asset planning and maintenance; facilitating Kimberley Mineral Sands Pty Ltd's exports, and progressing the Kimberley Marine Support Base facility. KPA will seek to secure the Department of Infrastructure, Transport, Regional Development, Communications and the Arts approval of KPA's proposal to expand their First Point of Entry determination under the *Biosecurity Act 2015* for Port of Broome, and Wyndham.

KPA has three Key Strategic Areas that are currently being implemented across the organisation.

### Facilitate Trade Development

	Strategies/Actions	Timing
T1	<b>Objective: Develop infrastructure and/or processes to facilitate bulk exports.</b> <ul style="list-style-type: none"> <li>• Review KMS logistics plan and ensure the design is fit for purpose e.g. dust, noise, handling etc.</li> </ul>	Dec 2023

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

#### Strategic Measures

- New trade sectors utilise Kimberley ports.

#### Targets

- Increase in trade figures from the 2022/2023 year for all ports.

## Governance and Capability

Strategy	Strategies/Actions	Timing
G1	<b>Objective: Enhance cyber security.</b> <ul style="list-style-type: none"> <li>KPA to achieve optimal level of compliance with cyber security standards.</li> </ul>	June 2024
G2	<b>Objective: Enhance crisis management across the Kimberley.</b> <ul style="list-style-type: none"> <li>Appoint resource to review crisis management plan.</li> <li>Implement the revised crisis management plan for Kimberley ports.</li> </ul>	July 2023 Dec 2023
G3	<b>Objective: Improve operational efficiency.</b> <ul style="list-style-type: none"> <li>Streamline systems from Operations to Finance.</li> </ul>	Rollout from July 2023

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

### Strategic Measures

- Undertake an audit for cyber security compliance.
- Document and audit implementation of crisis management across all ports.
- Finalise the solution to record operational data and streamline data transfer to Finance system.

### Targets

- Pass the audit with no medium to major non-compliances reported.
- Conduct a crisis management exercise at all Kimberley Ports by June 2024.
- Complete an audit of the system solution processes with no major non-compliances by June 2024.

## Planning and Assets

Strategy	Strategies/Actions	Timing
A1	<b>Objective: Complete Master Planning for the Kimberley Ports.</b> <ul style="list-style-type: none"> <li>Develop scope and timing for the Master Plan tender.</li> <li>Appoint the external resource for the Master Plan development.</li> </ul>	July 2023 Dec 2023

	<ul style="list-style-type: none"> <li>Address any changes to governance and reporting framework for the Board.</li> </ul>	Dec 2023
A2	<b>Objective: Complete FPoE planning and appropriate investment at Wyndham and Broome.</b> <ul style="list-style-type: none"> <li>Approval by Federal Government (design) and State Government (funding) for the First Point of Entry proposal including container parks at ports.</li> <li>Dependent on the application process and budget support commence construction of container laydown, inspection and washdown facilities at Port of Wyndham.</li> <li>Subject to a business case and funding approval build a container wash down facility, hard stand space, container inspection stand and facilities for Border services (suitable for up to 80 containers (TEU's) per month), and deploy equipment to inspect disembarking cruise passenger luggage at Port of Broome.</li> </ul>	July 2023 Jan 2024 July 2024
A3	<b>Objective: Construction of infrastructure to support industry requirements.</b> <ul style="list-style-type: none"> <li>Undertake assessment of KMSB's cyclone loading and redundancy.</li> <li>Approve KMSB's final engineering drawings.</li> <li>Complete preliminary optimal landside concept plan in conjunction with KMSB.</li> <li>Review final design documentation that specifies vessel types the KMSB facility is designed to accommodate, including mooring and operational layouts.</li> <li>Ensure compliance with commitment process documented in the Construction Works Lease and Licence.</li> <li>Plan for integration of security, environmental, safety and operational practices.</li> <li>Consider trade implications of KMSB.</li> </ul>	Subject to KMSB project commencement



A4	<b>Objective: Ensure Port of Broome is development ready in line with the Master Plan and to facilitate economic benefits to the region.</b> <ul style="list-style-type: none"> <li>Develop a Climate Change Adaption Strategy.</li> <li>Develop a Structure Plan to underpin the Port Master Plan for Port of Broome.</li> </ul>	Dec 2023
A5	<b>Objective: Construction of alternative infrastructure including a wharf extension to meet demand in the event KMSB do not proceed.</b> <ul style="list-style-type: none"> <li>Sign off plan and business case for the Southern wharf extension.</li> <li>Construction of alternative infrastructure including a wharf extension to meet demand in the event KMSB do not proceed.</li> <li>Agree KPA capability and model to facilitate maritime trade across the Kimberley.</li> </ul>	Subject to KMSB decision
A6	<b>Objective: Ensure Port of Broome is ready to facilitate mineral sands export.</b> <ul style="list-style-type: none"> <li>Wharf shed and amenities demolition and replacement of wharf decking.</li> <li>Construction of new amenities building.</li> <li>Construction of wharf storage laydown.</li> </ul>	Dec 2023

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

#### Strategic Measures

- Services meet needs of customers at Port of Broome.
- KMSB project proceeds in compliance with CWLL requirements.
- Kimberley ports transition to KPA's security, safety and environmental standards.
- Wharf development completed to facilitate commencement of mineral sands exports.

