



About the Board

Corporate Governance

2008

Structural Elements

The "Board Charter" encompasses three major elements (Legal Dimension, Ethical Dimension and Entrepreneurial Dimension). It is recognised in the enabling legislation that in the performance of its functions the Board may need to delegate, by instrument in writing to the Chief Executive Officer (CEO) or a member of staff, any of its functions except this power of delegation.

The CEO, subject to the control of the Board, is responsible for, and has all the powers needed to administer the day to day operations of the port authority.

The powers of the Board include that of delegating the performance of any of its functions, except this power of delegation.

Operational Elements

The Board oversees a comprehensive risk management strategy covering all significant business risks and strategic considerations. The underpinning processes, which seek to identify, analyse, assess and treat these risks, are closely aligned with the principles of the Australian Standard (AS/NZS 4360:1999).

Sound risk management is a foundation upon which Fremantle Ports carries out its activities to assist in optimising services and facilities, in trade development, in managing safety, environmental and community impacts and in building competitive advantage.

Fremantle Ports risk management system is applied to the management of strategic and operational risks and the overall risk profile, rate of progress in reducing risks and ranked incident /accident reporting is monitored by the executive and Board on a regular basis.

Management is responsible to the Board for the systems, of internal controls and risk management. The Audit Committee assists the Board in monitoring internal controls and the annual internal audit plan to ensure that planned audit activities are aligned to business risks. The Audit Committee also reviews internal audit reports and monitors progress with recommendations to ensure ongoing improvement of the internal control environment. In accordance with the Act the Auditor General conducts the statutory audit.

The Chief Executive Officer and the Chief Financial Officer submit a letter of representation to the Office of the Auditor General annually. A copy of this letter is passed to the Board and the Audit Committee for the record.

Review and Improvement

Directors assess their individual performance and the performance of the Board twice yearly.

Fremantle Ports maintains appropriate liaisons with community groups, local government and stakeholders

Fremantle Ports has recognised the need to include appropriate review, education and training and development for board members and senior management. Periodically, directors have reviewed Corporate Governance and in addition they have attended sessions conducted by consultants and in 2004 a number of directors attended a Company Directors Course at the Australian Institute of Company Directors.

Roles, Powers and Responsibilities

The role of the Board is to oversee and provide direction and oversight to Fremantle Ports through corporate policies.

Directors agree the key objectives and strategies through a five-year "Strategic Development Plan" and an annual "Statement of Corporate Intent", which requires approval by the Minister. A half yearly report is also submitted to the Minister on the operations of Fremantle Ports.

The enabling legislation sets out the roles, responsibilities and powers of the Board, and the CEO.

The Board is responsible for setting the strategic direction of the Port Authority, agreeing goals for

management and monitoring the achievement of those goals.

The Port Authority's Chief Executive Officer is appointed or removed by the Board, the terms and conditions of which are subject to the Minister's approval. The Chief Executive Officer is responsible to the Board for the day-to-day management of the Port Authority.

The roles and responsibilities of the Board are consistent with those set out in ASX Principle.

Board Independence

All directors are independent and legislation forbids a member of staff being appointed as a Director.

A Director is to disclose the nature of any matter coming before the Board in which the director has a material personal interest.

The Board meets six-monthly to review its performance and that of individual directors.

Directors, under Standing Orders, have access to independent professional advice.

Board Appointments / Skills

The *Port Authorities Act 1999* provides for a port authority to have a board of directors comprising five persons appointed in writing by the responsible Minister, who also determines Directors' remuneration.

A director holds office for such period, not exceeding three years, and a director is eligible for reappointment.

In appointing a person as a director the Minister gives regard to all relevant guidelines published, approved, endorsed or administered by the Minister for Public Sector Management.

A member of staff is not eligible to be appointed as, or be, a director.

To ensure a better understand of the day to day operations of the Port Authority, the Board regularly visits operational areas and workgroups.

Board Induction

Directors are inducted following appointment to the Board by the Chief Executive Officer and Chairman.