#### Targets

- 78% net agreement among customers (client survey)
- No delays in the KMSB project caused by KPA.
- Ports pass a compliance audit for HSE and security standards.
- Infrastructure in place for Minerals Sands exports

commencement during 2024.

- Establish a Sustainability Framework.
- Sustainability reporting incorporated into Board and Annual reporting.

West Australian port authorities have identified a set of Key Performance Indicators that reflect financial, safety, environmental and stakeholder outcomes for each port. Please note that employee and customer surveys are undertaken every two years by KPA.

Key Performance Indicator	2020/21	2021/22 (* all ports)	2022/23 (est)	2023/24 (est)
Return on Assets (%)	-5%	3%	3%	3%
EBITDA (000's)	\$551	\$7,230	\$7,459	\$8,225
Economic Rate of Return (%)	-5%	3%	3%	3%
Debt to Equity Ratio	0.25	0.16	0.15	0.11
Total Port Trade ('000 Tonnes)	231	2,335*	2,028	2,466
Total Number Vessel Visits	794 (Broome only)	1,662*	1,422	1,637
Customer Satisfaction Score (%)	64% (prev)	75%	75%	78%
Loss Time Injury Frequency Rate (LTIFR)	11.53 (I LTI)	0	0	0
Number Reportable Environmental Incidents	0	0	0	0
Employee Satisfaction Score (%)	64%	74%	74%	76%
Berth Availability	66.8%	56%	62%	62%

2022/23 and 2023/24 forecast based on budget

\*Aside from financial, and trade data, all other information including 2020/21 is based on Port of Broome only.

## 7. Policy Statements

### Pricing Policy

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

KPA will continue to monitor and review charging on an annual basis and will make adjustments to the pricing policy as necessary to achieve the strategic and operational objectives of KPA. In 2023/24 KPA will be increasing fees and charges at Port of Broome by three percent (in general).

### Investment Policy

Internal funds are placed in approved investments until required to meet new capital initiatives or to provide working capital through periods of heightened development activity in the Port.

KPA's investment policy aims to maximise the return on investments whilst minimising the authority's exposure to risk. The KPA Board determines the extent and nature of the investment policy. Funds are invested predominately in commercial bills and term deposits with recognised financial institutions. As far as practicable KPA targets a minimum cash flow requirement, in order to maximise the amount of retained earnings that can be invested.

### Procurement Procedure and Delegated Authority Procedure

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

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

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

### Financial Policies

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

### Borrowings

Existing borrowings are provided through West Australian Treasury Corporation. KPA does not expect to make any further borrowings in the 2023/24 year, hence borrowings will be approximately \$3.8M.

### Dividend Policy

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

### Asset Valuation Methodology

KPA has adopted the assets valued at cost for the purpose of calculating the rate of return on assets. Assets are tested for impairment at each balance date, and if required re-valued to its recoverable amount. The Government's long term target average rate of return for KPA is between 8-12 percent, however due to the economic conditions it is expected that this target will not be met in 2023/24.

### Asset Management

KPA's Strategic Asset Plan (**SAP**) demonstrates that its services and assets continue to remain of critical value and strategic significance to the State Government and KPA's mandate for the delivery of safe, accessible, sustainable and efficient port facilities and services to facilitate trade.

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

The estimated carrying amount of KPA's asset base is forecast to be \$95M as at 30 June 2024, inclusive of the Ports of Yampi Sound, Derby and Wyndham.

### Reporting Requirements

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

### Government Policy

KPA endeavours to comply with wage increase limits set in the State Salaries and Wages Policy, as amended from time to time.

In 2023/2024 the Aboriginal Procurement Policy requires 4% of contracts over \$50,000 in value to be awarded to registered Aboriginal businesses, and KPA will make every effort to achieve this procurement obligation.

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

## 8. Financial Management

KPA is the custodian, on behalf of the State Government, of the Kimberley Ports strategic assets and the ongoing maintenance and renewal of these assets is vital to facilitate trade and growth in the region.

KPA has an annual approved minor works programme for 2023/24 which amounts to \$2.075M, to be expended on a range of small projects throughout the year.

The following budget is formulated for the Ports of Broome, Wyndham, Derby and Yampi Sound. Given the current limited revenue derived from Kimberley ports the State Government has allocated funds to carry out capital works of up to \$500,000 and up to \$2.5M pa operational funds for taking responsibility of the Kimberley ports for three years ending 2024/25.

Under Section 34A of the PAA, KPA will comply with approved requirements regarding capital expenditure limits and associated funding, and endeavour to achieve financial outcomes that are consistent with forecasts contained in approved financial statements.

<b>KIMBERLEY PORTS AUTHORITY</b>	
<b>APPROVED FINANCIAL PARAMETERS</b>	
<b>2023 / 2024</b>	
	<b>\$'000</b>
Total Revenue	31,032
Total Expenses	(27,612)
Profit/(Loss) Before Tax	3,420
Notional Income Tax	(855)
Profit/(Loss) After Tax	2,565
Dividends	(2,782)
Approved Asset Investment Program	61,226