Code of Conduct

The "Code of Conduct Charter" which encompasses the following principles adopted by staff and management has also been adopted by the Board:

- We will respect law and each other and act accordingly
- We conduct ourselves with integrity and treat other with dignity
- We are responsible for our actions and accountable for their consequences
- We are fair and honest in all our dealings
- We do not place ourselves in situations which result in divided loyalties
- We use the Port's assets (including funds, equipment and information) responsibly, efficiently and in the best interest of Fremantle Ports

The Code of Conduct also includes provision for whistleblowers in line with the *Public Interest Disclosure Act 2003*.

The *Port Authorities Act 1999* provides that a Board must, after consultation with the Commissioner of Public Sector Standards, prepare and issue a code of conduct or codes of conduct setting out minimum standards of conduct to be observed by members of staff.

The Board recognises that high standards of behaviour in staff relationships with each other, customers and suppliers and as corporate citizens are needed to earn the trust and respect of all stakeholders which is essential for Fremantle Ports achieving its vision.

Board Meetings

The enabling legislation provides the Board with the power to determine its own procedures for conducting meetings.

Board meetings are normally held on the third Friday of each month and a special meeting of a board may at any time be convened by the chairperson or any two directors.

The board holds strategic planning sessions at which strategy is reviewed as part of a comprehensive strategic planning system

Board papers are provided to directors one week in advance of meetings to enable time to study and allow an opportunity for clarity or additional information.

Directors meet on a regular basis without management being present.

Audit Committee

The Board has established an "Audit Committee" who's primary function is to support the Board in exercising due care, diligence and skill in discharging corporate oversight and monitoring responsibilities.

Key components of fulfilling this function include:

- Facilitating and maintaining an open avenue of communication between the Audit Committee, the Board of Directors, Executive, Senior Management, External Audit and Internal Audit;
- Serving as an independent and objective party to monitor the Authority's internal control system; and
- Providing direction and oversight of the Internal Audit function.

The Audit Committee meets at least four times per year and comprises three Directors of the Board. The Board appoints one Director elected to the Audit Committee, other than the Chairperson of the Board, as the Chairperson of the Audit Committee.

Other officers including the CEO and external auditor representatives attend meetings in an ex-officio capacity.

The *Port Authorities Act 1999* provides for external audit services to be provided by the Auditor General.

Regulatory Compliance

The Board discloses in its annual report remuneration of directors and each of the five highest paid executives.

The Board has in place procedures to monitor relevant legislation to ensure compliance.

Ensuring Own Effectiveness

Directors assess their individual performance and the performance of the Board twice yearly.

The Board's accountability for effectiveness and performance is made through annual agreements with the Minister which are to be contained in the five-year Strategic Development Plan and annual Statement of Corporate Intent. Progress is reported on six monthly to the Minister.

An Audit Committee has been established to support the board in exercising due care, diligence and skill in discharging corporate oversight and monitoring responsibilities.

Disclosure and Transparency Obligations

External audit is conducted by the Office of the Auditor General in accordance with the enabling legislation.

Fremantle Ports' approach to corporate governance is disclosed in the annual report and the annual Statement of Corporate Intent which is a public document tabled in Parliament by the Minister responsible for the *Port Authorities Act 1999*.

The annual report provides performance information that demonstrates Fremantle Ports accountability for its expenditure and for the efficient and effective operation of the organisation.

Fremantle Ports' Annual Report has won the W.S. Lonnie trophy for the best annual report in the Western Australian public sector on five occasions over the past 13 years.

Fremantle Ports was also the winner of the inaugural Margaret Nadebaum trophy for consistent excellence in annual reporting.

The 2004 Annual Report won a Gold Award for the best annual report in the financial category of the Lonnie Awards program, and was also awarded the Margaret Nadebaum trophy for the best annual report in the financial section.

Underlying Values

The Board has adopted a set of corporate values focused on people, work ethic, customers, workplace and the community and environment.

Commitment to Sustainability

Fremantle Ports is developing a sustainability framework to deliver an effective, measurable model for embedding sustainability, taking into account the Australian Business Excellence Framework and the Western Australian State Sustainability Strategy.

The project is identifying and addressing opportunities to improve the integration of our Sustainability Principles in the way we operate, and particularly in relation to the way we make decisions and in the way we report on our operations.